

CORPORATE GOVERNANCE REPORT
2018



THE
NAVIGATOR
COMPANY

CORPORATE GOVERNANCE REPORT

PART I - INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. Shareholder Structure

I. Capital structure

1. Capital structure, 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.

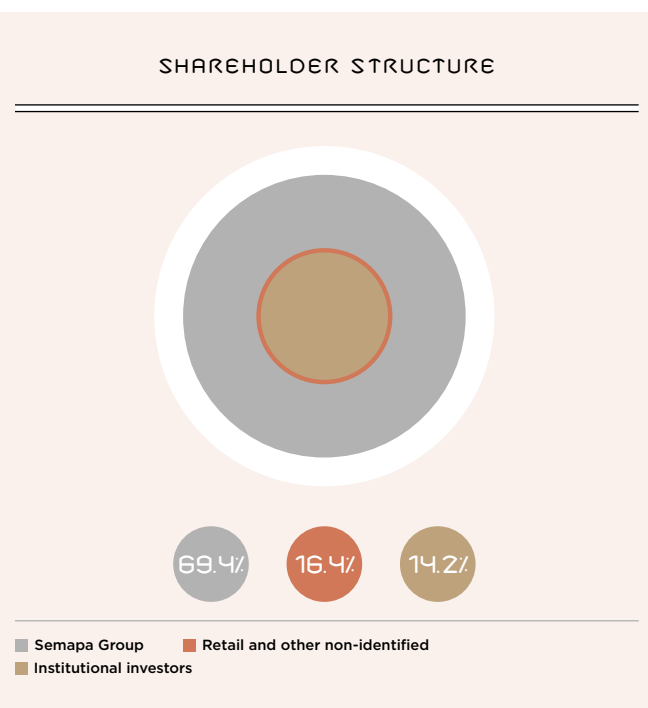
The Navigator Company S.A. has a share capital of 717,500,000 Euros, fully paid up, represented solely by 717,500,000 ordinary shares, with a nominal value of 1 euro each, the same rights and duties being attached to all shares.

All of the shares representing the share capital of the Company are admitted to trading on a regulated market: Euronext Lisbon, managed by Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A.

In the light of the reduction in share capital on 22 April 2016, in accordance with the resolution of the shareholders of 19 April 2016, and the changes caused to Navigator's capital structure, in the end of 2016 the Company carried out a fresh analysis of its shareholder structure, identifying and characterising its main institutional shareholders.

In addition to the Semapa Group, the majority shareholder owning 69.4% of Navigator's share capital, approximately 120 further institutional shareholders were identified and classified, accounting for 14.2% of the capital.

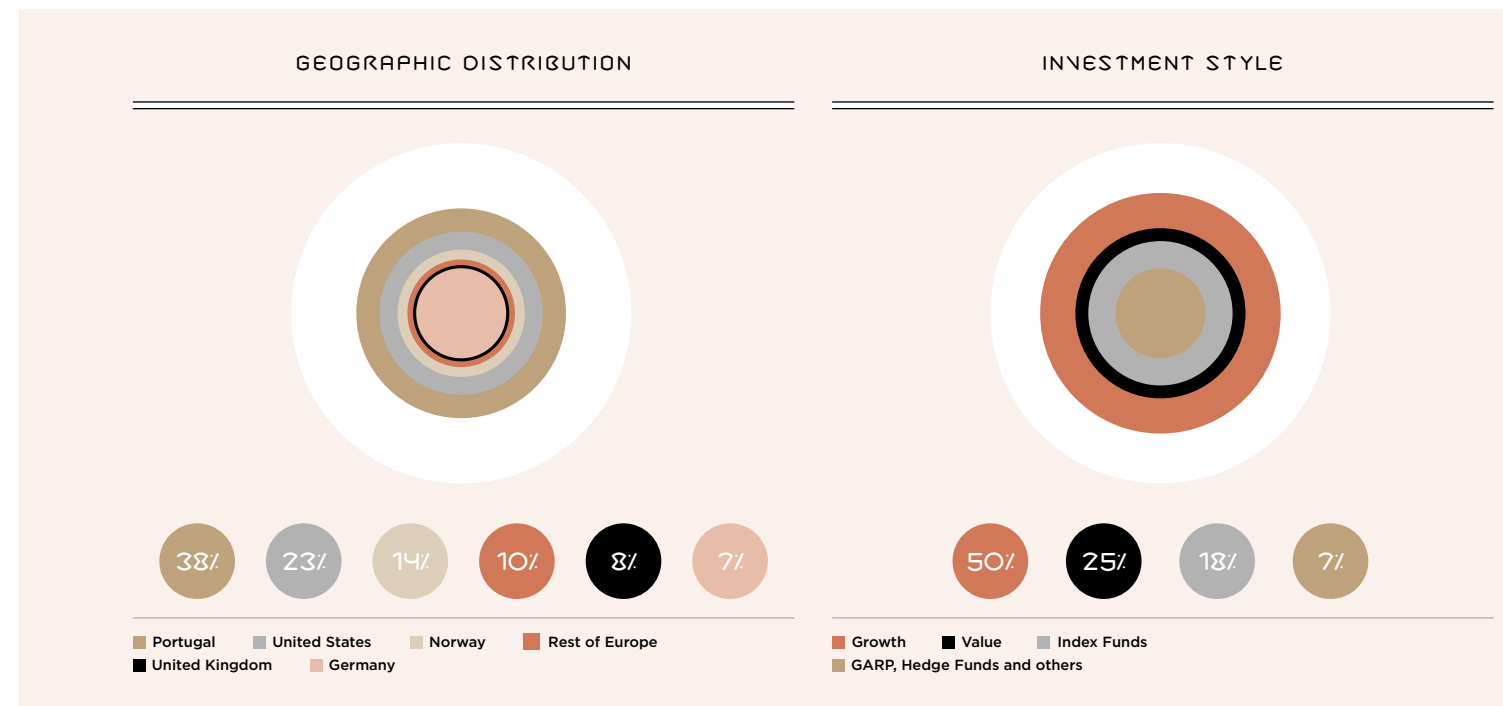
The following shareholder structure was identified:



According to this study, excluding the majority holding and treasury stock, Navigator's institutional shareholders are mostly European. Portuguese investors are the largest group, with around 38% of shares, with a further 14% of shareholders based in Norway, approximately 8% in the United Kingdom and 7% in Germany. Shareholders based in the United States accounted for 23% of the identified institutional investors.

A breakdown by investment style shows that around 50% of shares are held by institutional investors with a growth-oriented strategy, whereas approximately 25% of investors pursue a value-focussed strategy and 18% an Index Funds style of investment. Investors with GARP (Growth at a Reasonable Price), Hedge Fund and other strategy types accounted for only 7% of investors.

The following chart shows the geographical distribution of institutional shareholders:



2. Restrictions on the transferability of shares, such as consent clauses for disposal, or limitations on ownership of shares.

The shares representing Navigator's capital are freely transferable, in accordance with the applicable legal rules.

3. Number of own shares, corresponding percentage of share capital and percentage of voting rights which would correspond to own shares.

At 31 December 2016, Navigator held 489,973 own shares, corresponding to 0.068% of its share capital and 489,973 votes at the General Meeting.



4. Significant agreements to which the company is 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 provision of law.

The following table contains a list of all the Company's loans at 31 December 2016 which contained early repayment clauses in the event of a change in shareholder control.

LOAN	EARLY REPAYMENT TERMS
EIB Environment - Tranche A EIB Environment - Tranche B EIB Energy EIB Cacia	(...) (a) any change in the Borrower's capital structure as a result of which Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. ceases to own, directly or indirectly, no less than a majority - 50% (fifty per cent) plus one share - of the Borrower's voting stock; or, (b) any fact or event with the consequence that Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. ceases to hold, directly or indirectly, no less than half the voting rights in the Borrower. (...)
Commercial Paper Programme 125M	(...) Semapa ceases to hold, directly or indirectly, a majority of the share capital and voting rights in the ISSUER; (...)
Commercial Paper Programme 100M	(...) SEMAPA ceases to hold, directly or indirectly, a majority of the share capital and/or voting rights in the ISSUER; (...)
Commercial Paper Programme 50M	(...) If, during the lifetime of this contract, any change occurs to the ownership structure which causes SEMAPA - Sociedade de Investimento e Gestão, SGPS, S.A. to lose control of the company, understood in terms of its holding in the capital, voting rights and dominant influence on the company's management, including, but not limited to, the possibility of appointing and removing a majority of the board members; (...)
Bonds Portucel 2015-2023	(...) if Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. ceases to hold, directly or indirectly, the majority of the share capital and/or of the voting rights in the Issuer; (...)
Commercial Paper Programme 70M	(...) Semapa ceases to hold, directly or indirectly, the majority of the share capital and voting rights in the ISSUER; (...)
Bonds Navigator 100M	(...) if Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. ceases to hold, directly or indirectly, the majority of the share capital and/or of the voting rights in the Issuer; (...)
Bonds Navigator 45M	(...) if Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. ceases to hold, directly or indirectly, no less than 50.1% of the share capital and/or of the voting rights in the Issuer; (...)
Commercial Paper Programme 50M (Short Term)	(...) If SEMAPA ceases to hold, directly or indirectly, no less than a majority of the share capital and voting rights in the ISSUER (...)

These clauses do not therefore amount to defensive measures, guarantees or shields designed to cause a serious erosion in the Company's assets in the event of a change of control or modification in the composition of the Board of Directors, undermining the free transferability of shares.

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

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

6. Shareholders' Agreements known to the company or which might lead to restrictions on the transfer of securities or voting rights.

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

II. Holdings of Shares and Bonds

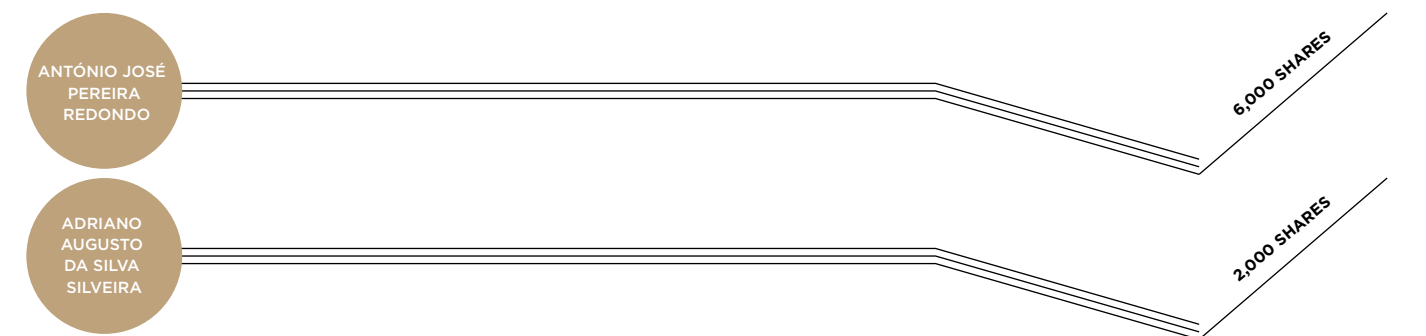
7. Identification of persons and organizations who, directly or indirectly, own qualifying holdings, detailing the percentage of the share capital and votes imputable and the respective grounds.

At 30 December 2016, the holders of qualifying holdings in the Company were as follows:

ENTITY	ATTRIBUTED	N.º SHARES	% OF CAPITAL	% OF NON-SUSPENDED VOTING RIGHTS
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	Directly	256,033,284	35.6841%	35.7085%
Seinpar Investments B.V.	Indirectly, through Company controlled by the shareholder Semapa	241,583,015	33.6701%	33.6931%
Seminv - Investimentos, SGPS, S.A.	Indirectly, through Company controlled by the shareholder Semapa	1,000	0.0001%	0.0001%
Total attributable to Semapa		497,617,299	69.35%	69.4017%
Fundo de Pensões do Banco BPI	Directly	30,412,133	4.24%	4.242%
Total attributable to Banco BPI		30,412,133	4.24%	4.242%
Norges Bank (the Central Bank of Norway)	Directly	14,343,534	2.00%	2.000%
	Indirectly - through financial instrument	1,156,368	0.16%	0.161%
Total attributable to Norges Bank		15,499,902	2.16%	2.162%
Zoom Lux S.à.r.l.	Directly	15,349,972	2.14%	2.1408%
Total attributable to Zoom Lux S.à.r.l.		15,349,972	2.14%	2.1408%

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

Members of the management and supervisory bodies who held shares in the Company during 2016:



9. Special powers of the management board, in particular concerning resolutions to increase capital, 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 form taken by these powers.

The Company's articles of association do not authorize the Board of Directors to adopt resolutions approving increases in share capital.



10. Information on the existence of significant dealings of a commercial nature between qualifying shareholders and the company.

On 1 February 2013, a service agreement was concluded between Semapa – Sociedade de Investimentos e Gestão, SGPS, S.A. and Navigator under the terms of Article 4 of Decree-Law 495/88 of 30 December, which was approved by the Audit Board, after prior assessment of possible contingencies.

This contract establishes a remuneration system based on equitable criteria which do not create a bureaucratic burden for the parties in their ongoing relationship of collaboration and assistance, assuring maximum objectivity in the setting of remuneration and abiding by the rules applicable to commercial dealings between companies in the same group. In 2016, the value of services provided under this contract was 10,902,843.00 Euros.

In March 2015, Navigator concluded an agreement with Enerpar, SGPS, Lda. under which it paid Enerpar a fee in return for promoting the pellets project in the United States. These services were contracted on a turnkey basis which included market research, real estate prospecting, negotiation with public authorities, tax and corporate planning, design of industrial facilities, plant commissioning and customer acquisition.

Under this agreement, Enerpar, SGPS, Lda. will also provide services to Navigator over a three-year period in relation to this project, consisting of technical consultancy for the engineering designs, works coordination, plant commissioning, ramp up and end-product quality, support for management of sales contracts and training for the sales team to take charge of the customers it acquires.

The fee for project promotion was USD 1.7 million (equivalent to 1.5 million Euros) and an annual fee of USD 250,000 (equivalent to 232,800 Euros) will be paid for the technical consultancy services over the three years of the contract. The contract was approved by Navigator's Audit Board.

Enerpar, SGPS, Lda. is a company that manages holdings in the renewable energy sector, and is the sole owner of Enermontijo, S.A., which has manufactured wood pellets from forest materials for around 7 years, with an annual output of 80 thousand tons. Enerpar, SGPS, Lda. is owned by a daughter of one of Navigator's board members, and her husband.

These contracts were subject to the procedures and controls exercised by the supervisory body as referred to in item 91, in respect of transactions to be carried out between the Company and holders of qualifying holdings or entities in any way related to them.

B. Corporate Bodies and Committees

I. General Meeting

a) Composition of the General Meeting

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

The Chairman of the General Meeting is Francisco Xavier Zea Mantero, and the office of secretary to the General Meeting is held by Rita Maria Pinheiro Ferreira.

The officers of the General Meeting were elected for a term of office starting on 1 January 2015 and ending on 31 December 2018.

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.

12.1. Exercise of voting rights

The Company considers that there are no limits, in the Company, to the exercise of voting rights by the respective shareholders.

The Company has no procedures in place which result in mismatching between the right to receive dividends or to subscribe new securities and the right attached to each ordinary share.

The amendments to the Articles of Association approved at the ordinary General Meeting of 19 April 2016 changed the rule whereby one vote could be cast per 1,000 shares held, establishing instead that each share carries one vote.

At the same time, the Articles of Association were amended so that a General Meeting may only now be held and pass resolutions on the first call when shareholders holding no less than half the share capital plus one share are present or represented.

In addition, the Articles of Association make no provision for votes not to be counted above a given limit, and there are no categories of non-voting shares.

12.2. Postal and online voting

The Company's Articles of Association also permit postal and online voting, and all the necessary procedures for this are explained in the notice of general meetings.

Postal or online votes are only considered if the shareholders casting them provide evidence of the ownership of their shares, in accordance with the general rules. Votes are only considered when received by the day prior to the General Meeting, inclusive.

Forms for postal or online voting are available for shareholders on the website (<http://www.thenavigatorcompany.com/>).

12.3. Attendance and representation at General Meetings

In order to attend general meetings shareholders are required to provide proof of their status and voting rights by the registration date, corresponding to 0 hours (GMT) on the 5th (fifth) trading day prior to the date of the General Meeting (the Registration Date).

Shareholders wishing to attend the Company's General Meeting are required to convey this intention, by notice addressed, respectively, to the Chairman of the General Meeting and to the Financial Intermediary where they have their individual registration account, no later than the day prior to the registration date, in other words by the day prior to the 5th (fifth) trading day prior to the General Meeting.

By the end of the 5th (fifth) trading day prior to the General Meeting, the Financial Intermediary is required to send to the Chairman of the General Meeting information on the number of shares registered in the name of the shareholder of whose intention to attend the General Meeting it has been informed, indicating also the registration date of these shares; this notice may also be provided by email to the address indicated on the notice of meeting.

In addition, shareholders who, on a professional basis, hold shares in their own name but on behalf of clients and who wish to cast conflicting votes are required to submit to the Chairman of the General Meeting within the time limit indicated in the preceding paragraph, and with sufficient and proportionate evidence, in addition to the declaration of their intention to attend the General Meeting and the sending, by the respective Financial Intermediary of the information on the number of shares registered in their client's name, (i) identification of each client and the number of shares with voting rights to be exercised on their behalf, and also (ii) the specific voting instructions issued by each client for each item on the order of business.

Shareholders may also appoint a proxy to represent them at the General Meeting, and may download a proxy form from the Company's website (<http://www.thenavigatorcompany.com/>) or obtain a form on request from the head office.

Without prejudice to the rule on the unity of votes established in Article 385 of the Companies Code, any Shareholder may appoint different proxies for shares it holds in different securities accounts.

Proxy forms for both individual and corporate shareholders must be delivered to the Chairman of the General Meeting, so as to be received by five days prior to the date of the General Meeting, and may also be sent by email.

There are no further restrictions on the exercise of voting rights, insofar as attendance of General Meetings and exercise of voting rights are not prejudiced by the transfer of shares subsequent to the Registration Date, and do not require the shares to be blocked from the Registration Date to the date of the General Meeting.

Considering the arrangements described above for attendance and voting at General Meetings, the Company complies in full with Recommendation I.1 of the CMVM Corporate Governance Code, by providing for shareholder participation through online, postal and proxy voting, in accordance with the law and Articles of Association, and in view of the one-share-one-vote rule established in the Articles of Association.

13. Indication of the maximum percentage of the voting rights which can be exercised by a single shareholder or by shareholders connected in any of the forms envisaged in Article 20.1.

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

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

The Company's Articles of Association contain no specific rules on a quorum for adoption of resolutions by the General Meeting, meaning that the legal rules established in the Companies Code apply in full.

II. Management and Supervision

a) Composition

15. Identification of the governance model adopted.

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



16. Rules in the Articles of Association on procedural and material requirements applicable to the appointment and substitution of members, as the case may be, of the Board of Directors, the Executive Committee and the General and Supervisory Board.

In accordance with the Articles of Association, the Company's bodies comprise the General Meeting, the Board of Directors, the Audit Board and a Statutory Auditor or Statutory Audit Firm. The General Meeting has powers to elect the board members, the members of the Audit Board and the statutory auditor or statutory audit firm.

The Board of Directors comprises three to seventeen members, elected by the General Meeting of Shareholders. Under the law and the Articles of Association, the board members are elected on the terms set out in the motion approved by the General Meeting.

The General Meeting which elects the board of directors also designates its chairman, and may elect alternate board members up to the limit established in law. If the number of board members is not expressly fixed by the General Meeting, such number is deemed to correspond to the number of board members effectively elected.

However, the Articles of Association establish that a board member may be elected individually if there are proposals subscribed and tabled by groups of shareholders, provided none of these groups holds shares representing more than twenty per cent and less than ten per cent of the share capital. No shareholder shall sign the proposal form for more than one list. Each proposal shall identify no less than electable persons. If there are several proposals subscribed by different shareholders or groups of shareholders, the lists shall be put jointly to the vote.

The Articles of Association also provides that the Board of Directors may delegate the day-to-day management of the Company to a single board members or an Executive Committee comprising three to nine members.

In the event of the temporary or definitive absence or impediment of the Chairman of the Board of Directors, the board shall appoint another of its members to take his place.

However, in the event of the definitive absence, for any reason whatsoever, of a board member elected as Chairman with a profile appropriate to perform such duties, in accordance with the rule described above, the General Meeting is required hold a fresh election to appoint the Chairman of the Board of Directors.

The Company's supervisory body is the Audit Board, comprising three full members and two alternate members, and a statutory auditor or firm of statutory auditors.

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.

As stated above, the Articles of Association establish that the Board of Directors comprises three to seventeen members appointed for a renewable four-year term.

On 29 April 2015, the Company's General Meeting adopted a resolution electing the members of the Board of Directors for a four-year term from 2015 to 2018.

As a result, on 31 December 2016, the Board of Directors consisted of fourteen members, including a chairman and three vice-chairmen.

Identification of the members of the Board of Directors over the course of 2016, indicating the date of first appointment and the end of their term of office:

NAME	DATE OF FIRST APPOINTMENT AND END DATE OF TERM OF OFFICE:
Pedro Mendonça de Queiroz Pereira	(2004-2018)
Diogo António Rodrigues da Silveira	(2014-2018)
Luís Alberto Caldeira Deslandes	(2001 -2018)
João Nuno de Sottomayor Pinto de Castello Branco	(2015-2018)
António José Pereira Redondo	(2007- 2018)
José Fernando Morais Carreira de Araújo	(2007-2018)
Nuno Miguel Moreira de Araújo Santos	(2015-2018)
João Paulo Araújo Oliveira	(2015-2018)
Manuel Soares Ferreira Regalado	(2004-2018)
Adriano Augusto da Silva Silveira	(2007-2018)
José Miguel Pereira Gens Paredes	(2011- 2018)
Paulo Miguel Garcês Ventura	(2011-2018)
Ricardo Miguel dos Santos Pacheco Pires	(2015-2018)
Vitor Manuel Galvão Rocha Novais Gonçalves	(2015-2018)

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.

On 31 December 2016 and as at the present date, five of the board members are executive directors and form an Executive Committee, which was elected and whose powers are delegated by the Board of Directors, and the other nine directors are non-executive.

The executive members of the Board of Directors belong to the Executive Committee and are identified below in item 28; the other members are non-executive. However, the Chairman of the Board of Directors is significantly involved in major decisions taken in the Company's day-to-day affairs.

The Board of Directors comprises an appropriate number of non-executive members who are effectively able to follow-up, supervise, monitor and assess the activities of the executive directors, taking into account, in particular, the ownership structure and dispersal of the Company's share capital.

As described in item 18.1 below, it is disclosed that the non-executive directors of the Board of Directors identified above cannot be regarded as independent.

18.1 The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed in accordance with the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to:

- a) Having been an employee at the company or at a related or group company in the past three years;

- b) Having, in the past three years, provided services or established a significant commercial relationship with the company or a controlled or controlling company;

- c) Being the beneficiary of remuneration paid by the company or by a related or group company, other than the remuneration deriving from a directorship;

- d) Living with a life partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings;

- e) Being a qualifying shareholder or representative of a qualifying shareholder.

In accordance with the independence criteria indicated above, the non-executive members of Navigator's Board of Directors cannot be considered independent, as three of them were re-elected for more than two terms of office and six of them act on behalf of shareholders owning more than 2% of the share capital.

However, the non-executive board members, although not independent in accordance with the criteria set out above, offer the necessary good standing and proven professional experience and expertise to contribute to and optimise the management of the Company with a view to creating value, and also to ensure that the interests of all shareholders are effectively defended and to guarantee unbiased, impartial, independent and objective oversight and assessment of the executive board members, whilst also ensuring that no conflicts of interest exist between the shareholders and the Company.



19. Professional qualifications and other relevant biographical details of each of the members, as the case may be, of the Board of Directors, the General and Supervisory Board and the Executive Committee.

Professional qualifications and biographical details of the members of the Company's Board of Directors:

PEDRO MENDONÇA DE QUEIROZ PEREIRA

Pedro Queiroz Pereira completed his secondary education in Lisbon and then studied at the Instituto Superior de Administração. From 1975 to 1987 he lived in Brazil, during which time he held a series of directorships in the manufacturing, retail, tourism and agricultural sectors. On his return to Portugal, he continued in the management of various companies controlled by the Queiroz Pereira family. In 1995, when the Queiroz Pereira family's interests expanded in to the cement industry, he was appointed chairman of the board of directors of Secil and Semapa, as well as CEO of Semapa, a post he held until July 2015. He has also served as chairman of the board of directors of Navigator since 2004.

DIOGO ANTÓNIO RODRIGUES DA SILVEIRA

Diogo da Silveira holds a Diplôme d'Ingénieur, from Ecole Centrale de Lille, France (1984), was a Research Scholar at the University of California in Berkeley, USA (1984), and has an MBA from INSEAD, France (1989). He started his professional career in the Technicatome/AREVA Group, in France in 1984, and then joined the Japanese industrial group, Shin Etsu Handtotal, in 1985. He joined McKinsey & Company in 1989, where he worked in the financial institutions sectors, as consultant in the Iberian office (4 years) and in France (5 years) and was a partner, from 1996 to March 1998. In 1998 he was appointed as executive director and Group CFO for Sonae Investimentos, and also served as Chief Operating Officer for Sonae Distribuição between 1998 and 1999. He was CEO of Novis Telecom from 1999 to 2001 and later CEO of Isoroy, in the Sonae Indústria Group, from June 2001 to March 2005. He was then CEO of ONI from March 2005 to February 2007. He held the post of Chief Operating Officer at Banif, from April 2007 to January 2008, and from February 2008 to March 2014 he was CEO of Açoreana Seguros. He has been Vice- Chairman of Navigator's Board of Directors and CEO since April 2014.

LUÍS ALBERTO CALDEIRA DESLANDES

Luís Deslandes holds a degree in chemical engineering from Instituto Superior Técnico in Lisbon and another in brewery engineering from Institut Supérieur D'Agronomie de Louvain. His professional career started in 1966 in Central de Cervejas, where he was industrial manager until 1975. He was Vice-Chairman of Central de Cervejas from 1975 to 1978, managing director of CICER, from 1976 to 1980, and CEO of Central de Cervejas from 1979 to 1980. He served as CEO of Portucel from 1980 to 1983 and Chairman of the Executive Committee of Soporcel from 1984 to 1990. He was also CEO of SAL - Sociedade da Água do Luso from 1984 to 1989. He was managing director of Soporcel from 1990 to 2001. He is an honorary member of ACFPI (FAO) - Advisory Committee on Sustainable Forest-based Industries. He has been chairman of ACEL, CELPA, the Portuguese-Chinese Chamber of Commerce and CEPAC - Groupement des Celluloses. He has also served as a director of CIP (Confederation of Portuguese Industry) and sat on the board of directors of the Lisbon Stock Exchange. He has been Vice-Chairman of the Board of Directors of The Navigator Company, S.A. since 2001, and during the same period has held a number of other directorships in Group companies.

JOÃO NUNO DE SOTTOMAYOR PINTO DE CASTELLO BRANCO

João Castello Branco holds a degree in mechanical engineering from Instituto Superior Técnico and an MBA from INSEAD. He has been Vice-Chairman of the Board of Directors since July 2015, until when he was managing partner of McKinsey & Company's Iberian office. He joined McKinsey & Company in 1991, working in a varied range of sectors, having served in a number of leading institutions, both in Portugal and in Spain. He also worked in the same sectors in Europe, Latin American and the United States. He was a member of the Leadership Group of McKinsey & Company's banking practice, in Europe, and has also led the firm's corporate finance practice, in both banking and insurance. He also led a number of projects undertaken by McKinsey & Company in the fields of competitiveness, productivity and innovation, both in Portugal and in Spain. Before joining McKinsey & Company, he worked at Renault's engine development centre, in France. He has been CEO of Semapa since 2015, as well as a director of Secil, Cimigest and Sodim.

ANTÓNIO JOSÉ PEREIRA REDONDO

António Redondo holds a degree in chemical engineering from the Science and Technology Faculty of the University of Coimbra (1987); he attended 4th year in Business Management at Universidade Internacional and has an MBA specialising in marketing, from the Portuguese Catholic University (1998). He joined Soporcel in 1987 and until December 1998 held a series of posts in the fields of marketing and sales management in the company. He was marketing manager of Soporcel from January 1998 to December 2002, and was then appointed sales manager for the Navigator Company Group (then called the Portucel Soporcel Group) from January 2003 to March 2007. He has been an executive board member of the Company since April 2007.

JOSÉ FERNANDO MORAIS CARREIRA DE ARAÚJO

Fernando Araújo has a degree in accountancy and management from Instituto Superior de Contabilidade e Administração do Porto (ISCAP-1986) and a specialist diploma in financial control from Instituto Superior de Contabilidade e Administração do Porto (ISCAP-1992). He has been a statutory auditor (chartered accountant) since 1995. He has a degree in law from Universidade Lusitana do Porto (2000). He has post-graduate qualifications in advanced financial accounting (ISCTE - 2002/2003), in tax law (Lisbon Law Faculty - 2002/2003) and in corporate governance (Instituto Superior de Economia e Gestão de Lisboa - 2006/2007). He started his professional career in 1987, with Sportrade, and was subsequently head of accounts at Eurofer from 1988 to 1991. From 1991 to 2001 he worked in the field of tax management at KPMG, and was Senior Tax Manager from 1993 to 2001. He was head of Tax Management and Accounts at Secil, from 2001 to 2005, at SEMAPA from 2002 to 2006, and in the Company from 2006 to 2007. He has been an executive board member of the Company since April 2007.

NUNO MIGUEL MOREIRA DE ARAÚJO SANTOS

Nuno Santos has a degree in civil engineering from Instituto Superior Técnico (1993) and an MBA from INSEAD (1996). He started his professional career at McKinsey & Company in 1993 and until March 2015 he was Senior Partner (Director), and leader of the Energy, Commodities & Industry Practice at McKinsey & Company's Iberian office. He was also a member of the Leadership Committee for McKinsey & Company's Global Energy Practice and led the Client Committee for the firm's Global Energy/Utilities Practice. He has been an executive board member of the Company since April 2015.

JOÃO PAULO ARAÚJO OLIVEIRA

João Paulo Oliveira has a degree in industrial engineering from the Faculty of Science and Technology, Universidade Nova de Lisboa and an MBA in Commercial Engineering and Management from AEP - ESADE, Spain. He was industrial manager for Bosch in China from 1994 to 1996. He was later involved in the project for acquisition of a Bosch Group company in Chile as well as holding operational management positions in the Bosch group in France and Germany. From 2002 to 2015, he was managing directors of Bosch Termotecnologia S.A.. During his final six years in the Bosch Group he was chairman of the Group's Hot Water Business Unit, which has its global competence centre in Aveiro. He was chairman of the Portuguese-German Chamber of Commerce and Industry from 2009 to 2012. He also sits on the General Council of the University of Aveiro, the AICEP Advisory Board and the Supervisory Board of the Fraunhofer Institute in Portugal. He has been an executive board member of the Company since July 2015.

MANUEL SOARES FERREIRA REGALADO

Manuel Regalado holds a degree in finance from Instituto Superior de Ciências Económicas e Financeiras (Lisbon, 1972) and completed the Senior Executive Programme of the London Business School (1997). He started his professional career in 1971, and up to 1984 held a series of posts in the fields of internal audit, planning and management control and project analysis. From 1984 to 1994, and from 1998 to 2004, he was appointed to a variety of management positions and directorships in a range of sectors, including banking, insurance, manufacturing and energy, in Edinfor, COSEC, Banco de Fomento, IAPMEI and Hidroelétrica de Cahora-Barra, Banco BPI, in Portugal, Africa and Latin American. Between 1994 and 1998 he held a series of directorships in Portucel, INAPA and CELPA - Empresa de Celulose. He has sat on the board of directors of The Navigator Company since 2004, and also held directorships in various Navigator Company Group companies, having been an executive board member until 2016.



ADRIANO AUGUSTO DA SILVA SILVEIRA

Adriano Silveira holds a degree in chemical engineering from the University of Porto. He started his career at the Environmental Studies Service, and later worked in the mining sector, joining Empresa Nacional de Urânio (1979) and Empresa Minas de Jales (1983). He joined Soporcel in 1983, holding a series of management positions in the fields of energy recovery, pulp and paper production, manufacturing and engineering. He has sat on the Company's Board of Directors since 2007 and was an executive board member from April 2007 to July 2015.

JOSÉ MIGUEL PEREIRA GENS PAREDES

José Miguel Pereira Gens Paredes graduated in Economics from the Portuguese Catholic University in 1984, and started his professional career in 1985, at the Directorate-General of Competition and Prices. In subsequent years he worked for Rodoviária Nacional, Interbiz, Cossec (Foreign Lending Division), General Bank (Treasury/Forex Room) and United Distillers. In 1994, he was appointed financial director of Semapa and other related companies, and then in 2004 as Semapa's Market Relations Representative. He has been an executive board member of Semapa since 2006. He was appointed to a directorship in ETSA in 2008. He has sat on the Company's board of directors since 2011 and has also been a board member of Secil since 2012.

PAULO MIGUEL GARCÉS VENTURA

Miguel Ventura has a degree in law and completed two INSEAD courses (IEP '08Jul and COL '15Dec). He entered legal practice in 1995. From 1997 onwards he was appointed as officer of the General Meeting of a number of subsidiaries of Cimigest, Sodim and Semapa and was also appointed as company secretary in Semapa. From 2005 to 2007 he was a member of the Lisbon District Council of the Portuguese Bar Association. He has held directorships in Semapa and a number of related companies since 2006. In 2007, he was appointed Vice-Chairman of the General Meeting of REN and of Estradas de Portugal. He has been a board member of the Company since 2011 and also of Secil since 2012. In 2014 he was appointed to the General Council of AEM - Associação de Empresas Emitentes de Valores Cotados em Mercado.

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

Ricardo Pires has a degree in business management from the Portuguese Catholic University, a specialist post-graduate qualification in corporate finance from ISCTE and an MBA from Universidade Nova de Lisboa. He started his career in the field of management consultancy, between 1999 and 2002, first at BDO Binder and later at GTE Consultores. From 2002 to 2008 he worked in the Corporate Finance division of ES Investment where he was involved in a series of M&A and capital market projects in the Energy, Pulp and Paper and Food & Beverages sectors. He has worked with Semapa since 2008, originally as Strategic Planning and New Business Manager, and later, from 2011 onwards, as chief of staff to the Chairman of the Board of Directors. He has been an executive board member of Semapa since 2014, and also holds office in other related companies. He has been a board member of the Company and also of Secil since 2015.

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

Vítor Novais Gonçalves has a degree in business management from ISC-HEC, Brussels. He started his career in 1984 as a management trainee at Unilever, later working as a product manager and market manager. He worked at Citibank Portugal from 1989 to 1992, starting as a Business Manager in the Venture Capital area and later taking charge of the Corporate Finance sector and sitting on the Management Committee. From 1992 to 2000 he worked in the financial area for the José de Mello Group, with directorships in several companies, as well as serving as Strategic Marketing and Development Manager at Banco Mello and General Manager of Companhia de Seguros Império. He then moved to work in the telecommunications sector for the SGC Group where, between 2001 and 2009, he was a director of SGC Comunicações, in charge of strategic marketing and international business development. He has been a board member of Zoom Investment since 2009, of Semapa since 2010 and of the Company since 2015.

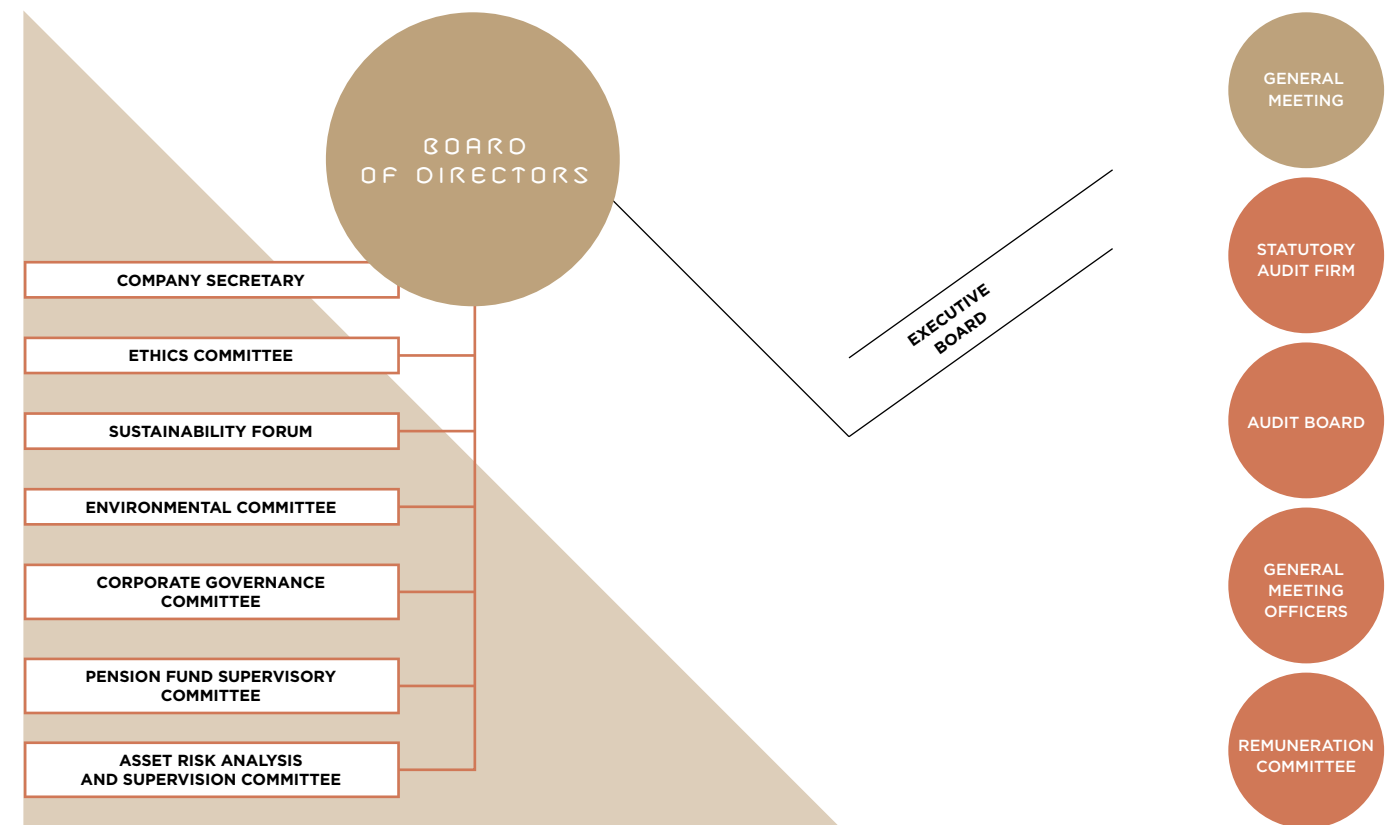
20. Habitual and significant family, professional or business ties between members, as the case may be, of the Board of Directors, the General and Supervisory Board and the Executive Committee with shareholders to whom a qualifying holding greater than 2% of the voting rights may be imputed.

On 31 December 2016 (and currently), the Company's directors include six non-executive directors who act on behalf of the owners of holdings greater than 2% of the Company's share capital. These are: Pedro Mendonça de Queiroz Pereira, João Nuno de Sottomayor Pinto de Castello Branco, José Miguel Pereira Gens Paredes, Paulo Miguel Garcês Ventura, Ricardo Miguel dos Santos Pacheco Pires and Vítor Manuel Galvão Rocha Novais Gonçalves.

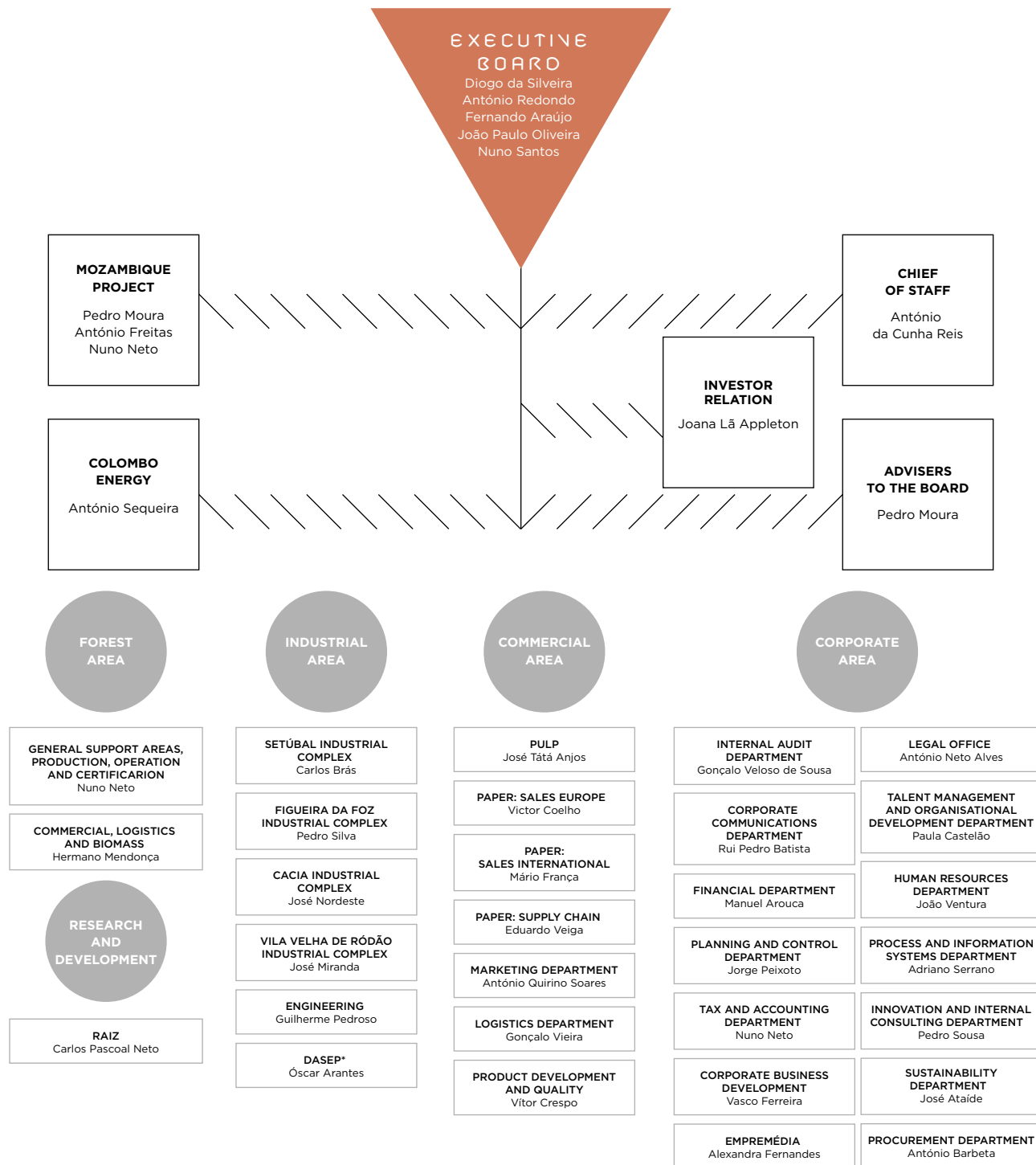
21. Organizational or functional charts showing the division of powers between the different corporate boards, committees and/or company departments, including information on delegated powers, in particular with regard to delegation of the management of the company.

We present below the organisational and functional charts showing the division of responsibilities between the different Company bodies, committees and departments.

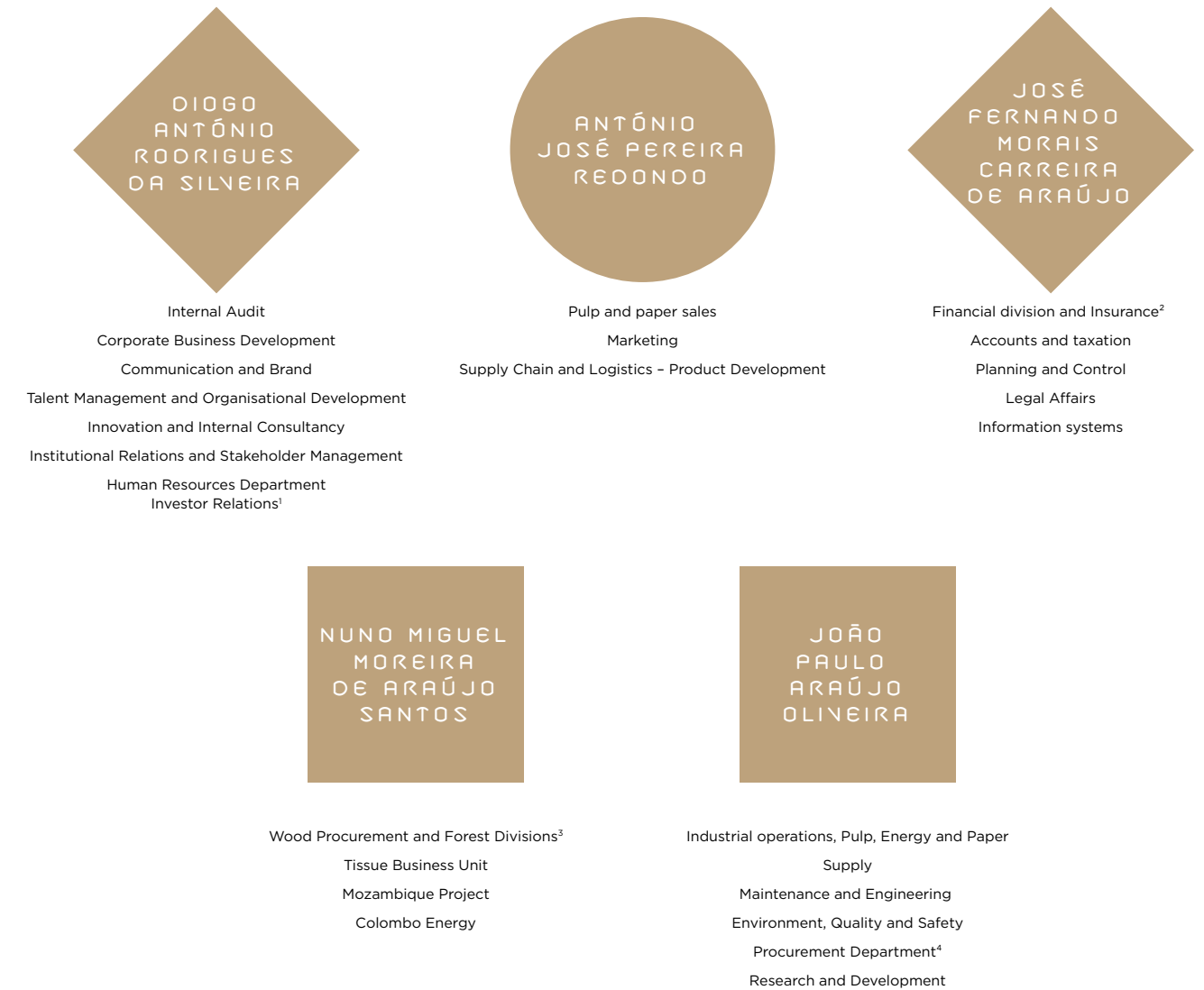
Organizational charts: Company Boards and Committees



Company Divisions and Departments at 31 December 2016



As stated above, at 31 December 2016, the Executive Committee comprised five members, with responsibilities divided between its members as follows:



¹ As from 1 May 2016, substituting Manuel Soares Ferreira Regalado.

² As from 1 May 2016, substituting Manuel Soares Ferreira Regalado.

³ As from 1 May 2016, substituting Manuel Soares Ferreira Regalado.

⁴ As from 1 May 2016, substituting Manuel Soares Ferreira Regalado.

*DASEP - Environment, Safety, Energy and Strategic Projects Department.



As stated in item 28, Manuel Soares Ferreira Regalado was the executive board member responsible for the areas indicated above until 30 April 2016.

The following powers are delegated to the Executive Committee:

- a) To propose the Company's policies, aims and strategies to the Board of Directors;
- b) To propose to the Board of Directors operating budgets and medium and long term investment and development plans, and to implement the same once approved;
- c) To approve budget alterations during the year, including transfers between cost centres, not exceeding twenty million Euros each year;
- d) To approve contracts for the acquisition of goods and services of a value each year no greater than twenty million Euros;
- e) To approve financing contracts, to apply for bank guarantees, or to accept any other liabilities which represent increased indebtedness, totalling no more than twenty million Euros each year;
- f) To acquire, dispose of or encumber the Company's fixed assets of a value, in each individual case, of up to five per cent of the paid up share capital;
- g) To lease or let any immovable property;
- h) To represent the Company in or out of court, as claimant or respondent, and to bring or follow up any judicial or arbitral actions, confess or desist, settle or agree to arbitration;
- i) To acquire, dispose of or encumber holdings in other companies, of a value of no more than twenty million Euros each year;
- j) To resolve on executing acquisition and disposal of own shares, when this has been resolved on by the General Meeting, in keeping with the terms of such resolution;
- k) To manage holdings in other companies, jointly 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.

Jointly with the Chairman of the Board of Directors, the Executive Committee 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 Executive Committee may discuss all matters within the sphere of competence of the Board of Directors, notwithstanding that it may only resolve on matters delegated to it. All matters dealt with by the Executive Committee, even when they fall within the scope of its delegated powers, are to be reported to the non-executive board members, who have access to the respective minutes and supporting documents. The Board of Directors is informed on a permanent basis of all resolutions of the Executive Committee through the minutes of the respective meetings, which are systematically drawn up and sent, in writing, to the Board of Directors. In addition, the Chairman of the Executive Committee sends notices and minutes of the respective meetings to the Chairman of the Board of the Directors and the Chairman of the Audit Board.

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.

All decisions relating to definition of Company strategy, and to the Company's general policies and the corporate structure of the Navigator Company Group, shall be the sole province of the Board of Directors, and the Executive Committee has no delegated powers to this effect.

b) Functioning

22. Existence of the rules of procedure of 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.

Navigator's management bodies have internal rules of procedure, which are published on the Company's website, in the investor relations/Corporate Governance area, and are therefore freely available for consultation at <http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade>.

23. Number of meetings held and attendance record of each member of the Board of Directors, the General and Supervisory Board and the Executive Committee, as the case may be.

The Board of Directors held six meetings, minutes of which were duly drawn up. All board members attended all six meetings in person, corresponding to an attendance rate of 100%.

The Executive Committee held 34 meetings, minutes of which were duly drawn up. The Chief Executive Officer, Diogo António Rodrigues da Silveira, attended all meetings, corresponding to an attendance rate of 100%.

Manuel Soares Ferreira Regalado (Member) was absent from one of the 10 meetings held whilst he remained in office, corresponding to an attendance rate of 90%.

António José Pereira Redondo (Member), was absent from three meetings, which corresponded to an attendance rate of 94.1%.

José Fernando Morais Carreira de Araújo (Member), was absent from three of the meetings, which corresponded to an attendance rate of 91.1%.

Nuno Miguel Moreira de Araújo Santos was absent from one meeting, corresponding to an attendance rate of 97%.

Lastly, João Paulo Araújo Oliveira was absent from two meetings, which corresponded to an attendance rate of 94.1%.

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

The Remuneration Committee decides how the system works and makes all the arrangements for assessing the executive directors. It is also responsible for final confirmation of the performance factors and their impact on remuneration, as well as for the overall coherence of the system. However, the actual assessment of each individual's performance is the responsibility of the person leading the team, in the case of the members of the Executive Committee, and of the Chairman of the Board of Directors, in the case of the CEO, in both cases with the participation of other non-executive directors as the person conducting the assessment sees fit to involve.

25. Pre-set criteria for assessing the performance of executive directors.

The basic criteria for assessing the performance of executive directors are those defined in item 2 of chapter VI of the Remuneration Policy Statement for setting the variable remuneration component. These criteria are applied by using a system of KPIs that encompass quantitative and qualitative components, and individual and joint components. The quantitative elements considered are EBITDA, pre-tax profits and TSR.

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 on by the members of these bodies during the period.

The members of the Board of Directors have the appropriate availability to perform the duties entrusted to them. The directors' other activities, outside the business group to which Navigator belongs, are no obstacle to their availability for performing their duties within the Navigator Company Group.

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

PEDRO
MENDONÇA
DE QUEIROZ
PEREIRA

Office held in Navigator Group companies:

// Chairman of the Board of Directors of Navigator Soporcel Switzerland, LTD.

Office held in other Companies/Entities:

// Chairman of the Board of Directors of Celcimo, S.L.
 // Chairman of the Board of Directors of Inspiredplace, S.A.
 // Chairman of the Board of Directors of Seinpart - Participações, SGPS, S.A.
 // Chairman of the Board of Directors of Seminv - Investimentos, SGPS, S.A.
 // Chairman of the Board of Directors of Cimigest, SGPS, S.A.
 // Chairman of the Board of Directors of Ciminpart - Investimentos e Participações, SGPS, S.A.
 // Chairman of the Board of Directors of CMP - Cimentos Maceira e Pataias, S.A.⁵
 // Chairman of the Board of Directors of Costa das Palmeiras - Turismo e Imobiliário, S.A.⁶
 // Manager of Ecovalue - Investimentos Imobiliários, Lda.
 // Chairman of the Board of Directors of Hotel Ritz, S.A.
 // Chairman of the Board of Directors of Secil - Companhia Geral de Cal e Cimento, S.A.
 // Chairman of the Board of Directors of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.
 // Chairman of the Board of Directors of Sodim SGPS, S.A.
 // Chairman of the Board of Directors of Terraços d'Areia - SGPS, S.A.
 // Chairman of the Board of Directors of Villa Magna S.L.⁷

JOÃO NUNO
DE SOTTOMAYOR
PINTO
DE CASTELLO
BRANCO

Office held in Navigator Group companies:

// Vice-Chairman of the Board of Directors of The Navigator Company, S.A.

Office held in other Companies/Entities:

// Member of the Board of Directors of Cimigest, SGPS, S.A.
 // Vice-Chairman of the Board of Directors of Secil - Companhia Geral de Cal e Cimento, S.A.
 // Member of the Board of Directors and CEO of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.
 // Member of the Board of Directors of Sodim, SGPS, S.A.

ANTÓNIO
JOSÉ
PEREIRA
REDONDO

Office held in Navigator Group companies:

// Member of the Board of Directors of About the Future - Empresa Produtora de Papel, S.A.
 // Member of the Board of Directors of Aboutbalance, SGPS, S.A.
 // Member of the Board of Directors of Colombo Energy, Inc.
 // Member of the Board of Directors of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
 // Member of the Board of Directors of Navigator Africa S.R.L.
 // Manager of Navigator Afrique Du Nord, SARLAU
 // Member of the Board of Directors of Navigator Cartolinas, S.A.
 // Member of the Board of Directors of Navigator Deutschland GMBH
 // Chairman of the Board of Directors of Navigator Eurasia Kağıt Ve Kağıt Ürünleri Sanayi Ve Ticaret Anonim Şirketi
 // Member of the Board of Directors of Navigator Floresta, SGPS, S.A.
 // Chairman of the Management Board of Navigator France, SAS
 // Member of the Board of Directors of Navigator International Holding, SGPS, S.A.
 // Member of the Management Board of Navigator International Trading, GMBH
 // Chairman of the Board of Directors of Navigator Itália, S.R.L.
 // Chairman of the Management Board of Navigator Lusa, Unipessoal, Lda.
 // Chairman of the Board of Directors of Navigator Netherlands B.V.
 // Chairman of the Board of Directors of Navigator North America Inc.
 // Member of the Board of Directors of Navigator Paper Austria GMBH
 // Member of the Board of Directors of Navigator Paper Company, UK, Ltd.
 // Chairman of the Board of Directors of Navigator Paper España, S.A.
 // Member of the Board of Directors of Navigator Paper Figueira, S.A.
 // Member of the Board of Directors of Navigator Paper Holding, SGPS, S.A.
 // Member of the Board of Directors of Navigator Paper Setúbal, S.A.
 // Member of the Board of Directors of Navigator Paperes Industriais, S.A.
 // Member of the Board of Directors of Navigator Participações Holding, SGPS, S.A.
 // Member of the Board of Directors of Navigator Pulp Cacia, S.A.
 // Member of the Board of Directors of Navigator Pulp Figueira, S.A.
 // Member of the Board of Directors of Navigator Pulp Holding, SGPS, S.A.
 // Chairman of the Board of Directors of Navigator Pulp Setúbal, S.A.
 // Member of the Board of Directors of Navigator Sales & Marketing, S.A.
 // Member of the Board of Directors of Navigator Switzerland, Ltd.
 // Chairman of the Board of Directors of Navigator Tissue Cacia, S.A.
 // Chairman of the Board of Directors of Navigator Tissue Ródão, S.A.
 // Chairman of the Board of Directors of Portucel Florestal - Empresa de Desenvolvimento Agro-Florestal, S.A.
 // Chairman of the Board of Directors of Portucel Finance Spółka Z Ograniczoną Odpowiedzialnością
 // Chairman of the Executive Committee and Vice-Chairman of the Board of Directors of The Navigator Company, S.A.

Office held in other Companies/Entities:

// At 31 December 2016 held no office in other companies/entities.

DIOGO
ANTÓNIO
RODRIGUES
DA SILVEIRA

Funções desempenhadas em Sociedades do Grupo Navigator:

// Chairman of the Board of Directors of About the Future - Empresa Produtora de Papel, S.A.
 // Chairman of the Board of Directors of Aboutbalance SGPS, S.A.
 // Chairman of the Board of Directors of Colombo Energy, Inc.
 // Chairman of the Board of Directors of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
 // Chairman of the Board of Directors of Navigator Africa S.R.L.
 // Chairman of the Board of Directors of Navigator Cartolinas, S.A.
 // Chairman of the Board of Directors of Navigator Floresta, SGPS, S.A.
 // Chairman of the Board of Directors of Navigator International Holding, SGPS, S.A.
 // Chairman of the Board of Directors of Navigator Paper Figueira, S.A.
 // Chairman of the Board of Directors of Navigator Paper Holding, SGPS, S.A.
 // 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 Participações Holding, SGPS, S.A.
 // Chairman of the Board of Directors of Navigator Pulp Cacia, S.A.
 // Chairman of the Board of Directors of Navigator Pulp Figueira, S.A.
 // Chairman of the Board of Directors of Navigator Pulp Holding, SGPS, S.A.
 // Chairman of the Board of Directors of Navigator Pulp Setúbal, S.A.
 // Member of the Board of Directors of Navigator Sales & Marketing, S.A.
 // Member of the Board of Directors of Navigator Switzerland, Ltd.
 // Chairman of the Board of Directors of Navigator Tissue Cacia, S.A.
 // Chairman of the Board of Directors of Navigator Tissue Ródão, S.A.
 // Chairman of the Board of Directors of Portucel Florestal - Empresa de Desenvolvimento Agro-Florestal, S.A.
 // Chairman of the Board of Directors of Portucel Finance Spółka Z Ograniczoną Odpowiedzialnością
 // Chairman of the Executive Committee and Vice-Chairman of the Board of Directors of The Navigator Company, S.A.

Office held in other Companies/Entities:

// Member of the Board of Directors of Shilling Capital Partners, SGPS, S.A.

Office held in Navigator Group companies:

// Vice-Chairman of the Board of Directors of The Navigator Company, S.A.

Office held in other Companies/Entities:

// Honorary member of ACFPI (FAO) - Advisory Committee on Sustainable Forest-based Industries.

LUÍS ALBERTO
CALDEIRA
DESLANOES

⁵ Office held up to 29 June 2016.

⁶ Office held up to 17 February 2017.

⁷ Office held up to 1 March 2016.



JOSÉ
FERNANDO
MORAIS
CARREIRA
DE ARAÚJO

Office held in Navigator Group companies:

- // Member of the Board of Directors of About the Future – Empresa Produtora de Papel, S.A.
- // Member of the Board of Directors of Aboutbalance, SGPS, S.A.
- // Chairman of the Board of Directors of Bosques do Atlântico, S.L.
- // Member of the Board of Directors of Colombo Energy, Inc.
- // Member of the Board of Directors of Eucaliptusland – Sociedade de Gestão de Património Florestal, S.A.
- // Chairman of the Board of Directors of Navigator Added Value, S.A.
- // Member of the Board of Directors of Navigator Africa S.R.L.
- // Manager of Navigator Afrique du Nord, SARLAU
- // Member of the Board of Directors of Navigator Cartolinas, S.A.
- // Member of the Board of Directors of Navigator Deutschland GMBH
- // Vice-Chairman of the Board of Directors of Navigator Eurasia Kağıt Ve Kağıt Ürünleri Sanayi Ve Ticaret Anonim Şirketi
- // Member of the Board of Directors of Navigator Floresta, SGPS, S.A.
- // Member of the Management Board of Navigator France, SAS
- // Member of the Board of Directors of Navigator International Holding, SGPS, S.A.
- // Chairman of the Management Board of Navigator International Trading, GMBH
- // Member of the Board of Directors of Navigator Itália, S.R.L.
- // Member of the Management Board of Navigator Lusa, Unipessoal, Lda.
- // Member of the Board of Directors of Navigator Netherlands B.V.
- // Vice-Chairman of the Board of Directors of Navigator North America Inc.
- // Member of the Board of Directors of Navigator Paper Austria GMBH
- // Member of the Board of Directors of Navigator Paper Company, UK, Ltd.
- // Member of the Board of Directors of Navigator Paper España, S.A.
- // Member of the Board of Directors of Navigator Paper Figueira, S.A.
- // Member of the Board of Directors of Navigator Paper Holding, SGPS, S.A.
- // Member of the Board of Directors of Navigator Paper Setúbal, S.A.
- // Member of the Board of Directors of Navigator Parques Industriais, S.A.
- // Member of the Board of Directors of Navigator Participações Holding, SGPS, S.A.
- // Member of the Management Board of Navigator Poland Paper Spółka Z Ograniczoną Odpowiedzialnością
- // Member of the Board of Directors of Navigator Products & Technologies, S.A.
- // Member of the Board of Directors of Navigator Pulp Cacia, S.A.
- // Member of the Board of Directors of Navigator Pulp Figueira, S.A.
- // Member of the Board of Directors of Navigator Pulp Holding, SGPS, S.A.
- // Member of the Board of Directors of Navigator Pulp Setúbal, S.A.
- // Member of the Board of Directors of Navigator Rus Company, LLC
- // Member of the Board of Directors of Navigator Sales & Marketing, S.A.
- // Member of the Board of Directors of Navigator Switzerland, Ltd.
- // Member of the Board of Directors of Navigator Tissue Cacia, S.A.
- // Member of the Board of Directors of Navigator Tissue Ródão, S.A.
- // Member of the Board of Directors of Portucel Finance Spółka Z Ograniczoną Odpowiedzialnością
- // Member of the Board of Directors of Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, S.A.
- // Member of the Board of Directors and the Executive Committee of The Navigator Company, S.A.

Office held in other Companies/Entities:

- // Chairman of the General Meeting of CELPA - Associação da Indústria Papeleira.

NUNO
MIGUEL
MOREIRA
DE ARAÚJO
SANTOS

Office held in Navigator Group companies:

- // Member of the Board of Directors of About the Future – Empresa Produtora de Papel, S.A.
- // Member of the Board of Directors of Aboutbalance, SGPS, S.A.
- // Chairman of the Board of Directors of Atlantic Forests – Comércio de Madeiras, S.A.
- // Vice-Chairman of the Board of Directors of Colombo Energy, INC.
- // Member of the Board of Directors of Eucaliptusland – Sociedade de Gestão de Património Florestal, S.A.
- // Member of the Management Board of Navigator Abastecimento de Madeira, ACE
- // Member of the Board of Directors of Navigator Africa S.R.L.
- // Member of the Board of Directors of Navigator Cartolinas, S.A.
- // Member of the Board of Directors of Navigator Floresta, SGPS, S.A.
- // Chairman of the Board of Directors of Navigator Forest Portugal, S.A.
- // Member of the Board of Directors of Navigator International Holding, SGPS, S.A.
- // Member of the Board of Directors of Navigator Paper Figueira, S.A.
- // Member of the Board of Directors of Navigator Paper Holding, SGPS, S.A.
- // Member of the Board of Directors of Navigator Paper Setúbal, S.A.
- // Member of the Board of Directors of Navigator Parques Industriais, S.A.
- // Member of the Board of Directors of Navigator Participações Holding, SGPS, S.A.
- // Member of the Board of Directors of Navigator Pulp Cacia, S.A.
- // Member of the Board of Directors of Navigator Pulp Figueira, S.A.
- // Member of the Board of Directors of Navigator Pulp Holding, SGPS, S.A.
- // Member of the Board of Directors of Navigator Pulp Setúbal, S.A.
- // Member of the Board of Directors of Navigator Sales & Marketing, S.A.
- // Member of the Board of Directors of Navigator Switzerland, Ltd.
- // Member of the Board of Directors of Navigator Tissue Cacia, S.A.
- // Member of the Board of Directors of Navigator Tissue Ródão, S.A.
- // Member of the Board of Directors of Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, S.A.
- // Chairman of the Board of Directors of Portucel Moçambique – Sociedade de Desenvolvimento Florestal e Industrial, S.A.
- // Chairman of the Board of Directors of Sociedade de Vinhos da Herdade de Espirra – Produção e Comercialização de Vinhos, S.A.
- // Member of the Board of Directors and the Executive Committee of The Navigator Company, S.A.
- // Chairman of the Board of Directors of Viveiros Aliança – Empresa Produtora de Plantas, S.A.

Office held in other Companies/Entities:

- // Member of the General Council of CELPA – Associação da Indústria Papeleira, representing Navigator Forest Portugal, S.A. and Navigator Pulp Cacia, S.A.

JOÃO
PAULO
ARAÚJO
OLIVEIRA

Office held in Navigator Group companies:

- // Member of the Board of Directors of About the Future – Empresa Produtora de Papel, S.A.
- // Member of the Board of Directors of Aboutbalance, SGPS, S.A.
- // Chairman of the Board of Directors of Arbozer – Serviços Agro-Industriais, S.A.
- // Member of the Board of Directors of Colombo Energy, Inc.
- // Chairman of the Board of Directors of EMA21 – Engenharia e Manutenção Industrial Século XXI, S.A.
- // Chairman of the Board of Directors of Enerpulp – Cogeração Energética de Pasta, S.A.
- // Member of the Board of Directors of Eucaliptusland – Sociedade de Gestão de Património Florestal, S.A.
- // Chairman of the Board of Directors of Headbox – Operação e Controlo Industrial, S.A.
- // Member of the Board of Directors of Navigator Africa S.R.L.
- // Member of the Board of Directors of Navigator Cartolinas, S.A.
- // Member of the Board of Directors of Navigator Floresta, SGPS, S.A.
- // Member of the Board of Directors of Navigator International Holding, SGPS, S.A.
- // Member of the Board of Directors of Navigator Paper Figueira, S.A.
- // Member of the Board of Directors of Navigator Paper Holding, SGPS, S.A.
- // Member of the Board of Directors of Navigator Paper Setúbal, S.A.
- // Member of the Board of Directors of Navigator Parques Industriais, S.A.
- // Member of the Board of Directors of Navigator Participações Holding, SGPS, S.A.
- // Chairman of the Board of Directors of Navigator Products & Technologies, S.A.
- // Member of the Board of Directors of Navigator Pulp Cacia, S.A.
- // Member of the Board of Directors of Navigator Pulp Figueira, S.A.
- // Member of the Board of Directors of Navigator Pulp Holding, SGPS, S.A.
- // Member of the Board of Directors of Navigator Pulp Setúbal, S.A.
- // Member of the Board of Directors of Navigator Sales & Marketing, S.A.
- // Member of the Board of Directors of Navigator Switzerland, Ltd.
- // Member of the Board of Directors of Navigator Tissue Cacia, S.A.
- // Member of the Board of Directors of Navigator Tissue Ródão, S.A.
- // Member of the Board of Directors and the Executive Committee of The Navigator Company, S.A.

Office held in other Companies/Entities:

- // Member of the General Council of CELPA – Associação da Indústria Papeleira, representing About the Future, S.A.
- // Member of the General Council, University of Aveiro
- // Member of the Advisory Board of AICEP
- // Member of the Audit Board of Fraunhofer Institute em Portugal



MANUEL
SOARES
FERREIRA
REGALADO

Office held in Navigator Group companies:
// Member of the Board of Directors of Navigator Africa S.R.L.
// Member of the Board of Directors of Navigator Switzerland, Ltd.

Office held in other Companies/Entities:
// At 31 December 2016 held no office in other companies/entities.

ADRIANO
AUGUSTO
DA SILVA
SILVEIRA

Office held in Navigator Group companies:
// Member of the Board of Directors of Navigator Switzerland, Ltd.
// Chairman of the Management Board of RAIZ - Instituto de Investigação da Floresta e Papel.

Office held in other Companies/Entities:
// At 31 December 2016 held no office in other companies/entities.

JOSÉ MIGUEL
PEREIRA
GENS
PAREDES

Office held in Navigator Group companies:
// Member of the Board of Directors of Aboutbalance SGPS, S.A.⁸

Office held in other Companies/Entities:
// Chairman of the Board of Directors of Abapor - Comércio e Indústria de Carnes, S.A.
// Member of the Board of Directors of Aprovechamiento Integral de Subprodutos Ibéricos, S.A.
// Manager of Biological- Gestão de Resíduos Industriais, Lda.
// Member of the Board of Directors of Celcimo, S.L.
// Member of the Board of Directors of Cimigest, SGPS, S.A.
// Member of the Board of Directors of Ciminpart - Investimento e Participações, SGPS, S.A.
// Member of the Board of Directors of Cimipar - Sociedade Gestora de Participações Sociais, S.A.
// Chairman of the Board of Directors of Cimo - Gestão de Participações, SGPS, S.A.
// Member of the Board of Directors of CMP - Cimentos Maceira e Pataias, S.A.⁹
// Chairman of the Board of Directors of ETSA Investimentos, SGPS, S.A.
// Chairman of the Board of Directors of ETSA LOG, S.A.
// Member of the Board of Directors of Hotel Ritz, S.A.
// Member of the Board of Directors of Inspiredplace, S.A.
// Chairman of the Board of Directors of I.T.S. - Indústria Transformadora de Subprodutos, S.A.
// Chairman of the Board of Directors of Longapar, SGPS, S.A.
// Member of the Board of Directors of MOR ON-LINE - Gestão de Plataformas de Negociação de Resíduos On-Line, S.A.
// Member of the Board of Directors of OEM - Organização de Empresas, SGPS, S.A.
// Chairman of the Board of Directors of Sebol - Comércio e Indústria de Sebo, S.A.
// Member of the Board of Directors of Secil - Companhia Geral de Cal e Cimento, S.A.
// Member of the Board of Directors of Seinpart - Participações, SGPS, 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 Seminv - Investimentos, SGPS, S.A.
// Member of the Board of Directors of Sodim, SGPS, S.A.
// Member of the Board of Directors of Villa Magna, S.L.¹⁰

PAULO
MIGUEL
GARCÊS
VENTURA

Office held in Navigator Group companies:
// Member of the Board of Directors of The Navigator Company, S.A.

Office held in other Companies/Entities:
// Member of the Board of Directors of ABAPOR - Comércio e Indústria de Carnes, S.A.
// Member of the Board of Directors of Aprovechamiento Integral de Subprodutos Ibéricos, S.A.
// Manager of Biological - Gestão de Resíduos Industriais, Lda.
// Member of the Board of Directors of Celcimo, S.L.
// Member of the Board of Directors of ETSA Investimentos, SGPS, S.A.
// Member of the Board of Directors of ETSA LOG, S.A.
// Member of the Board of Directors of Inspiredplace, S.A.
// Member of the Board of Directors of I.T.S. - Indústria Transformadora de Subprodutos, S.A.
// Member of the Board of Directors of Sebol - Comércio e Indústria de Sebo, S.A.
// Member of the Board of Directors of Seinpart - Participações, SGPS, S.A.
// Member 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 Seminv - Investimentos, SGPS, S.A.
// Member of the General Council of AEM - Associação de Empresas Emitentes de Valores Cotados em Mercado
// Member of the Board of Directors of Cimigest, SGPS, S.A.
// Member of the Board of Directors of Ciminpart - Investimento e Participações, SGPS, S.A.
// Chairman of the Board of Directors of Cimipar - Sociedade Gestora de Participações Sociais, S.A.
// Member of the Board of Directors of Cimo - Gestão de Participações, SGPS, S.A.
// Member of the Board of Directors of CMP - Cimentos Maceira e Pataias, S.A.
// Member of the Board of Directors of Hotel Ritz, S.A.
// Member of the Board of Directors of Longapar, SGPS, S.A.
// Chairman of the Board of Directors of OEM - Organização de Empresas, SGPS, S.A.
// Member of the Board of Directors of Secil - Companhia Geral de Cal e Cimento, S.A.
// Member of the Board of Directors of Sodim, SGPS, S.A.
// Member of the Board of Directors of Villa Magna, S.L.
// Chairman of the General Meeting of Antasobral - Sociedade Agropecuária, S.A.
// Chairman of the General Meeting of Beira Rio-Sociedade Construtora de Armazéns, S.A.
// Chairman of the General Meeting of Cimilonga - imobiliária, S.A.
// Chairman of the General Meeting of Galerias Ritz - Imobiliária, S.A.
// Vice-Chairman of the General Meeting of Infraestruturas de Portugal, S.A.¹¹
// Chairman of the General Meeting of Longavia - Imobiliária, S.A.
// Chairman of the General Meeting of Parque Ritz - Imobiliária, S.A.
// Chairman of the General Meeting of Refundos - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.
// Chairman of the General Meeting of Sociedade Agrícola da Quinta da Vialonga, S.A.
// Chairman of the General Meeting of Sonagi, SGPS, S.A.
// Chairman of the General Meeting of Sonagi - Imobiliária, S.A.
// Chairman of the General Meeting of Valuelegend- SGPS, S.A.
// Chairman of the General Meeting of Vértice - Gestão de Participações, SGPS, S.A.

RICARDO
MIGUEL
DOS SANTOS
PACHECO
PIRES

Office held in Navigator Group companies:
// Member of the Board of Directors of The Navigator Company, S.A.

Office held in other Companies/Entities:
// Member of the Board of Directors of Cimigest, SGPS, S.A.
// Member of the Board of Directors of Cimipar - Sociedade Gestora de Participações Sociais, S.A.
// Member of the Board of Directors of Cimo - Gestão de Participações, SGPS, S.A.
// Member of the Board of Directors of Hotel Ritz, S.A.
// Member of the Board of Directors of Inspiredplace, S.A.
// Member of the Board of Directors of Longapar, SGPS, S.A.
// Member of the Board of Directors of OEM - Organização de Empresas, 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
// 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 Secil - Companhia Geral de Cal e Cimento, S.A.
// Member of the Board of Directors of Seinpart - Participações, SGPS, S.A.
// Member of the Board of Directors of Seminv - Investimentos, SGPS, S.A.
// Member of the Board of Directors of Sodim, SGPS, S.A.
// Member of the Board of Directors of UPSIS S.A.
// Member of the Board of Directors of Vieznada S.L.¹³
// Member of the Board of Directors of Villa Magna S.L.¹⁴

⁸ Office held up to 10 February 2015.

⁹ Office held up to 29 June 2016.

¹⁰ Office held up to 1 March 2016.

¹¹ Office held up to 1 March 2016.

¹² previously called Estradas de Portugal, S.A.

¹³ Office held up to 01 March 2016.

¹⁴ Office held up to 1 March 2016.





Office held in Navigator Group companies:
 // Member of the Board of Directors of The Navigator Company, S.A.

Office held in other Companies/Entities:
 // Member of the Board of Directors of Beldevelopment, S.A.
 // Member of the Board of Directors of ExtraSearch, SGPS, S.A.
 // Manager of Magalhães e Gonçalves- Consultoria e Gestão, Lda.
 // Manager of Qualquer Prumo - Sociedade Imobiliária, Lda.
 // Member of the Board of Directors of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.
 // Member of the Board of Directors of TCARE - Conhecimento e Saúde, S.A.¹⁵
 // Member of the Board of Directors of VRES - Vision Real Estate Solutions, S.A.
 // Member of the Board of Directors of Zoom Investment SGPS, S.A.
 // Member of the Board of Directors of Zoom Investment Turismo, S.A.

c) Committees belonging to the management or supervisory bodies and managing directors

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

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

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

All these specialist committees draw up minutes of their meetings during the year, which minutes are available from the Company Secretary.

The rules of procedure for these bodies may be consulted at the Company's website, at the following link: <http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade>.

28. Composition, if applicable, of the executive committee and/or identification of the managing director(s)

At 31 December 2016, the Executive Committee comprised the following board members:

CHAIRMAN	MEMBERS
Diogo António Rodrigues da Silveira	António José Pereira Redondo José Fernando Morais Carreira de Araújo Nuno Miguel Moreira de Araújo Santos João Paulo Araújo Oliveira

Manuel Soares Ferreira Regalado sat on the Executive Committee until 30 April 2016, and then tendered his resignation, in keeping with his wishes to comply with the guidelines on the age limit for holding executive office.

¹⁵ Office held up to 27 May 2016.

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

Corporate Governance Control Committee

The Corporate Governance Control Committee comprises three members: Luís Deslandes, Fernando Araújo and António Neto Alves.

The Corporate Governance Control Committee oversees application of the Company's corporate governance rules and the Code of Ethics, with the following particular responsibilities:

- To assist the Board of Directors when so required by the same, assessing and submitting to it proposals for strategic guidelines in the field of corporate responsibility;
- To monitor and oversee, on a permanent basis, matters relating to corporate governance and social, environmental and ethical responsibility, the sustainability of the Navigator Company Group's business, the Internal Codes of Ethics, the systems for assessment and resolution of conflicts of interests, notably with regard to relations between the Company and its shareholders or other stakeholders.
- To propose and submit to the Board of Directors changes to the Company's corporate governance model, including to the organisational structure, workings, responsibilities and rules of procedure of the Board of Directors;
- To monitor the Company's corporate links with the organisational structure of the other companies in the Navigator Company Group;
- To oversee compliance with and the correct application of the principles and rules relating to corporate governance contained in law, regulations and the articles of association, in coordination with the activities of the Board of Directors, the Executive Committee, the Official Auditor and the External Auditor, sharing and requesting the exchange of information necessary for this purpose;

- To define the parameters of the Company's governance report to be included in its annual Report and Accounts;
- To monitor the work of the Ethics Committee and the activities of the departments of Navigator Company Group companies relating to matters within the scope of its responsibilities;
- To monitor on an ongoing basis, assess and supervise internal procedures relating to conflict of interests issues, and also the effectiveness of the systems for assessment and resolution of conflicts of interests;
- To pronounce on transactions between the Company and its Directors, and also between the Company and its shareholders, whenever materially relevant;
- Whenever so requested by the Board of Directors, to issue opinions on the application to the Company's officers of the rules on incompatibility and independence;
- To further and strengthen the operation of the Company as a sustainable undertaking, gaining it recognition for this, both internally and externally;
- To ensure compliance, by the members of the Board of Directors and other persons concerned, of the securities market rules applicable to their conduct;
- To develop a transversal strategy of corporate sustainability, integrated into and consistent with the Company's strategy;
- To promote, develop and supervise the internal measures required for the Company to achieve sustained growth, as regards the business, environmental and social aspects of its operations;
- To prepare and follow through decision-making by Company bodies and committees on matters relating to corporate governance and sustainability or which give rise to conflicts of interests between the Company, shareholders and the Company officers;
- To follow through inspections conducted by the Securities Market Commission (CMVM) in relation to corporate governance issues.

The Committee met twice in 2016 to discuss the following matters: 2015 Corporate Governance Report; annual report from CMVM on Navigator's previous corporate governance report; information on the new rules applicable to prevention of market abuse, which came into effect on 3 July 2016; draft letter (and respective annex with comments) to be sent to IPCG (Portuguese Corporate Governance Institute) as part of the public consultation process on the new version of the Draft Corporate Governance Code, for subsequent submission for consideration by the Executive Committee.



Sustainability Forum

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

The main aim of the Forum is to allow the Navigator Company Group to work hand-in-hand with experts and leader within its sphere of action, from NGOs to universities, including clients and suppliers.

The Sustainability Forum meets twice a year, and each session is devoted to a central topic, which members debate and explore, helping to formulate corporate and strategic policy on social and environmental responsibility issues. This provides an opportunity for analysis and discussion of topics related to Sustainability and for members of the Navigator Company Group and representatives of its main stakeholder groups to get to know each other, serving as the launchpad for understanding and cooperation.

The Sustainability Forum comprises external members and internal members from the Navigator Company Group, and is chaired by the CEO, Diogo da Silveira, with Manuel Gil Mata as Secretary-General.

In addition to the chairman and the secretary-general, the internal members are the executive directors, the members of the Environmental Board and the Company's senior consultants for this purpose appointed by the Executive Committee.

The internal members who took part in 2016 were Diogo da Silveira (Chairman), Manuel Gil Mata (Secretary-general), Manuel Regalado, António Redondo, Fernando Araújo, Nuno Santos and João Paulo Oliveira, of the Executive Committee, Adriano Silveira, of the Board of Directors, Carlos Matias Ramos, Prof. Casimiro Pio, Prof. Maria da Conceição Cunha, Prof. Margarida Tomé and Prof. Doutor Fernando Santana, of the Environmental Board and João Soares, Serafim Tavares and João Lé, consultants appointed by the Executive Committee.

The external members taking part during the year were all leading figures associated with the Company's main stakeholders: António Loureiro, Prof. Filipe Duarte Santos, João Paulo Catarino, José Júlio Norte, João Proença, Luís Neves da Silva, Prof. Doutora Margarida Santos-Reis, Nuno Ribeiro da Silva, Rosário Alves, Teresa Presas, Tito Rosa and Mr. Winfred Brueggman.

The Forum held two sessions in 2016, the first on 5 April, which looked at the national and regional impact of the Company's operations, centred on analysis and debate of the Navigator Company Group's contribution to economic and social development in Portugal and in the regions where its industrial units are located, and the second on 27 September, devoted to issue of forestry certification, as one of the pillars of an industry producing forestry products sourced from sustainably managed plantations.

Pension Fund Supervisory Board

The Pension Fund Supervisory Committee was set up during 2009 in order to monitor compliance with the pension plan and the management of the respective pension fund. The Board comprises three representatives of the Company, who are António Cunha Reis, João Ventura and Manuel Arouca, and two representatives of the fund's beneficiaries, appointed by the Workers' Committee, who are Cláudio Morgado and Paulo Bicho. The committee's responsibilities include checking compliance with the rules applicable to the pension plan and to management of the respective pension fund, pronouncing on proposals for transferring management and other significant changes in the contractual arrangements for the fund and its management, and on the winding up of the fund or a section of the fund.

In 2016, the Pension Fund Supervisory Board held a single meeting, at which the new members formally took office. The meeting went on to assess the Rules of Procedure of the Portucel S.A. Pension Fund Supervisory Committee.

Property Risks Analysis and Monitoring Committee

The Company has a Property Risks Analysis and Monitoring Committee, coordinated by the directors responsible for risk and assets, respectively Fernando Araújo and João Paulo Oliveira. The committee also comprises the Plant Managers, who are Pedro Silva, Carlos Brás, José Nordeste, José Miranda and Óscar Arantes, the Financial Manager, Manuel Arouca, and the Internal Audit and Risk Analysis Manager, Gonçalo Veloso de Sousa.

The committee meets whenever necessary, and its aims are to pronounce on asset risk prevention systems in place in the Company, in particular the measures taken in response to recommendations resulting inspections conducted by reinsurers, and also to pronounce on the suitability of the Navigator Company Group's insurance, in terms of scope, type of cover and value. The committee also discusses and issues opinions or recommendations on policies, procedures, significant risks, limits on risk and extraordinary situations relating to property risks, as well as monitoring and keeping an inventory of the most significant property risks, in close liaison with the risk governance system in place in the Navigator Company Group.

The Property Risks Analysis and Monitoring Committee met on a single occasion during the year, when it examined a number of issues, reviewing the recommendations made to each Industrial Complex, in view of the associated risk level classes, with progress reports on implementation from the plant managers. The committee also identified and quantified insurance claims over the past 10 years, and reviewed the table summarising risks, deductibles and compensation limits in the policy to be placed and in force in 2017.

Ethics Committee

Following on from the drafting and approval of the Code of Ethics by the Executive Committee in the course of 2010, an Ethics Committee has been established, to issue an annual report on compliance with the provisions of the new code. This report will detail all irregularities which the Committee has detected, and the findings and follow-up proposals emerging from the various cases examined. This report is included in Annex V to this Corporate Governance Report.

The Ethics Committee is required to monitor, impartially and independently, the conduct of the Company's bodies and officers as regards disclosure and compliance with the Code of Ethics in all companies in the Navigator Company Group. In the course of its duties, the Ethics Committee has the following particular responsibilities:

- To ensure that an adequate system exists for monitoring internally compliance with the Code of Ethics, and specifically to assess the recommendations resulting from these monitoring activities;
- To assess issues submitted to it by the Board of Directors, the Executive Committee and the Audit Board in connection with compliance with the Navigator Company Group's Code of Ethics, and also to consider, in abstract terms, issues raised by any member of staff, customer or business partner ("Stakeholders");
- To appraise and assess any situation which arises in relation to compliance with the requirements of the Code of Ethics involving any Company officer;
- To submit to the Corporate Governance Committee the adoption of any measures it deems fit in this connection, including the review of internal procedures, together with proposals for amendment of the Code of Ethics;
- To draw up an annual report, concerning compliance with the requirements of the Code of Ethics, detailing any irregularities of which it is aware, together with the conclusions and proposals adopted in the cases considered. The Ethics Committee also functions as an advisory body to the Board of Directors in respect of matters concerning the application and interpretation of the Code of Ethics.

In 2016, the Ethics Committee consisted of three members, Júlio Castro Caldas, Rui Gouveia and Jaime Falcão, who joined the committee this year. One meeting was held at which the main issues discussed were the review of the current Code of Ethics and a new Code of Ethics for Navigator's suppliers.

Environmental Board

In view of the specific nature of the Group's business and the corresponding environmental concerns, in 2008 the Board of Directors decided to set up an Environmental Board, to monitor and issue its opinion on environmental aspects of the Company's operations, and to provide opinions concerning the environmental impact of its main ventures, paying special attention to legal requirements, licensing terms and the Navigator Company Group's policy in this area. The Environmental Board currently consists of five members: Carlos Matias Ramos (Chairman), Prof. Casimiro Pio, of the University of Aveiro, Prof. Maria da Conceição Cunha, of the University of Coimbra, Prof. Maria Margarida Tomé, of the University of Lisbon, and Prof. Fernando Santana, of Universidade Nova (Lisbon). All these members are independent academics with an established technical and scientific reputation, whose areas of expertise coincide with central environmental concerns relating to the Group's operations as they exist today.

The Environmental Board 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.

In the course of 2016, the Environmental Board held 3 meetings, and considered the following issues:

- Analysis of Cadernos de Sustentabilidade, a publication bringing together presentations made to the Environmental Board in the previous year;
- Presentation of the Navigator Company Group's business highlights;
- Analysis of the environmental component of the Colombo Energy venture, in the USA;
- Presentation of the Navigator Company's 2014/2015 Sustainability Report;
- Presentation of Navigator's Corporate Plan for Energy Efficiency;
- Analysis of the main environmental performance indicators for the Navigator Company Group's plants, including the Vila Velha de Ródão Industrial Complex, acquired in 2015;
- Analysis of Navigator's Forestry Certification systems;
- Presentation of the programme for promoting increased yields and forestry certification in the private forestry sector;
- Presentation on the installation and start-up of the Solar Power Station at the Setúbal Industrial Complex;
- Presentation of the Odour Monitoring Project at the Navigator Company's pulp mills; and
- State of progress on the Environmental Component of the Capacity Expansion Project at the Cacia Industrial Complex.



Remuneration Committee

The Remuneration Committee is responsible for drafting and presenting the annual remuneration policy statement for members of the board of directors and audit board and for setting the remuneration of Company officers. The remuneration committee also takes an active part in the performance appraisal process, in particular for the purpose of setting the variable remuneration of executive directors.

The Committee has three members: José Gonalo Maury, Joao Moreira Rato and Frederico Meneses.

In view of its specific responsibilities, the committee held a single meeting during the course of 2016, at which it resolved to revise the remuneration paid by the Navigator Company Group to its board members and members of the Audit Board.

III. Auditing

(Audit Board, Audit Committee or General Supervisory Board)

a) Composition

30. Identification of the supervisory body (Audit Board, Audit Committee or General Supervisory Board) corresponding to the model adopted.

In accordance with the adopted unitary board structure, the Company's supervisory body is the Audit Board.

31. Composition, as applicable, of the Audit 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 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.

In 2016, the Company's Audit Board had the following members:

CHAIRMAN	FULL MEMBERS	ALTERNATE MEMBER
Miguel Camargo de Sousa Eir3	Gonalo Nuno Palha Gaio Picao Caldeira Jos3 Manuel Oliveira Vitorino ¹⁶	Ana Isabel Moraes Nobre de Amaral Marques ¹⁷

Under the Articles of Association, the Company's audit body comprises three full members, one of whom is Chairman, and two alternate members, elected by the General Meeting for a four-year term.

Miguel Camargo de Sousa Eir3 was elected as member in 2007, for the term from 2007 to 2010 and as Chairman in 2011 and 2015, for the terms running from 2011 to 2014 and from 2015 to 2018. Gonalo Nuno Palha Gaio Picao Caldeira was elected as a full member of the Audit Board for the first time with effect as from the start of the term running from 2007 to 2010, and was re-elected for the terms from 2011 to 2014 and 2015 to 2018.

Jos3 Manuel Oliveira Vitorino was elected as alternate member on 29 April 2015. On 2 July 2015, Duarte Nuno d'Orey da Cunha resigned as a full member of the Audit Board and the alternate member, Jos3 Manuel Oliveira Vitorino, took over his duties for the term running from 2015 to 2018. At the ordinary General Meeting of 19 April 2016, Jos3 Manuel de Oliveira Vitorino was appointed as a full member of the Audit Board, until the end of the current term of office of the other Company officers.

At the same General Meeting, Ana Isabel Moraes Nobre de Amaral Marques was appointed as alternate member of the Audit Board, until the end of the current term of office of the other Company officers.

As a result of the changes made to the composition of the Audit Board during the year, at 31 December 2016 the board consisted of a Chairman, two full members and one alternate member.

32. Identification, as applicable, of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs who are deemed independent, in accordance with Article 414.5 of the Companies Code; reference may be made to the item in the report where this information is contained in accordance with paragraph 19.

The Company considers that all the members of the Audit Board at 31 December 2016 can be regarded as independent, on the terms defined in Article 414.5 of the Companies Code.

The CMVM informed the Company of its understanding that Gonalo Nuno Palha Gaio Picao Caldeira should not be considered an independent member of the Company's Audit Board, in view of a controlling relationship between Semapa and the Company, and the fact that, from April 2002 to February 2004, Gonalo Nuno Palha Gaio Picao Caldeira worked as an advisor to the Board of Directors of Semapa.

The CMVM's understanding that this member of the Company's Audit Board is not independent is shared neither by the Company, nor by the individual in question, who both consider him to be independent, in accordance with the law.

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 paragraph 21.

Miguel Camargo de Sousa Eir3 (Chairman)

Miguel Eir3 graduated in law from the University of Lisbon in 1971, and has been registered with the Portuguese Bar Association since 28 June 1973, having sat on the Association's Lisbon District Council from 1982 to 1984 and on its General Council for the terms 1999/2002 and 2002/2004. He is an Official Industrial Property Agent and attended a mediation course. He has practised law since graduating, in 1971, and is a partner and director of his current firm, Correia Moniz & Associados - Sociedade de Advogados, R.L.. From 1972 to 1975 he was on military service in the Navy, as a Legal Officer. He was a director of the Portuguese Bar Association's Arbitration Centre from 1997 to 1999. He was an Arbitrator at the Automobile Disputes Resolution Centre in 2004 and has served as arbitrator in a variety of other arbitrations. He sat on the board of directors of Brisa - Auto Estradas de Portugal, S.A. from 1975 to 1980, and over the course of his career has been involved as manager of other companies. He has sat on the Company's Audit Board since 2007, as well as on that of Semapa since 2006, and that of Secil since 2013, currently chairing all three boards.

Gonalo Nuno Palha Gaio Picao Caldeira (Full member of the Audit Board)

Gonalo Picao Caldeira has a degree in law and has been registered with the Portuguese Bar Association since 1991, after completing his legal internship. He holds an MBA from Universidade Nova de Lisboa and also attended a property management and valuation course at ISEG. He has worked in property management and development through family companies since 2004. Prior to this, he worked for the BCP Group from 1992 to 1998, and with the Sorel Group from October 1998 to March 2002. He also worked for Semapa from April 2002 to February 2004. He has sat on the Company's Audit Board since 2007, as well as on that of Semapa since 2006 and that of Secil since 2013.

Jos3 Manuel Oliveira Vitorino (Full member of the Audit Board)

Jos3 Manuel Vitorino has a degree in Business Administration from Instituto Superior de Economia, University of Lisbon. He is qualified as a statutory auditor and completed the executive training programme at Universidade Nova de Lisboa. He lectured at the Faculty of Economics, University of Coimbra, where he remained until 1980, having then joined PricewaterhouseCoopers, where he divided his time between audit and financial consultancy work, both in Portuguese and foreign companies and groups, and also on projects where he worked with international teams. After several years as a partner, he left PricewaterhouseCoopers in 2013, on reaching the age limit for his position. He is currently Chairman of the Audit Board of Novo Banco, S.A. and sits on the audit boards of ANA - Aeroportos de Portugal, S.A., the Company, Semapa and Secil.

Ana Isabel Moraes Nobre Amaral Marques (alternate member of the Audit Board)

Ana Isabel Amaral Marques has a degree in law from the Faculty of Law, University of Lisbon. She has practised law since 1997, independently and as a member of law firms. She currently works for the Credit Recovery Division of Caixa Central de Cr3dito Agr3cola M3tuo, C.R.L. She is an alternate member of the Audit Board of Semapa.

b) Functioning

34. Existence and place where the rules of procedure may be consulted for the Audit Board, the Audit Committee or the General and Supervisory Board and the Committee for Financial Affairs, as the case may be, and other relevant biographical information; reference may be made to the item in the report where this information is contained in accordance with paragraph 24.

The Company's audit bodies have internal rules of procedure, which are published on the Company's website, in the investor relations/Corporate Governance area, and are therefore freely available for consultation at <http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade>.

¹⁶ Alternate member substituting Full Member until 22 April 2016.
¹⁷ As from 22 April 2016.



The annual report issued by the Audit Board on its work during the year is published in conjunction with the Report & Accounts, and is available at the Navigator Company Group's website.

35. Number of meetings held and rate of attendance at meetings of the Audit 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 paragraph 25.

The Audit Board held seven meetings in 2016, for which the respective orders of business and minutes were forwarded to the Chairman of the Board of Directors; the agendas and minutes are also at the disposal of the Internal Audit and Risk Analysis Department. All members of the Audit Board attended the meetings in person.

The Chairman of the Audit Board, Miguel Camargo de Sousa Eiró and the members Gonçalo Nuno Palha Gaio Picão Caldeira and José Manuel Oliveira Vitorino were present at the seven meetings held, corresponding to an attendance rate of 100%.

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 office held simultaneously in other companies, inside and outside the group, and other relevant activities carried on 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 paragraph 26.

This information is available in item 33 above, relating to the professional qualifications and biographical information on each member of the above corporate bodies.

The members of the Audit Board have the appropriate availability to perform the duties entrusted to them.

In addition to the activities listed in item 33, the members of the Audit Board also hold corporate office in other companies as detailed below:

Miguel Camargo de Sousa Eiró

- Office held in Navigator Group companies:
 - No office held in other companies belonging to the same group as Navigator

- Office held in other Companies/Entities:
 - Chairman of the Audit Board of SECIL - Companhia Geral de Cal e Cimento, S.A.
 - Chairman of the Audit Board of SEMAPA - Sociedade de Investimento e Gestão, SGPS, S.A.

Gonçalo Nuno Palha Gaio Picão Caldeira

- Office held in Navigator Group companies:
 - No office held in other companies belonging to the same group as Navigator
- Office held in other Companies/Entities:
 - Manager of LINHA DO HORIZONTE - Investimentos Imobiliários, Lda.
 - Manager of LOFTMANIA - Gestão Imobiliária, Lda.
 - Member of the Audit Board of SECIL - Companhia Geral de Cal e Cimento, S.A.
 - Member of the Audit Board of SEMAPA - Sociedade de Investimento e Gestão, SGPS, S.A.

José Manuel Oliveira Vitorino

- Office held in Navigator Group companies:
 - No office held in other companies belonging to the same group as Navigator
- Office held in other Companies/Entities:
 - Member of the Audit Board of ANA Aeroportos de Portugal, S.A.
 - Chairman of the Audit Board of NOVO BANCO, S.A.
 - Member of the Audit Board of SECIL - Companhia Geral de Cal e Cimento, S.A.
 - Member of the Audit Board of SEMAPA - Sociedade de Investimento e Gestão, SGPS, S.A.

c) Powers and responsibilities

37. Description of the procedures and criteria applicable to the work of the supervisory body for the purposes of contracting additional services from the external auditor.

The proposals submitted by the external auditor for provision of additional services are transmitted by the directors to the Audit Board for analysis and validation, seeking to safeguard, essentially, that the independence and impartiality of the external auditor needed for the provision of audit services is not undermined and that the additional services are provided to a high standard of quality and independence.

In making this analysis, the Audit Board complies with the rules established in the Statute of the Chamber of Statutory Auditors, approved by Law 140/2015 of 7 September, which took effect on 1 January 2016, and follows the internal procedures established to ensure compliance with the new legal requirements.

38. Other duties of the supervisory bodies and, if applicable, of the Committee for Financial Affairs.

In addition to the powers assigned to it by law, in particular by Article 420 of the Companies Code, the Audit Board has the following powers, in the exercise of its responsibilities, as established in the Audit Board Regulations:

- Oversee the management of the Company;
- Ensure compliance with the law and the articles of association;
- Draw up an annual report on its audit activities and issue its opinion on the report, accounts and proposals tabled by the directors;
- Conduct checks of the effectiveness of the risk management systems and the internal audit system, if any, in particular with regard to the process of preparing and disclosing financial information, without undermining its independence;
- Receive reports of irregularities (whistleblowing) submitted by shareholders, Company employees or others;
- Oversee the process of preparing and disseminating financial information and submit recommendations or proposals to assure the integrity of this information;
- Propose to the General Meeting the appointment of the statutory audit firm;
- Oversee the auditing of the Company's financial statements and reports;
- Monitor the independence of the firm of statutory auditors, in particular with regard to approval of provision of additional services and verifying the appropriateness and approval of the provision of other services, in addition to audit services, and the remuneration established for such services;
- Confirm whether the report on corporate governance structure and practices includes the information required by Article 245-A of the Securities Code;
- Monitor transactions between the Company and holders of qualifying holdings or entities related to it in any way, as required by law.

In the exercise of these duties, the Audit Board may also request and assess any management reports as it sees fit from time to time, and shall also have full access to the documentation produced by the Company's auditors, with the possibility of requesting from them any information they deem necessary and ensuring appropriate arrangements within the Company for the provision of audit services.

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 PricewaterhouseCoopers & Associados - SROC, Lda. represented by José Pereira Alves or António Alberto Henrique Assis. The alternate statutory auditor, Jorge Manuel Santos Costa (R.O.C.), resigned from his position with effect on 5 December 2016.

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 indicated in item 39 above has held office in the Company for eleven years.

In addition, the audit firm, in this case PriceWaterhouseCoopers, rotated the external auditor (the partner responsible for the auditing the Company's affairs) with effect as from 2010, in compliance with the maximum period established in Recommendation IV.3 of the CMVM Corporate Governance Code.

41. Description of other services provided by the statutory auditor to the company.

In addition to providing statutory audit services to the Company and its subsidiaries, the statutory auditor also provided tax consultancy services and other reliability assurance services, in compliance with the transitional period established in Article 3 of the Statute of the Chamber of Statutory Auditors, approved by Law 140/2015, of 7 September.

Amounts paid for these services in 2016 are detailed in items 46 and 47 below.

V. External Auditor

42. Identification of the external auditor appointed for the purposes of Article 8 and the partner and statutory auditor representing such firm in the discharge of these duties, together with their respective registration number with the Securities Market Commission.

The legal accounts certificate and the audit report on the annual financial statements contained in the same is drawn up by PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda, registered at the Securities Market Commission under no. 9077 and represented by António Alberto Henriques Assis, Statutory Auditor no. 815.



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 discharge of these duties has held office in the company and/or group.**

The Company's current External Auditor was appointed as Sole Auditor in mid-April 2006 to complete the three-year term 2004-2006 and accordingly, on completing the audit work on the 2005 annual accounts it completed the term of office for which it had been appointed as alternate auditor. During this three-year term, the firm was represented by Ana Maria Ávila de Oliveira Lopes Bertão and Abdul Nasser Abdul Sattar.

However, in March 2007, it was appointed as the Company's statutory auditor for a four-year term, starting in 2007 and ending in 2010, during which period it was represented by the same statutory auditors referred to above.

In May 2011, the General Meeting renewed the appointment for a further four-year term, from 2011 to 2014, during which time the firm was represented by António Alberto Henriques Assis, Statutory Auditor.

Subsequently, in April 2015, the General Meeting resolved to renew the appointment for a further four-year term, from 2015 to 2018; the upper limit for holding this office of two successive four-year terms of the Company officers has therefore not yet been completed. The statutory audit firm is currently represented by António Alberto Henriques Assis, R.O.C..

In this context, and considering the term of office currently under way, PriceWaterhouseCoopers has served as external auditor to Navigator and the other Group companies for ten years. As the statutory auditor's term of office had already started when, on 1 January 2016, the new Statute of the Chamber of Statutory Auditors (approved by Law 140/2015, of 7 September) took effect, the rules altering the maximum period for which a statutory auditor or statutory audit firm may hold office do not apply in this case.

44. **Policy on rotation of the external auditor and the respective partner and statutory auditor representing the same in the discharge of these duties, and the respective frequency of rotation.**

The new Statute of the Chamber of Statutory Auditors, approved by Law 140/2015, of 7 September, took effect on 1 January 2016 and established new legal rules on the mandatory rotation of statutory auditors in public-interest entities, such as Navigator. The Company will in future comply with these new requirements.

Until the new law takes effect, it has been part of the Audit Board's functions to assess the external auditor's performance, as described in item 45, and also its independence and the professional relationship between the external auditor and the Company, and has had the possibility of proposing the dismissal of the external auditor with due cause at duly convened General Meetings competent to adopt such a decision.

The Audit Board issues a recommendation on whether the Statutory Auditor should be retained or dismissed, in the form of a report which sets out its reasoning and expressly assesses the auditor's independence and the advantages and costs of replacing it.

As may be seen in the report attached to the proposal for the resolution to elect the Statutory Auditor, at the Annual General Meeting of 29 April 2015, a number of factors were considered when re-electing the Statutory Auditor, as a result of the restricted call for tenders for selection of the External Auditor and Statutory Auditor for Semapa and its subsidiaries (addressed to four statutory audit firms). The essential factors for the appointment were deemed to be the expertise and experience of the candidates in Navigator's business sectors, and also "the skills, sufficiency and availability of the proposed audit team, the methods used, their independence, and also the level of the costs payable by the company."

The Audit Board's report therefore considered that: "considering the analysis and assessment conducted by the Selection Committee, the Audit Board has decided to select PwC, in view especially of the following: the necessary balancing of the advantages and drawbacks of retaining the same statutory audit firm for a further term; the quality of PwC's work and its accrued experience in the sectors where Navigator invests; it is our conviction that retaining the current auditor in this position does not undermine or detract from its good standing and independence in the exercise of its duties, in particular because it has rotated the partner responsible, in line with best international practice."

It is therefore the Company's view that the policy of rotation of the external auditor has been correctly applied with the proper frequency, as the quality of the work performed by the current audit firm and its store of experience in the Company's affairs outweigh any drawbacks in retaining it.

In addition, in line with best international practice, rotation of the partner representing the external auditor was proposed and approved.

45. **Indication of the body responsible for assessing the external auditor and the intervals at which this assessment is conducted.**

In addition to its responsibility for validating the choice of external auditor and the remuneration fixed for payment of its services, the Audit Board is responsible for assessing and monitoring all audit work conducted by the external auditor on an ongoing basis, and has the possibility of proposing its dismissal with due cause at General Meetings, when the proper formalities are complied with. To this end, the Audit Board holds frequent meetings during the year with the statutory auditor and external auditor, and a direct working relationship is established between the Board and the auditor, the Board being the final recipient of the auditor's reports. At these meetings the Audit Board is able to assess all the accounting and financial information it deems necessary from time to time, and is able to request from them any information it deems necessary for its supervisory functions.

In addition, in the exercise of its supervisory duties and in its audit of the Company's accounts, the Audit Board conducts an annual appraisal of the performance of the external auditor in connection with the preparatory work on its Report and Opinion on the annual accounts, and also verifies its independence, by obtaining written confirmation of the independence of the auditor as provided for in Article 62 of the Statute of the Association of Statutory Auditors, confirmation of compliance with requirements for rotation of the partner responsible and identifying threats to independence and safeguards adopted to mitigate these threats.

The Audit Board therefore has unrestricted access to the documentation produced by the Company's auditors, and can ask them to provide any information it deems necessary; it is also the first body to receive the final reports drawn up by the external auditors.

Under the provisions of Article 420.2 section b) of the Companies Code, it falls to the Audit Board to nominate the Company's Statutory Auditor.

46. **Identification of work, other than audit work, carried out by the external auditor for the company and/or companies in a controlling relationship with it, and indication of the internal procedures for approval of the contracting of these services and indication of the reasons for contracting them.**

As described in items 41 and 47, in the year ended 31 December 2016, the statutory audit firm and other entities belonging to the same network invoiced fees relating to the legal audit of the annual accounts, the limited audit of the interim accounts, other reliability assurance service, tax consultancy and other services. A detailed breakdown of the amounts billed for these services is provided below in item 47.

The services indicated as "other reliability assurance services" relate to the issue of reports on the analysis of management information system, specialist support in connection with the Group's Sustainability Report and the issuing of opinions for certifying irrecoverable debts.

The services indicated as tax consultancy relate essentially to fiscal compliance, whilst "other services" refer to consultancy services provided to support the Group in submitting applications for incentives. In these cases, the services provided were expressly permitted in accordance with the transitional period established in Article 3 of Law 140/2015.

Moreover, services regarded as additional were all approved by the Audit Board in compliance with the applicable legal rules and the internal procedures instituted for this purpose.

The Board of Directors and the Audit Board consider that the contracting of these ad hoc services is justified by the External Auditor's accrued experience in the sectors in which the Company operates and by the quality of its work, in addition to the careful definition of the work requested, where the Audit Board is further supported by analysis and internal recommendations from Company departments. The Board of Directors considers that there are sufficient procedures to safeguard the independence of auditors through the analysis conducted by the Audit Board and the Internal Control Committee of the proposed work and the careful specification of this work when the auditors are contracted. As evidence of this, article 2 of the Rules of Procedure of the Audit Board requires the board: to check the effectiveness of the internal control, internal audit and risk management system, having recourse to this end to cooperation from the Internal Control Committee, which will report to it regularly on its findings, drawing attention to situations which need to be examined by the Audit Board (sub-para. b)), to approve activity plans in the field of risk management and to oversee their execution, and also to assess the recommendations resulting from audits and reviews of procedures (sub-para. c)), to approve internal audit programmes (sub-para. e)), to select the provider of internal audit services (sub-para. f)), to oversee the work of the statutory auditor (sub-para. g)), and to assess and verify the independence of the statutory auditor, in particular when it renders additional services to the Company (sub-para. h)).

In providing tax consultancy services and services other than auditing, our auditors have set strict internal rules to guarantee their independence, and these rules have been adopted in the provision of these services and monitored by the Company, in particular by the Audit Board and the Internal Control Committee.



47. Indication of the annual remuneration paid by the company and/or controlled, controlling or group entities to the auditor and other individuals or organizations belonging to the same network, specifying the percentage relating to the following services:

AUDIT SERVICES	BY THE COMPANY		BY ENTITIES BELONGING TO THE NAVIGATOR COMPANY GROUP (INCLUDING THE COMPANY ITSELF)	
	VALUE	%	VALUE	%
Amounts in Euro				
Value of statutory audit/limited audit services	108,875	58.24%	348,625	67.34%
Value of tax consultancy services	0	0.00%	51,078	9.87%
Value of other reliability assurance services	48,070	25.71%	66,320	12.81%
Value of other services	30,000	16.05%	51,717	9.99%
Total	186,945	100.00%	517,740	100.00%

C. Internal Organization

I. Articles of Association

48. Rules applicable to amendment of the articles of association (Article 245-A.1 h)).

The Company's Articles of Association contain no specific rules on amendments of the articles, and accordingly the General Meeting has powers to resolve on any proposed amendments, as established in the Companies Code.

Proposed amendments to the Articles of Association should therefore be tabled by the Company's shareholders to be voted on at a General Meeting. The meeting in question may only transact business on the first call if shareholders representing no less than one third of the share capital are present; on the second call the meeting can adopt resolutions on amendments without being subject to any specified quorum.

A proposed amendment to the Articles of Association can only be approved by two thirds of the votes cast, at either the first or second call of the General Meeting.

II. Notification of Irregularities (Whistleblowing)

49. Whistleblowing – procedures and policy

The Company has "Whistleblowing Regulations" designed to provide a procedure and rules for communication by any stakeholders, be they employees, clients, suppliers, partners or any other organisations or individuals which have dealings with the Company or its subsidiaries, of any irregularities allegedly occurring in the Navigator Company Group.

Under these regulations, an irregularity is deemed to be any alleged breach of requirements established in law, regulation and/or the articles of associations, occurring in the Navigator Company Group. Irregularities are also deemed to include non-compliance with the duties and ethical principles set out in the Company's Code of Ethics.

These regulations establish a general duty to communicate alleged irregularities, instituting a multidisciplinary team responsible for handling all reports received.

This team, comprising the Legal Office and the Internal Audit and Risk Analysis Department, is required to investigate all the facts as necessary to assess the alleged irregularity. This process ends with the report being filed or else submission to the Board of Directors or the Executive Committee, depending on whether a Company officer is implicated or not, of a proposal for application of the measures most appropriate in the light of the irregularity in question. The Audit Board and the Internal Control Committee must also be informed of all reports received.

The regulations also contain other provisions designed to safeguard the confidentiality of disclosure and non-prejudicial treatment of the stakeholder reporting the irregularity, as well as rules on providing information on the regulations throughout the Company.

In the course of 2016, reports were received of 8 potential irregularities. All reports were duly followed up by evaluation of the facts reported, investigation and a decision on any measures to be taken. Whistleblowing procedures in 2016 may be summarised as follows:

- In 2 of the situations reported, the information provided was unable to form the basis of any investigation was manifestly lacking in substance. These cases were therefore closed without any further steps being taken, other than requesting further information from the complainants, where possible; these requests were not answered.

- One report was due to a delay in receipt of a consignment of wood. It was found that the appropriate procedures had not been followed. The situation was immediately corrected, and the outstanding payment was also processed.
- One report had to do with difficulties in using one of the websites for the Company's products. The situation was corrected and resolution of the issue was confirmed with the consumer.
- Another report concerned a possible irregular rental payment to an unknown third party. The payment was found to be in order, insofar as it was the partial purchase of the properties from the previous owner (who had originally let the property), unknown to the other current owners. The latter were duly informed.
- Two of the reports concerned the terms of sale for our products in Mainland Portugal. Full information was provided to the consumer.
- Finally, one report was from a consumer who had been unable to take part in a promotion on one of our products, because the bar code was illegible. The situation was corrected, by manually generating the codes for this consumer to take part.

In all cases where the investigation was concluded, a closing report was drawn up and sent out as required by the regulations.

III. Internal control and risk management

50. People, bodies or committees responsible for internal audits and/or implementation of internal control systems.

The Company regards Risk Management as a core process in its business activities. A system for permanent monitoring of risk management has therefore been implemented in the Navigator Company Group since 2014, involving all organisational units, DAER and the Audit Board.

This system is based on a systematic and explicit assessment of business risks by all organisational departments in the Navigator Company Group and identification of the main controls in place in all business processes. This platform will allow the Company to assess on an ongoing basis the extent to which its internal control system is appropriate to the risks regarded as most critical from time to time.

As part of this periodic assessment, an annual internal audit programme has been instituted, to be implemented by DAER in conjunction with each department involved, to monitor the appropriateness of the internal control system to the perceived risks and to help the organisation to implement programmes to improve this system.

This risk governance system is headed by the Audit Board and the Board of Directors, as detailed below.

BOARD OF DIRECTORS

The Board of Directors has the following responsibilities:

- To review and approve the risk policy defined for the Navigator Company Group, including risk appetite and tolerance;
- To approve the risk governance model adopted by the Navigator Company Group;
- To oversee application of the risk policy in the Navigator Company Group;
- To approve strategies for dealing with risks, especially very high risks;
- To promote a risk culture within the Navigator Company Group.

AUDIT BOARD

The Audit Board has the following responsibilities:

- To monitor the effectiveness of the risk management system, the internal control system and the internal audit system;
- To assess and propose improvement to the risk management model, processes and procedures;
- To oversee execution of the activities plans in connection with risk management;
- To review the risk management monitoring reports issued by the Internal Audit and Risk Analysis Department.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer has the following responsibilities:

- To define the Navigator Company Group's risk policy, including its risk appetite;
- To take the risk policy into account when setting the Navigator Company Group's strategic objectives;
- To provide the means and resources to assure that risk management is effective and efficient;
- To approve the risk management model, processes and procedures;
- To define the risk management governance model to be adopted by the Group, including the division of responsibilities;
- To approve activities plans in the field of risk management;
- To ensure that the main risks to which the Navigator Company Group is exposed are identified and reduced to acceptable levels, in line with the risk appetite and tolerance defined;
- To discuss and approve options for handling risks where the residual risk level is in excess of the risk tolerance levels;
- To oversee and review the work of the Internal Audit and Risk Analysis Department in the field of risk management;
- To report on results to the Board of Directors.

INTERNAL AUDIT AND RISK ANALYSIS DEPARTMENT

The Internal Audit and Risk Analysis Department has the following responsibilities:

- To define the risk management model, processes and procedures;
- To draw up activities plans in the field of risk management;



- To identify and implement the means and resources (human, procedural and technological) to facilitate risk identification, analysis and management;
- To warn of potential risks when strategic and operational objectives are being defined;
- To help define risk appetite and risk tolerance;
- To help decide on the division of responsibilities in the field of risk management;
- To help identify and characterise risks;
- To monitor risk indicators;
- To help design risk mitigation measures;
- To assess the effectiveness of risk mitigation measures;
- To assess compliance with risk tolerance;
- To ensure compliance with action plans for mitigating risks;
- To draw up risk management monitoring reports.

BUSINESS AREAS/DIVISIONS

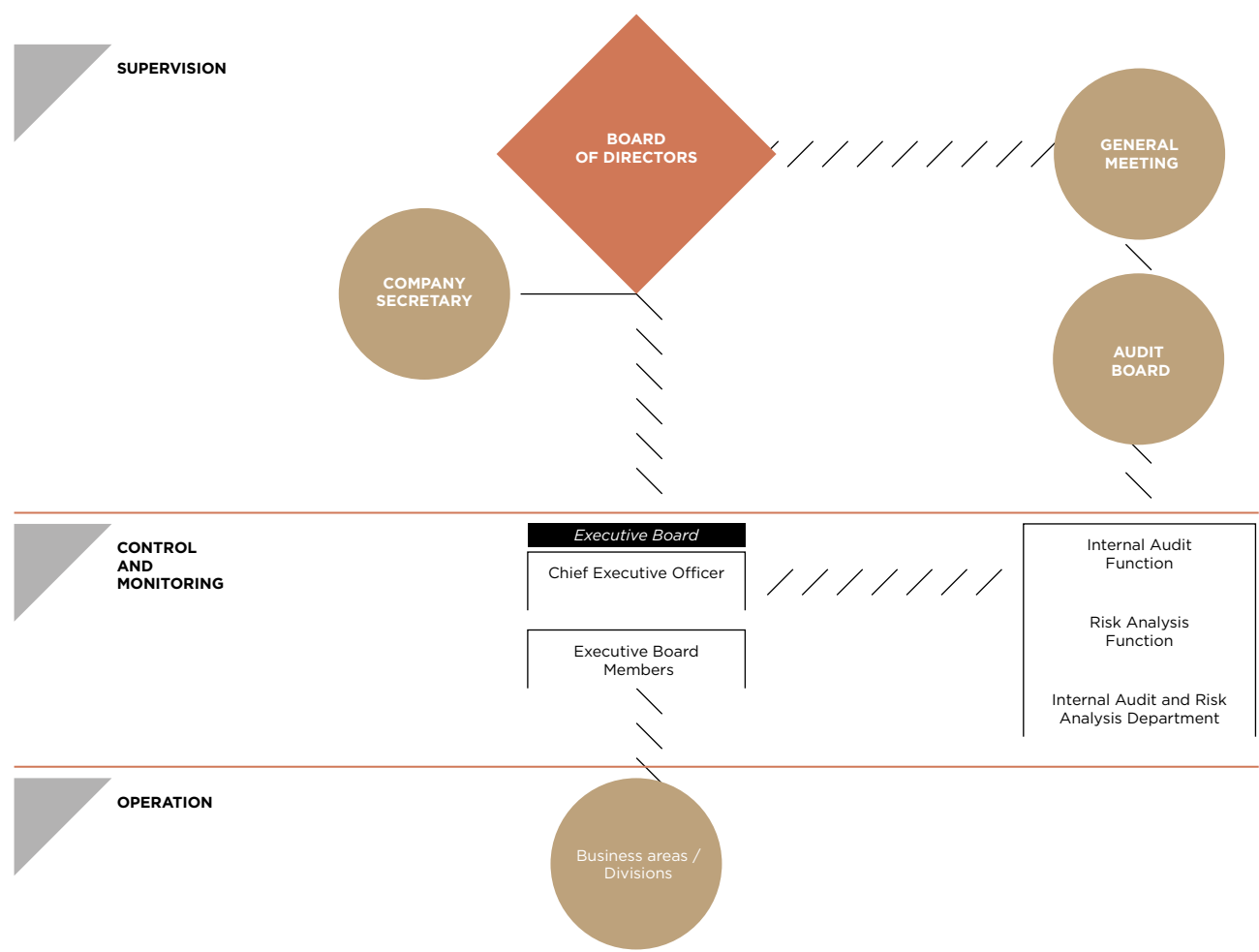
Business areas/divisions have the following responsibilities:

- To define risk tolerance;
- To identify and characterise risks;
- To define and monitor risk indicators;
- To define, implement and execute risk mitigation measures, in keeping with the risk mitigation action plans;
- To conduct risk assessments and controls.

51. Description of the lines of command in this area in relation to other bodies or committees; an organisational chart may be used to provide this information

It follows clearly from the previous section that risk management in the Company is the responsibility of the entire organisation; specific duties are detailed above.

In terms of the hierarchical and functional structure, it should be noted that, in addition to reporting to the Chief Executive Officer, the Internal Audit Department (Internal Audit and Risk Analysis Department) also reports to the Audit Board, thereby providing the support needed for the board to exercise its responsibilities. The following chart illustrates the reporting and functional relations within the Company:



52. Existence of other departments with responsibilities in the field of risk control.

The Company has committees which complement the work of the Audit Board and the Chief Executive Officer with regard to control and monitoring of specific risks:

- **Property Risks Analysis and Monitoring Committee** – pronounces on asset risk prevention systems in place in the Company, in close connection with the risk governance system in the Navigator Company Group; and assesses the suitability of asset risk insurance policies in force in the Navigator Company Group, and the individual policies.
- **Control and Corporate Governance Committee** – oversees application of the Group’s corporate governance rules, and also the Code of Ethics, as well as supervising internal procedures relating to conflicts of interests, in particular with regard to relations between the Group and its shareholders or other stakeholders.

• **Sustainability Forum** – implements corporate and strategic policy on questions of social and environmental responsibility, and prevention of potential risks in these areas.

• **Ethics Committee** – oversees compliance with the requirements of the Code of Ethics and identifies situations which constrain compliance with this code.

53. Identification of the main risks (economic, financial and legal) to which the company is exposed in the course of its business.

In the course of its business, the Navigator Company Group is exposed to a variety of business, financial and legal risks. As part of the process described above for review of the risk management system, the list of the main risks to which the Navigator Company Group is subject was revised. The risks deemed most significant to our business operations are presented below, classified in the respective classes:

RISK CLASS	RISK	DESCRIPTION
Asset Management	Accidents at work	Risk of the occurrence of accidents at work potentially resulting in bodily harm or fatalities.
	Paper pulp price	Risk associated with pulp price fluctuations, which may result in losses for the Navigator Company Group.
Financial Management	Processes in Mozambique	Risk of inefficiency in the business processes implemented in Mozambique, which may result in a significant increase in costs.
	Exchange Rate	Risk of variation in the exchange rate between the Euro and other currencies, which can significantly affect the Navigator Company Group’s results, either through revenues (sales) or costs (purchases).
External Factors	Credit	Risk of credit granted to customers, which may result in uncollectable debts and a consequent increase in costs.
	Energy prices	Risks associated with changes in the purchase and sale price of energy, resulting in additional costs and lost revenues.
	Pressure of competition	Risk of pressure of competition, which may result in a drop in sales or reduction of market share.
	Demand for raw material (wood)	Risk associated with an increase in demand for raw material (wood) due to competitors expanding their capacity, triggering an increase in wood prices and a consequent increase in production costs.
	Product demand	Risk associated with a reduction in demand for the products marketed by the Navigator Company Group, which may result in a significant reduction in sales.
Human Resources	Transport costs	Risk of increase in transport costs, which may result in a reduction in sales margins or the need to increase prices charged to customers.
	Staff motivation	Risk of current staff becoming demotivated or failing to adapt to change with an impact on the organisational climate, productivity and employee retention. Demotivation of the workforce may also damage the Group’s image as an employer, with direct consequences for the selection and recruitment of human resources with the skills, expertise and experience needed by the organisation.
Forestry	Forest damage	Risk of forest damage resulting from natural or man-made causes, which may jeopardise the quantity of raw material needed for the Navigator Company Group’s activities and consequently lead to increased costs or loss of revenues.
Industrial	Supplier relocation	Risk of logistical issues resulting from supplier relocation, which may result in additional inventory and transport costs.

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

In addition, in 2016 the Navigator Company Group extended this framework to its Tissue business. This involved adding a series of risks to the table, as detailed below:

RISK CLASS	RISK (TISSUE)	DESCRIPTION
External Factors	Pressure of competition	Risk of deteriorating margin/losing clients due to fiercer competition or insufficient or inappropriate service levels, nonconforming products or also increased concentration of sales in a single, highly price-sensitive segment.
Strategy	Loss of competitive advantage	Risk of losing competitive advantage due to failure to keep up with technological innovation in the production process and/or inability to develop innovative products or service which allow the Company to maintain its favourable competitive positioning, which may cause the Company to lose business and incur losses.
Corporate Governance	Loss of organisational flexibility	Risk of losing organisational flexibility due to bureaucratic/over-standardised processes and involving more people in decision-making processes after integration in the Navigator Company Group, which could result in operational inefficiency, increased costs, losing clients and damage to the Company's image.
Human Resources	Difficulty in hiring, retaining and/or motivating HR	Risk of difficulty in hiring, retaining and/or motivating HR due to the geographical location of the Tissue Business Unit's Vila Velha de Rodão plant, increased competition in the region or the process of integration in the Navigator Company Group.
Industrial	Occurrence of errors/faults in the production process	Risk of the occurrence of errors/faults in the production process due to human error or equipment breakdown, which may result in losses as a result of a failure to make sales, decreased sales and/or increased costs.
	Occurrence of fires	Risk of fires, which could result in physical injury or fatalities, total or partial loss of assets, and undermine the Company's image.
Purchases	Disruption of supplier service	Risk of disruption in suppliers' service, due to dependence on a small number of suppliers for the same service, which could result in increased costs and a lower margin.
Reporting	Failure in Information Systems	Risk of failure in Information Systems due to organisational changes, the specific nature of the business and infrastructures, which could compromise the reliability of the information produced for decision-making, leading to potential losses and reputational damage.

54. Description of the process of identification, assessment, monitoring, control and management of risks.

The Navigator Company Group regards risk management as an essential decision-making tool, involving permanent monitoring of the risks to which it is exposed, raising awareness throughout the Navigator Company Group of a risk culture which seeks to avoid risks but also includes a positive approach to risk-taking.

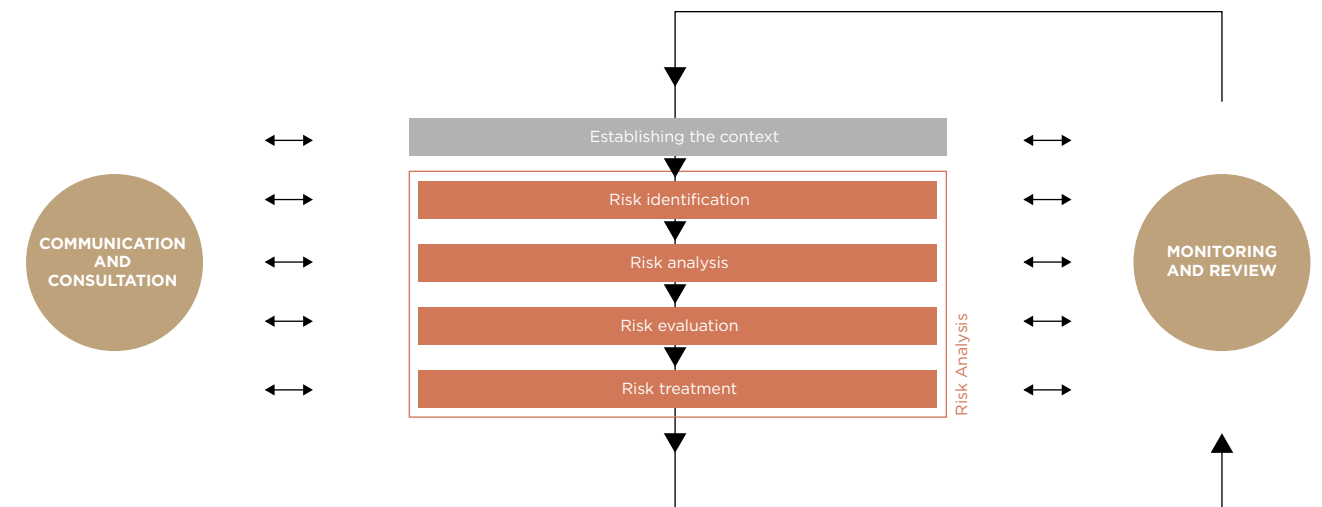
At the same time, the different divisions/departments benefit from risk management insofar as it allows them to anticipate situations of uncertainty, mitigating the risks of adverse consequences and making the most of risks which offer opportunities. Risk management also provides the Navigator Company Group with greater and more sustained decision-making capability with regard to risk events, allowing it to respond in a coordinated and integrated manner to risks with causes, impacts or vulnerabilities which extend across more than one area.

Lastly, risk management is especially important for internal auditing and the control environment, as it offers the possibility of ongoing assessment of the Navigator Company

Group's risk profile and a higher level of internal control. Risk management also makes an important contribution to Internal Auditing, pointing it to areas/processes where business risks and concerns are greater - "Risk-based Internal Audit". As an immediate result of this approach, it will be possible to plan and execute audits which take into consideration the risks most relevant to the Navigator Company Group, by using an audit planning methodology.

The Group's risk management process is in line with internationally accepted best practices, models and frameworks for risk management, including "COSO II - Integrated framework for Enterprise Risk Management", "Risk Management Standard AS/NZS 4360" and ISO 31000.

In designing its risk management process the Group complied with ISO 31000 with regard to the main phases of the process, and COSO II in classifying and structuring risks. This process comprises a series of seven inter-related phases, which together comprise a process of ongoing improvement. This takes the form of a process of communication and consultation, and a process of monitoring and review. The diagram below illustrates the workflow for the risk management process.



The entire process is supported by software used throughout the Company.

The external auditor is PricewaterhouseCoopers. The Company's External Auditor checks, in particular, the application of remuneration policies and systems, and the effectiveness and workings of internal control procedures through the information and documents provided by the Company. The respective findings are reported by the External Auditor to the Audit Board which then reports the shortcomings detected, if any.

In view of the main risks identified, the Internal Audit and Risk Analysis Department has retained its monitoring and control function, which it exercises by conducting internal control audits.

In the course of 2016, a total of 9 internal control audits were instigated, cutting across all Company business; 3 of these have been concluded and the others are close to completion. These audits looked at areas such as protecting forests against pests and diseases, procurement of raw materials for the production process or the wood supply, among others.

55. Main elements of the internal control and risk management systems implemented in the company with regard to the process of disclosure of financial information (Article 245-A.1 m).

The Company has an internal control system for the preparation and disclosure of financial information, operated by the Audit Board, in conjunction with other Departments/Business Areas in the Company, in particular the Accounts and Fiscal Affairs Department, the Management Planning and Control Department, the Internal Audit and Risk Control Department and the Investor Relations Office. In connection with this system, the Audit Board assesses financial information each quarter on the basis of reports from the Department preparing

them and with support from the opinions formulated by the statutory and external auditors. Meetings are held for this purpose with the Internal Audit and Risk Analysis Department, members of the Executive Committee, the Statutory Auditor and external auditor and the staff in charge of accounts and management planning and control, in order to monitor the processes under way. The component parts of the internal control and risk management system are described in item 54.

IV. Investor Support

56. Office responsible for investor support, composition, functions, information provided and contact details

The Company has had an Investor Relations Office since November 1995, set up with a view to handling contact, on a permanent and appropriate basis, with the financial community - investors, shareholders, analysts and regulatory authorities - and to publish the Company's financial reports and any other information of relevance to the stock market performance of Navigator shares, in keeping with principles of coherence, regularity, fairness, credibility and opportunity. The Investor Relations Office comprises a single person, who also acts as market relations officer and whose contact details are provided in the following item.

All mandatory disclosures, such as information on the Company name, its status as a public company, registered offices and other detailed required by Article 171 of the Companies Code, are available on the Navigator Company Group's website, at www.thenavigatorcompany.com. Also available in the investors' section of the Navigator website, in Portuguese and English, are disclosures of quarterly results, half-yearly and annual reports and accounts, together with the respective press releases, list of Company officers, the financial calendar, the articles of association, notices of General Meetings, resolutions approved and statistics relating to attendance, together with relevant developments.



57. Market relations officer

The Company's Market Relations Officer is Joana de Avelar Pedrosa Rosa Lã Appleton who may be contacted by telephone (265 700 504) or by email: joana.la@thenavigatorcompany.com. These contact details are supplied on Navigator's website, in the investors' section.

58. Information on the number of enquiries received in the period or pending from previous periods, and enquiry response times.

Most enquiries received by the Investor Support Office are made by email, although some are by telephone. All enquiries are answered or redirected to the appropriate departments with an estimated average response time of less than three days.

At 31 December 2016, all enquiry processes were deemed completed, with no pending enquiries at that date.

V. Website

59. Address

Navigator's website is at:
<http://www.thenavigatorcompany.com/>.

60. Address where information is provided on the company name, public company status, registered office and other data required by Article 171 of the Companies Code.

The information in question is available on Navigator's website, in the investors' area, under Shareholders and Investor Relations, at <http://en.thenavigatorcompany.com/Investors/Navigator-Share>.

61. Address where the articles of association and rules of procedures of company boards and/or committees can be consulted.

The information in question is available on Navigator's website, in the investors' area, under Corporate Governance, at <http://en.thenavigatorcompany.com/Investors/Governance>.

62. Address where information is provided on the identity of company officers, market relations officer, the Investor Support Office or equivalent structure, respective powers and responsibilities and contact details.

The information in question is available on Navigator's website, in the investors' area, under Corporate Governance, and in the section entitled "Profile" at <http://en.thenavigatorcompany.com/Investors/Governance> e <http://en.thenavigatorcompany.com/Investors/Contacts>.

63. Address 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, under "Financial Reports", at <http://en.thenavigatorcompany.com/Investors/Financial-Information>. There is a specific tab in the investors' area for the corporate diary for the current year: <http://en.thenavigatorcompany.com/Investors/Calendar>

64. Address where notice of general meetings is posted, together with all preparatory information and subsequent information related to meetings.

Notices of General Meetings and all the related preparatory and subsequent information is available in the investors' area, under the specific tab "General Meetings", at <http://en.thenavigatorcompany.com/Investors/General-Meetings>.

65. Address for consultation of historical archives, with resolutions adopted at the company's general meetings, the share capital represented and the results of votes, for the past three years.

This information is available in the same area as the information on General Meetings, in other words, in the investors' area, under the specific "General Meetings" tab, at <http://en.thenavigatorcompany.com/Investors/General-Meetings>.

D. Remuneration

I. Powers to determine remuneration

66. Indication of powers to set the remuneration of company officers, members of the executive Committee or managing director and the company managers.

The remuneration policy for Company officers is the responsibility of the Remuneration Committee, which submits its proposals for the approval of the Annual General Meeting, which is attended by at least one member of the Remuneration Committee. The remuneration policy submitted to the General Meeting on 19 April 2016 is set out in item 70 of this report.

II. Remuneration Committee

67. Composition of the remuneration committee, including identification of individuals or organizations contracted to provide support, and declaration regarding the independence of each member and adviser.

The Remuneration Committee comprises the following members only:

Chairman: José Gonçalo Ferreira Maury

Members: João Rodrigo Appleton Moreira Rato

Frederico José da Cunha Mendonça e Meneses

The Company considers that all members of this committee may be considered independent.

The Company regards all the members of this committee as independent, and has only one remark to make in this regard:

The Company considers that Frederico José da Cunha Mendonça e Meneses performs his duties as a member of the Remuneration Committee on an independent basis. His connection with the Company stems from the fact that he was a non-executive director of Semapa until 2005 and currently draws a retirement pension on the strength of his former duties. However, Navigator considers that, because he was a non-executive director, and because of the time that has elapsed and the fact that his pension entitlement is an acquired right over which Semapa's directors have no control, the impartiality of his analysis and decisions is not constrained.

The fact that a member of the Remuneration Committee was formerly a director of a shareholder in a qualifying shareholder in the Company does not necessarily mean that this member is irretrievably connected to the Company's director, at least to the point of undermining his independence and impartiality.

The relationship between the Company's executive directors and the directors of its indirect shareholders is not typically one in which, at least automatically, the former are superior to or exercise influence over the latter, so as to jeopardise the independence required.

In the course of 2016, no one was hired to provide support for the Committee.

68. Expertise and experience of the members of the remuneration committee in the field of remuneration policy.

All the members of the Remuneration Committee have wide experience and knowledge concerning matters relating to the remuneration of Company officers, in view of the offices held in the course of their professional careers. Special attention is drawn to the fact that the Chairman of this committee was from 1990 to 2014 the representative of a multinational specializing in human resources, and especially senior management recruitment.

III. Remuneration structure

69. Description of the remuneration policy for members of the management and supervisory bodies as referred to in Article 2 of Law no. 28/2009, of 19 June.

The remuneration policy for members of the Company's management and supervisory bodies is set out in the Remuneration Policy Statement issued by the Remuneration Committee and contained in Annex I to this Report, as described in the following item

70. Information on how remuneration is structured in order to align the interests of members of the management body with the long term interests of the company, and on how it is based on performance assessment and discourages excessive risk-taking.

The way remuneration is structured and the directors' performance assessed is clearly explained in the Remuneration Committee's Remuneration Policy Statement (items 1 and 6 of chapter VI, to which we refer).

When filling out these principles and determining the precise value of the variable remuneration component, a set of KPIs is applied which, as indicated in item 25 above, link this remuneration to EBITDA, pre-tax profits and TSR.

Long-term alignment of interests is achieved to a certain extent due to the KPI relating to the Company's value over time, or TSR; however, this aim is more significantly assured by the fact that membership of the Company's Executive Committee has been extremely stable over time. This stability has the natural result of alignment with longer-term goals, also in the salary component, as future results influence future remuneration, in relation to which expectations exist.



The same holds for excessive risk-taking. There is no separate pay-related measure in place in the Company with this specific aim. Risk is an intrinsic characteristic of any act of management and, as such, it unavoidably and continuously considered in all management decisions. The qualitative or quantitative assessment of risks as good or bad cannot be conducted in isolation, but has to be seen in its impact on Company performance over time; this process is therefore indistinguishable from long term interests, and benefits from the general incentives for long term alignment described above.

71. Reference, if applicable to the existence of a variable remuneration component and information on any impact on this from performance assessments.

The remuneration of executive directors effectively includes a variable component which depends on a performance assessment, as described in the Remuneration Policy Statement, in particular in item 2 of chapter VI.

The performance assessment has an impact on approximately 50% of the variable remuneration component, on an individual and qualitative basis. In the case of non-executive directors (apart from the exceptional case of the Chairman of the Board of Directors, who is significantly involved in important decisions on the Company's operations), variable remuneration is sometimes awarded, albeit more exceptionally, in line not with the performance or value of the Company, but rather with the outcome of the performance of management tasks closer in nature to executive duties.

There are no upper limits to remuneration, notwithstanding the limit set by the articles of association on directors' profit sharing.

The remuneration of the members of the Audit Board includes no variable component.

72. Deferred payment of the variable component of remuneration, indicating the deferral period.

Payment of the variable component of remuneration is not deferred in the Company.

73. Criteria applied in allocating variable remuneration in shares and on the continued holding by executive directors of these shares, on any contracts concluded with regard to these shares, specifically hedging or transferring risk, the respective limits and the respective proportion represented of total annual remuneration.

In the Company, the variable remuneration includes no component consisting of shares.

74. Criteria applied in allocating variable remuneration in options and indication of the deferral period.

In the Company, the variable remuneration includes no component consisting of options.

75. Main parameters and grounds for any annual bonus system and any other non-cash benefits.

The criteria for setting annual bonuses are those relating to the variable remuneration as described in item 2 of chapter VI of the Remuneration Policy Statement, and in item 25 above, and no other non-cash benefits are allocated.

76. Main features of complementary or early retirement schemes for directors, and the date of approval by the general meeting for each individual.

There are no early retirement arrangements for directors.

Under the Navigator Company's Pension Plan Regulations currently in force (formerly the Portucel S.A. Pension Plan), the Company's directors who are remunerated as such and who have served no less than one full term of office in accordance with the articles of association are entitled, on retirement or in the event of disability, if this occurs during their term of office, are entitled to a complementary monthly retirement or disability pension.

If the directors become disabled after the end of their term of office, they will only be entitled to the complementary disability pension if they qualify for the corresponding disability pension from the social security scheme in which they are registered and if they apply to the Company for the complementary pension.

This complementary pension is set on the basis of a formula which considers gross monthly remuneration and length of service; no less than 10 years' service is required and no more than 30 years' service will be considered.

At 31 December 2016, the only director who was a beneficiary of The Navigator Company Pension Plan was Mr. Manuel Soares Ferreira Regalado.

In addition, the directors António José Pereira Redondo and Adriano Augusto da Silva Silveira are participants in the pension plan of Navigator Paper Figueira, S.A., one of the Company's subsidiaries, in their capacity as employees of that company.

Because of the specific characteristics of the Navigator Company Group pension plan, the General Meeting has not, to date, intervened in approving the main features concerning the specific rules applicable to the retirement of directors.

It should be noted here that the Company was a state-owned company until 1991, with its business and procedures regulated by the special legislation applicable to this type of company, and during this period specific rules were approved on the retirement pensions of the directors.

However, the complementary retirement pension schemes in force in the Company are described in no. 27 of the Notes to the Consolidated Financial Statements, which are part of the Report and Accounts subject to approval by the General Meeting.

IV. Disclosure of remuneration

77. Indication of the annual remuneration earned from the company, on an aggregate and individual basis, by the members of the company's management bodies, including fixed and variable remuneration and, in relation to the latter, reference to the different components.

The following remuneration was paid to members of the Board of Directors in 2016:

BOARD OF DIRECTORS			
	FIXED REMUNERATION	VARIABLE REMUNERATION	TOTAL
Amounts in Euro			
Pedro Mendonça Queiroz Pereira	830,914	919,286	1,750,200
The Navigator Company	0	0	0
Subsidiaries	830,914	919,286	1,750,200
Diogo António Da Silveira	510,062	611,156	1,121,218
The Navigator Company	510,062	0	510,062
Subsidiaries	0	611,156	611,156
Luis Alberto Deslandes	158,158	0	158,158
The Navigator Company	158,158	0	158,158
Subsidiaries	0	0	0
António José Redondo	309,838	511,005	820,843
The Navigator Company	0	0	0
Subsidiaries	309,838	511,005	820,843
Fernando Araújo	309,848	469,574	779,422
The Navigator Company	0	0	0
Subsidiaries	309,848	469,574	779,422
Nuno Santos	309,834	338,890	648,724
The Navigator Company	309,834	0	309,834
Subsidiaries	0	338,890	338,890
João Paulo Oliveira	309,834	257,174	567,008
The Navigator Company	309,834	0	309,834
Subsidiaries	0	257,174	257,174
Manuel Soares Regalado	183,571	515,000	698,571
The Navigator Company	152,365	0	152,365
Subsidiaries	31,205	515,000	546,205
Adriano Augusto Silveira	309,838	249,794	559,632
The Navigator Company	0	0	0
Subsidiaries	309,838	249,794	559,632
Vitor Manuel Gonçalves	124,818	0	124,818
The Navigator Company	124,818	0	124,818
Subsidiaries	0	0	0
Total	3,356,715	3,871,879	7,228,594
The Navigator Company	1,565,071	0	1,565,071
Subsidiaries	1,791,644	3,871,879	5,663,523



78. Amounts paid on any basis by other controlled, controlling or group companies or companies under common control.

It should be clarified that the amounts referred to in this item relate only to companies not controlled by the Company. They also include amounts over which the Company and its officers have no control, as they are the concern of its shareholders, the shareholders of shareholders and other companies controlled by shareholders, where a controlling relationship is involved.

The total amount paid in 2016 by all companies controlled by or controlling Navigator, and by companies belonging to the same group or under common control, is 4,989,556.93 Euros. Remuneration in other controlled or controlling companies, group companies, or companies under common control, was earned by the directors Pedro Mendonça de Queiroz Pereira, João Castello Branco, José Miguel Paredes, Miguel Ventura, Ricardo Pires and Vítor Novais Gonçalves, totalling 1,315,884.43 Euros, 1,120,920.00 Euros, 856,478.00 Euros, 839,182.00 Euros, 775,700.00 Euros and 81,392.50 Euros respectively.

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.

There was no remuneration in the Company in the form of profit sharing during the period in question. The remuneration policy establishes the criteria in force to assigning variable remuneration, and annual bonuses are assigned on the basis of the Company's results in each period, in conjunction with the merit and performance assessment of each specific director.

80. Compensation paid or owing to former executive directors in relation to termination of their directorships during the period.

No compensation was paid or owing to former executive directors for termination of their directorships.

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.

AUDIT BOARD			
	FIXED REMUNERATION	VARIABLE REMUNERATION	TOTAL
Amounts in Euro			
Miguel Camargo Eiro	21,662	0	21,662
Gonçalo Nuno Caldeira	15,678	0	15,678
José Manuel Vitorino	15,678	0	15,678
Total	53,018	0	53,018

82. Indication of remuneration earned in the reporting period by the chairman of the general meeting.

The Chairman of the General Meeting was paid a remuneration of 6,000 Euro (six thousand Euros) during the financial year of 2016.

V. Agreements with implications for remuneration

83. Contractual limits on severance pay for directors, and the respective relationship with the variable remuneration component.

As stated in Annex II to this Report, no agreements exist or have ever been established by the Remuneration Committee on severance pay for the Company's directors.

84. Reference to the existence and description of agreements between the company and directors or managers, as defined by Article 248-B.3 of the Securities Code, which provide for compensation in the event of resignation, dismissal without due cause or termination of employment contract as a result of a change of control of the company, indicating the amounts involved. (Article 245.-A.1 I)).

There are no agreements between the Company and directors or managers, as defined by Article 248-B.3 of the Securities Code, which provide for compensation in the event of resignation, dismissal without due cause or termination of employment contract as a result of a change of control of the Company.

VI. Stock or stock option plans

85. Identification of plan and beneficiaries

Not applicable as no remuneration is paid through stock or 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 as no remuneration is paid through stock or option plans.

87. Stock option rights allocated to company employees and staff.

Not applicable as no remuneration is paid through stock or option plans.

88. Control mechanisms in an employee ownership scheme insofar as voting rights are not directly exercised by employees (Article 245-A.1 e)).

Not applicable as no remuneration is paid through stock or option plans.

E. Related Party Transactions

I. Control 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 implemented the procedures and criteria described in item 10 below and item 91 above in order to monitor transactions with qualifying shareholders.

90. Indication of transactions subject to control during reporting period.

In 2016, in addition to the situation referred to in item 10 above, 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, There were no transactions between the Company and qualifying shareholders not on an arm's length basis.



91. Description of the procedures and criteria applicable to intervention by the supervisory body for the purposes of prior clearance of transactions to be carried out between the company and qualifying shareholders or related entities, under Article 20 of the Securities Code.

In the event of transactions between the Company and qualifying shareholders or related entities, under Article 20 of the Securities Code, the Board of Directors is required to submit them for clearance by the Audit Board, when any of the following criteria are met, with regard to each financial year:

- (i) have a value equal to or greater than 1.5 million Euros, or,
- (ii) irrespective of their value, may, due to their nature, undermine transparency or the best interests of the Company.

The Audit Board also receives periodic reports from the external auditor in which, in the course of its duties, the auditor checks the effectiveness and workings of internal control arrangements, reporting any shortcomings detected.

II. Details of transactions

92. Indication of the place in the financial reports and account where information is available on related party transactions, in accordance with IAS 24, or, alternatively, reproduction of this information.

The information available on related party transactions is included in the Company's Report and Accounts, in no. 32 of the Notes to the Consolidated Financial Statements.

The Company's current corporate governance model and principles accordingly comply with the binding legal rules on the single-tier governance model established in Article 278.1 a) of the Companies Code, and the CMVM Corporate Governance Recommendations quoted, in the version which took effect in January 2014, except for Recommendations I.5, II.1.4.a), II.1.7 and III.4, which are not complied with or are partially adopted for the reasons set out below.

The Company accordingly considers its degree of compliance with the recommendations to be fairly high; whilst recognising that a number of differences exist depending on the recommendation in question, significant progress has been made on the degree of adoption of CMVM recommendations over recent periods.

The table below shows the items in this Corporate Governance Report which describe the measures adopted by the Company to comply with the said CMVM Recommendations.

RECOMMENDATIONS	COMPLIANCE	REMARKS
I. VOTING AND CORPORATE CONTROL		
I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement to one vote, and implement the means necessary to exercise the right to vote by mail and electronically	Adopted	Part I, item 12
I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	Adopted	Part I, item 14
I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the right of each ordinary share, unless duly justified in terms of the long-term interest of shareholders.	Adopted	Part I, item 12
I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a single shareholder, either individually or in concert with other shareholders, shall also provide for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails - without increased quorum requirements in addition to those required by law - and that in said resolution, all votes issued be counted, without applying said restriction.	Not applicable	Part I, item 13
I.5. Measures shall not be adopted that require payment or acceptance of charges by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members.	Not Adopted	Explanation of recommendations not adopted below
II. SUPERVISION, MANAGEMENT AND OVERSIGHT		
II.1. SUPERVISION AND MANAGEMENT		
II.1.1. Within the limits established by law, and except due to the small size of the company, the board of directors shall delegate the day-to-day management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	Adopted	Part I, item 21
II.1.2 The Board of Directors shall ensure that the company acts in accordance with its objects, and shall not delegate its responsibilities with regard to: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions that should be considered as strategic due to the amounts, risk and particular characteristics involved.	Adopted	Part I, item 21
II.1.3 The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, and a requirement shall therefore be enshrined, in the articles of association or by equivalent means, that this body shall pronounce on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that are to be considered strategic due to the amounts or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	Not applicable	Part I, items 27, 28 and 29
II.1.4 Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees; b) Reflect on the governance system, structure and practices adopted, verify their effectiveness and propose to the competent bodies, measures to be implemented with a view to their improvement.	Partially Adopted	Explanation of recommendations not adopted below with regard to Recommendation contained in sub-paragraph a) Part I, items 21, 27, 28 and 29
II.1.5 The Board of Directors or the General and Supervisory Board, depending on the applicable model, shall set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	Adopted	Part I, items 50 to 55
II.1.6 The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the other members of the board.	Adopted	Part I, items 15 and 18

PART II - ASSESSMENT OF CORPORATE GOVERNANCE

1. Identification of the Corporate Governance Code adopted

The Company has adopted by the Corporate Governance Code published by the Securities Market Commission (CMVM) in January 2013, available at <http://www.cmvm.pt/CMVM/Recomendacao/Recomendacoes/Documents/C%C3%B3digo%20de%20Governo%20das%20Sociedades%202013.pdf>

It is considered that the content of the mandatory information required by this code assures effective compliance with the recommendations, which can in turn contribute to strengthening the model adopted and assure the conformity of governance principles, and to improved performance and coordination of the duties of Navigator's Company officers; this content is deemed appropriate to the Company's particular characteristics, without imposing any constraints on the workings of its governance structure.

2. Analysis of compliance with the Corporate Governance Code adopted

Article 245-A.1 o) requires a declaration on the adoption of the corporate governance code to which the Issuer subscribes, specifying any divergence from the provisions of this code, and the respective reasons.

The information to be presented should include, for each recommendation:

- a) Information enabling the reader to assess whether the recommendation is complied with, or reference to the item in the report where this issue is dealt with in detail (chapter, title, item, page);
- b) Grounds for any instance of non-compliance or partial compliance;
- c) In the event of non-compliance or partial compliance, identification of any alternative arrangements adopted by the Company to achieve the same objective as the recommendation.

Over the course of 2016, the Company continued to work at consolidating the Company's governance principles and practices, in line with the main regulatory developments in 2013, in particular the changes to the corporate governance rules resulting from the entry into force of CMVM Regulation 4/2013 and the CMVM Recommendations included in the 2013 CMVM Corporate Governance Code.



RECOMMENDATIONS	COMPLIANCE	REMARKS
<p>II.1.7 Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float.</p> <p>The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed in accordance with the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to:</p> <p>a. Having been an employee at the company or at a related or group company in the past three years;</p> <p>b. Having, in the past three years, provided services or established a significant commercial relationship with the company or a related or group company, either directly or as a partner, board member, manager or director of a legal person;</p> <p>c. Being the beneficiary of remuneration paid by the company or by a related or group company, other than the remuneration deriving from a directorship;</p> <p>d. Living with a life partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings;</p> <p>e. Being a qualifying shareholder or representative of a qualifying shareholder.</p>	Not Adopted	Explanation of Recommendations not adopted below
II.1.8 Directors who exercise executive duties shall respond to enquiries from other company officers by providing the information requested in a timely and appropriate manner.	Adopted	Part I, item 21
II.1.9 The Chairman of the Executive Committee or of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, the Chairman of the Audit Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Financial Affairs Board, the convening notices and minutes of the relevant meetings.	Adopted	Part I, item 21
II.1.10. "If the chairman of the board of directors exercises executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that these can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination."	Not applicable	Part I, item 18
II.2. AUDITING		
II.2.1. Depending on the applicable model, the Chairman of the Audit Board, the Audit Committee or the Financial Affairs Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	Adopted	Part I, item 32
II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, in particular, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Adopted	Part I, items 37 and 38
II.2.3. The supervisory body shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract for provision of their services when there is a valid basis for such dismissal.	Adopted	Part I, item 37
II.2.4. The supervisory body shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	Adopted	Part I, items 50 and 54
II.2.5. The Audit Committee, the General and Supervisory Board and the Audit Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and shall be recipients of reports made by these services at least when they concern matters related to financial reporting, identification or resolution of conflicts of interest and detection of potential illegalities.	Adopted	Part I, items 50 and 54
II.3. SETTING OF REMUNERATION		
II.3.1 All members of the Remuneration Committee or equivalent shall be independent from the members of the executive committee and include at least one member with knowledge and experience in matters of remuneration policy.	Adopted	Part I, items 67 and 68
II.3.2. No natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	Adopted	Part I, items 67
II.3.3. The statement on the remuneration policy for the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following:		
a) Identification and details of the criteria for determining the remuneration paid to the company officers;		
b) Information regarding the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances in which these maximum amounts may be payable;	Adopted	Annex II to the Corporate Governance Report
d) Information on whether payments are due for the dismissal or termination of appointment of board members.		
II.3.4 Approval of stock and/or option plans or plans based on share price variation for company officers shall be submitted to the General Meeting. The proposal shall contain all the necessary information for a correct assessment of said plan.	Not applicable	Part I Section VI
II.3.5 Approval of any retirement benefit scheme established for company officers shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.	Not applicable	Part I, item 76

RECOMMENDATIONS	COMPLIANCE	REMARKS
III. REMUNERATION		
III.1. The remuneration of the executive directors shall be based on actual performance and shall discourage excessive risk-taking.	Adopted	Part I, items 69 and 70
III.2. The remuneration of non-executive directors and the remuneration of the members of the supervisory body shall not include any component whose value depends on the performance of the company or of its value.	Adopted	Part I, items 69 and 71
III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and upper limits shall be set for all components.	Adopted	Item VII of Annex II to the Corporate Governance Report
III.4. A significant part of the variable remuneration should be deferred for a period of not less than three years, and the right to payment shall depend on the continued positive performance of the company during that period.	Not Adopted	Explanation of recommendations not adopted below
III.5. Members of the board of directors shall not enter into contracts either with the company or with third parties which have the effect of mitigating the risk inherent in the variability of their remuneration as fixed by the company.	Adopted	Part I, items 70 and 71
III.6. Executive directors shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on earnings from said shares, until the end of their term of office.	Not applicable	Part I Section VI
III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period of no less than three years.	Not applicable	Part I Section VI
III.8. When the removal of a director is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is even so attributable to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments to ensure that no damages or compensation, beyond those legally due, are payable.	Not applicable	Part I, item 83
IV. AUDITING		
IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems for company officers as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.	Adopted	Part I, item 54
IV.2 The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that belongs to the same network, for services other than audit services. If there are reasons for contracting such services – which must be approved by the supervisory body and explained in its Annual Report on Corporate Governance – these services shall not account for more than 30% of the total value of services rendered to the company.	Adopted	Part I, items 46 and 47
IV.3 Companies shall rotate auditors after two or three terms, depending on whether the terms are four or three years, respectively. Retention of the auditor beyond this period must be based on a specific opinion of the supervisory body that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	Adopted	Part I, item 44
V. CONFLICTS OF INTERESTS AND RELATED PARTY TRANSACTIONS		
V.1 The company's transactions with qualifying shareholders, or entities with which they are in any type of relationship pursuant to article 20 of the Securities Code, shall be conducted on an arm's length basis.	Adopted	Part I, items 89 to 91
V.2 The supervisory or audit body shall establish the procedures and criteria necessary to define the relevant level of significance of transactions with qualifying shareholders – or entities with which they are in any of the relationships described in Article 20.1 of the Securities Code – and the execution of transactions of significant relevance requires clearance from that body.	Adopted	Part I, items 10 and 91
VI. MEMORANDUM		
VI.1 Companies shall provide, via their websites in both the Portuguese and English languages, access to information on the course of their affairs, as regards economic, financial and governance issues.	Adopted	Part I, items 59 to 65
VI.2 Companies shall ensure the existence of an investor support and market relations office, which responds to enquiries from investors in a timely fashion and records shall be kept of the submittal and handling of enquiries.	Adopted	Part I, items 56, 57 and 58



Explanation of Recommendations not adopted

Under Article 245-A of the Securities Code, and in keeping with the comply-or-explain principle underlying application of the Corporate Governance Code, the Company does not comply in full with the CMVM Recommendations in force at the date of issue (because of certain peculiarities and the structure adopted), and the Navigator Company Group has made the following judgement on substantially equivalent terms assessing the reasons for non-compliance:

Recommendation I.5

As stated in item 4 of the Report, the Company has taken out loans which include early repayment clauses in the event of a change in the ownership structure, in particular loss of control by its majority shareholder, Semapa, SGPS, and a list is provided detailing these terms. These early repayment clauses are customary in the type of borrowing contracted, and are today standard market practice, required by a majority of the national and international institutions with which the Navigator Company Group has had dealings. Insofar as developments in the financial markets over recent years have resulted in stricter requirements in terms of risk acceptance, by both banking institutions and by companies, the possibility of negotiating contracts of this type without these clauses on competitive market terms is practically nil.

It should be noted that the Company feels comfortable with the limits imposed in these contracts, insofar as the early repayment clauses are only triggered if Semapa loses control of the Company (in accordance with the circumstances defined in each case), which would mean a very substantial reduction in its current holding of 69%.

The said clauses do not therefore amount to defensive measures, guarantees or shields designed to cause a serious erosion in the Company's assets in the event of a change of control or alteration in the composition of the Board of Directors, undermining the free transferability of shares.

Recommendation II.1.4 a)

As in previous years, considering the composition of the management body, the governance model and the Company's shareholder structure, the Board of Directors did not feel it was relevant to set up specialist committees with these responsibilities, in view of the specific needs of this Company. Performance is assessed by the Chairman of the Board of Directors and by the other non-executive members of the board, who possess the knowledge and independence needed to make a correct evaluation of the performance of executive directors and of the various committees.

Although the Board of Directors has not formally set up a committee to appraise the performance of directors, these duties are performed by other corporate bodies with powers to assess the directors' performance, in particular the Remuneration Committee which, as described more fully above, in items 70 and 71, conducts an annual individual assessment of the executive directors and of their performance, on the basis of pre-set criteria.

The pre-set criteria for assessing executive directors are those established in the Remuneration Policy contained in Annex II, in items V and VI of the Statement of Remuneration Policy for Members of the Company's Board of Directors and Audit Board.

In addition, the Corporate Governance Supervisory Committee has also been instructed by the Board of Directors to collaborate with it on implementing procedures for appraisal and resolution of conflicts of interests, and also to oversee application of the Navigator Company Group's corporate governance rules and the Code of Ethics, which also extend to the Executive Directors.

The Corporate Governance Supervisory Committee therefore works in conjunction with the Board of Directors, assessing and submitting to it proposals for strategic guidelines in the field of Corporate Responsibility, as well as monitoring and overseeing on a permanent basis matters relating to: i. corporate governance, social, environmental and ethical responsibility; ii. sustainability of Navigator Company Group business; iii. internal codes of ethics and conduct; and iv. the systems for assessing and resolving conflicts of interests, in particular with regard to dealings between the Company and its shareholders or other stakeholders.

In view of the above, the Company has suitable procedures in place for ensuring that the management body conducts a competent and independent assessment of the performance of the executive directors and the various committees, especially on matters of corporate governance, assessment and remuneration, which is deemed to be the aim of this Recommendation.

Recommendation II.1.7

The Company does not comply in full with the independence criterion for non-executive directors insofar as a lower degree of independence may be identified in relation to some of its directors, as two of them have been re-elected for more than two terms of office and four of them whom act on behalf of shareholders owning more than 2% of the Company's capital. However, it is deemed that the non-executive directors, who currently account for 57% of the board's membership, possess the necessary standing, proven experience and professional expertise to monitor, on an effective, unbiased, impartial, independent and objective basis, the work of the executive directors and the absence of conflicts of interest between the interests and position of shareholder and those of the Company. In addition, with regard to the composition of the Board of Directors, the single-tier governance model adopted by the Company does not require the inclusion of non-executive members who act with duties of oversight, in addition to their duties of management, which in turn means there is no legal rule establishing an independence requirement based on an appropriate proportion of independent members on the Board of Directors.

We should stress that the Company has adopted a corporate model which includes two levels of supervision. The Company has an Audit Board, whose members are considered independent, and one of whom is a statutory auditor. These members are subject to strict rules on joint and several liability with the directors. At the same time, the articles of association provide for an independent Statutory Auditor, whose function is also to oversee the activities of the directors.

It is therefore deemed that the aims underlying this CMVM Recommendation are fully and duly achieved, and the necessary arrangements are in place to ensure that oversight is exercised in the Company, in line with high standards of impartiality and neutrality.

Recommendation III.4

Although the remuneration system defined in the Company's Remuneration Policy does not provide for deferral of the variable remuneration component, the Company considers that directors' pay is structured in an appropriate way which makes it possible align their interests with the long terms interests of the Company and the shareholders, in order to allow the Company to achieve sustainable growth in keeping with the performance of the members of the board of directors.

PART III - OTHER DISCLOSURES

There are no other disclosures or additional information which would be relevant to an understanding to the governance model and practices adopted.



Annex I

Statement on the Remuneration Policy for the Members of the Management and Supervisory Bodies of the Navigator Company Submitted to the General Meeting of Shareholders of 19 April 2016

Law 28/2009, of 19 June, requires the Remuneration Committee to submit each year for the approval of the general meeting of shareholders a statement on the remuneration policy for members of the management supervisory bodies. A draft document was accordingly submitted to shareholders in 2016, resulting in approval of a remuneration policy statement as transcribed below.

I. Introduction

The Company's Remuneration Committee drew up a remuneration policy statement for the first time in 2008, successfully submitting it for approval by the Company's General Meeting that year. This statement was drafted at that time in line with a recommendation issued on this matter by the Securities Market Commission (Comissão de Mercado de Valores Mobiliários).

The Remuneration Committee declared at this time that it felt that the options set out in the statement should be maintained until the end of the term of office of the Company's officers then underway. This term ran from 2007 to 2010.

It was then necessary to review the statement in 2010 in the light of the provisions of Law 28/2009, of 19 June, requiring the Remuneration Committee to submit a remuneration policy statement each year to the General Meeting.

This Committee has maintained the view that, as a set of principles, the remuneration policy statement should as a rule be kept stable throughout the term of office of the Company officers, unless exceptional or unforeseen circumstances require a change. Moreover, given that the Remuneration Committee was re-elected for another term of office, which ended in 2014, it was deemed to make sense that this stability be maintained, except in the possible case of the circumstances mentioned, which have not so far occurred. In 2015, when elections were held for Company officers, fresh consideration was given to whether it was appropriate to maintain this policy for the new term of office.

In view of the changes to recommendations resulting from publication by the Securities Market Commission of the 2013 Corporate Governance Code, the Remuneration Committee adjusted this Statement to the new recommendations in 2014.

Notwithstanding this adjustment in line with the new recommendations, it was decided to retain the option of proposing for approval a statement with content similar to that of the statement currently in force, with small adjustments resulting from the work carried out in 2015 on the system of appraisal and KPIs.

There is a significant divide between the two most common systems for setting the remuneration of Company officers. The first is for this remuneration to be set by the General Meeting; this solution is rarely adopted, being rather impractical for a variety of reasons. The second is for remuneration to be set by a Remuneration Committee, which decides in keeping with criteria on which the shareholders have had not always had the opportunity to pronounce.

The solution now before us amounts to an intermediate system whereby the shareholders can appraise a remuneration policy to be followed by the Committee. This seeks to draw on the best features of both theoretical systems, as we propose to do in this document, reasserting the position we have previously defended whilst also including the contribution from the additional experience and expertise acquired by the Company, and complying with the new legal requirements in this field.

II. Legal requirements and recommendations

This statement is issued in the legal framework formed by Law 28/2009, of 19 June (as referred to above), and the recommendations of the Securities Market Commission set out in the Corporate Governance Code issued by the Commission.

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) Procedures to permit directors' interests to be aligned with those of the Company;
- b) The criteria for setting the variable component of remuneration;
- c) The existence of share bonus and share option plans for directors and auditors;
- d) The possibility of the variable remuneration component, if any, being paid, in full or in part, after the accounts for the periods corresponding to the entire term of office having been drawn up;
- e) Procedures for capping variable remuneration, in the event of the results showing a significant deterioration in the Company's performance in the last period for which accounts have been reported or when such a deterioration may be expected in the period under way.

The recommendations of the Securities Market Commission make the following requirements:

II.3.3. The statement on the remuneration policy for the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following:

- a) Identification and details of the criteria for determining the remuneration paid to the Company officers;
- b) Information regarding the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances in which these maximum amounts may be payable;
- c) Information on whether payments are due for the dismissal or termination of appointment of board members.

III. Rules deriving from law and the articles of association

Any remuneration system must inevitably take into account both the general legal rules and the particular rules established in the articles of association, if any.

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

- Remuneration is to be set by the General Meeting of Shareholders or by a committee appointed at such meeting.
- The remuneration is to be fixed in accordance with the duties performed and the Company's state of affairs.
- The remuneration may be fixed or else consist in part of a percentage of the profits of the period, but the maximum percentage for distribution to directors must be authorized by a clause in the articles of association, and shall not apply to the amounts allocated to reserves or to any portion of the profits not legally available for distribution to the 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. 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.

After the second phase of privatization in 2004, the formal principle was first instituted of remuneration being divided into fixed and variable components, the latter being based on the Company's results and the specific performance of each director.

This procedure has been repeated annually since 2004, with directors receiving fixed remuneration and also a variable component.

It should be noted that the allocation of a percentage of profits is not applied directly, but rather as an indicator, and also as a limit, in line with the articles of association, on amounts which are determined in a more involved process, taking into account the factors set out in the remuneration policy statement in force and the KPIs referred to below.

Since the incorporation of the Company, members of the Audit Board have received fixed monthly remuneration. Since the officers of the General Meeting started to receive remuneration, this has been set in accordance with 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 directors are in the same position, and the same is also true, for example, of 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 representation of a given institution.

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, cannot be 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 directors without delegated powers have been closely involved in the life of the Company in a variety of ways. Particularly relevant in this context, in particular for the purposes of assigning variable remuneration, is the position of the Chairman of the Board of Directors who, whilst not a member of the Executive Committee, is significantly involved in major decisions on the Company's day-to-day affairs.

b) The state of the Company's affairs.

This criterion must also be understood and interpreted with care. The size of the Company and the inevitable complexity of the associated management responsibilities, is clearly one of the 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 keep 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 the directors 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 remuneration component is set on the basis of a target amount applicable to each director and which is payable when his performance and that of the Company corresponds to expectations and pre-established goals. This target value is set after considering the principles set out above - market, specific duties, the Company's situation -, with special attention being paid to comparable market situations in positions of equivalent importance. Another relevant factor used in setting targets is the Company's policy of not offering stock or stock option schemes.

Actual performance is assessed against expectations and goals, thereby defining the variation in relation to the target, on the basis of a series of quantitative and qualitative KPIs related to the performance of the Company and that of the director in question, in which special weight is assigned to EBITDA, pre-tax profits and total returns on equity.

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 to 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

Specialists in this field have drawn attention to significant advantages in deferring payment of the variable component of remuneration to a date when the entire period corresponding to the term of office can in some way be appraised.

We accept this principle as theoretically sound, but it appears to us to offer few advantages in the specific case of the Company and other similar companies.

One of the main arguments supporting this system is that directors should be committed to achieving sustainable medium-term results, and that the remuneration system should support this, avoiding a situation where remuneration is pegged simply to one financial year, which may not be representative, and which may present higher profits at the cost of worse results in subsequent years.

However, whilst this danger is real and is worth safeguarding against by means of systems such as this in companies where the capital is completely dispersed and the directors may be tempted to take a short term view, maximizing quick results by sacrificing long term potential, this does not correspond to the situation in a company such as the Company, with a stable shareholder structure, where these concerns are inherently less of an issue.

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 a deterioration may be expected in the period under way.

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.

6. Recommendation II.3.3. a) Criteria for setting remuneration.

The criteria for setting the remuneration for the Company officers are those deriving from the principles set out in chapter V above and, in relation to the variable component of directors' remuneration, those described in item 2 of chapter VI above.

In addition to these, there are no other mandatory pre-set criteria in the Company for setting remuneration.

7. Recommendation II.3.3. b). Potential maximum value of remuneration, on an individual and aggregate basis.

There are no numerical upper limits on remuneration, notwithstanding the limitation resulting from the principles set out in this document.

8. Recommendation II.3.3. c). Severance or termination pay.

This Committee has never adopted any agreements concerning severance pay for the Company's directors.



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 and of the Chairman of the Board of Directors, as stated in item a) of Chapter V, will comprise a fixed part and a variable part.

2 The remuneration of non-executive members of the Board of Directors will comprise only a fixed component, which may be complemented when these directors accumulate additional responsibilities.

3 The remuneration of the members of the Audit Board and the officers of the General Meeting shall comprise a fixed component only.

4 The fixed component of the remuneration of directors shall consist of a monthly amount payable fourteen times a year or of a pre-set amount for each meeting of the Board of Directors attended.

5 A monthly rate shall be set for the fixed component of the remuneration of directors for all those who are members of the Executive Committee and those who, although not members of such Board, perform duties or carry out specific work of a repeated or ongoing nature.

6 The pre-set amount for participation in meetings of the Board of Directors shall be fixed for those who have duties which are essentially advisory and supervisory.

7 The fixed remuneration of the members of the Audit Board shall consist in all cases of a pre-set amount paid fourteen times a year.

8 The fixed remuneration of the officers of the General Meeting shall consist in all cases of a pre-set amount for each meeting, the remuneration for second and subsequent meetings being lower than that for the first General Meeting of the year.

9 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.

The Remuneration Committee

17 March 2017

Chairman
José Gonçalo Maury

Member
Frederico José da Cunha Mendonça e Meneses

Member
João Rodrigo Appleton Moreira Rato

Annex II

CODE OF ETHICS

1. General Aims and Values

1.1 The Code of Ethics as foundation of the Navigator Company Group's culture

The pursuit of the aims set out in this Code of Ethics, respect for its values and compliance with its rules of conduct together form the professional ethos of the Navigator Company Group business universe. The Code shall be distributed to investors, customers, suppliers, regulatory authorities, competitors and representatives of the communities with which the Navigator Company Group deals, and shall govern the professional conduct of all those working in the Navigator Group's companies and other organizations.

The Code of Ethics is to be viewed as setting standards of conduct, which the Navigator Company Group and all those working and interacting with it should follow and respect. It should accordingly be interpreted as a benchmark for behaviour, applying beyond the specific reach of its clauses.

The Navigator Company Group will assure that the Code of Ethics is made available to all its staff and arrange for specific training in this field, at all levels, in order to assure that the Code is disseminated, generally understood and mandatorily put into practice. It will also make permanent arrangements for direct and confidential communication, through the Board of Directors, allowing any member of Navigator Company Group staff to clarify the interpretation of the Code, to resolve any queries and make good any lacunae which may arise in its application.

An Ethics Committee is also set up, comprising three independent members of good standing, appointed for this purpose by the Board of Directors.

The Ethics Committee is the body responsible for appraising and assessing any situation which may arise in relation to compliance with the rules established in this Code involving any Company officer, and shall also advise the Board of Directors on matters relating to application and interpretation of this Code.

1.2 Fundamental aims

The fundamental aims pursued by the Navigator Company Group are based on creating value and an appropriate level of return for investors, by offering the highest standards of quality in the supply of goods and services to customers, through the recruitment, motivation and development of the most able and highly skilled professionals, within a meritocratic culture permitting its employees to enjoy personal and professional development and the Group to position itself at the forefront of the markets in which it operates, maintaining a policy of sustainable management of natural resources, mitigation of environmental impacts and fostering of social development in the areas in which it carries on its business operations.

1.3 Values

The principles and rules of conduct of the Code of Ethics derive from values regarded as fundamental for the Navigator Company Group, which should be pursued on an ongoing basis in the course of its business, and in particular:

- In protecting the interests and rights of shareholders and safeguarding and increasing the value of assets belonging to the Navigator Company Group;
- In the good governance of Navigator Company Group companies;
- In scrupulous compliance with the requirements of the law, the articles of association and regulations applicable to the Navigator Company Group's operations and companies;
- In the observance of duties of loyalty and confidentiality, and in assuring the principle of the professional accountability of the staff in the exercise of their respective duties;
- In the resolution of conflicts of interests and the application to staff of scrupulous and transparent rules in situations involving business transactions;
- In observance by institutions and individuals of the highest standards of integrity, loyalty and honesty, both in dealings with investors, suppliers, customers and regulators, and in interpersonal relations between members of Navigator Company Group staff;
- In good faith in business dealings and scrupulous compliance with contractual obligations to customers and suppliers;
- In strict compliance with the legislation in force on competition practices;
- In recognizing equality of opportunity, individual merit and the need to respect and advance human dignity in professional relationships and business activities;
- In guaranteeing safety and well-being at the workplace;
- In the adoption of social responsibility principles and practices;
- In the genuine and careful pursuit of sustainable development;
- In promoting a permanent stance of dialogue with all stakeholders and respect for their principles and values.



2. Scope of application

The Code of Ethics applies to all officers and staff of the Navigator Company Group, notwithstanding other applicable legal or regulatory requirements.

For the purposes of this Code of Ethics, the following definitions shall apply:

- Staff – all persons who work or render services, on a permanent or casual basis, to Navigator Company Group companies, including, namely, employees, service providers, agents and auditors;
- Clients – individuals or organizations to which Navigator Company Group companies supply products or services;
- Suppliers – individuals or organizations which supply products or services to Navigator Company Group companies;
- Stakeholders – individuals or organizations with which Navigator Company Group companies deal in their business, institutional or social activities, including shareholders, officers, staff, suppliers, business partners or members of the community with whom the Navigator Company Group interacts..

The Code of Ethics accordingly describes the ethical and professional conduct expected by the Navigator Company Group in connection with the pursuit of its business activities and dealings with third parties, and is of instrumental importance to the business policy and culture followed and fostered by the Navigator Company Group.

The Directors, and in particular the Executive Directors, who in their daily conduct should set an example of ethical behaviour for the whole Navigator Company Group, are required to exercise special diligence in adopting, implementing and enforcing the rules contained in the Code.

The Ethics Committee has authority to oversee the conduct of Company officers, in relation to matters concerning application of the Code of Ethics.

3. Rules of Conduct

3.1 Legality

- 3.1.1. All the Navigator Company Group's activities shall be guided by strict compliance with the applicable rules deriving from law, the articles of association and regulations.
- 3.1.2. In its conduct the Navigator Company Group shall cooperate at all times with the public authorities, and specifically with regulatory bodies, complying with requests made to it and adopting forms of behaviour which permit these authorities to exercise their powers.

3.2 Diligence and courtesy

- 3.2.1. The Navigator Company Group shall strive to ensure that all customers are treated with professionalism, diligence and care, with Navigator Company Group staff responding in full to all enquiries and making every effort to support customers in reaching their decisions.
- 3.2.2. Navigator Company Group staff shall behave courteously and politely at all times and display due care and professionalism in their dealings with customers, suppliers and other stakeholders or any other person or organization, with any kind of dealings with the Navigator Company Group.
- 3.2.3. All of the Navigator Company Group's relationships shall be based on values of truth and transparency, and all staff shall conduct themselves in keeping with high standards of honesty and integrity.

3.3 Integrity

Bribery and other corrupt practices are prohibited, 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 Company Group;

- 3.3.1. The Navigator Company Group and its staff shall decline any gifts which may be considered or interpreted as attempts to influence the Company or the member of staff. In the event of doubt, staff shall give written notice of these situations to their hierarchical superior or the Board of Directors.

- 3.3.2. If staff are approached with an attempt at corruption, they shall notify their hierarchical superior or the

Board of Directors in writing, describing how they were approached and supplying all details regarded as essential for the relevant Navigator Company Group bodies, namely the respective Internal Audit service, to assess the situation and take action.

- 3.3.3. The Board of Directors shall notify the Ethics Committee in writing of all facts of which it learns under the terms of the preceding paragraph.

3.4 Secrecy

- 3.4.1. Members of staff shall assure the confidentiality of all information belonging to the Navigator Company Group, other staff, clients, suppliers or stakeholders, of which they may learn in the course of their duties, and shall only use this information in the interest of the Navigator Company Group.
- 3.4.2. The Navigator Company Group and its staff shall guarantee strict confidentiality in relation to all personal data belonging to staff, customers, suppliers, stakeholders or third parties, of which they learn solely through their work and business. This data is deemed to include information of a strategic nature concerning production methods, product and brand characteristics, IT data concerning customers, suppliers and of a personal nature, together with technical documentation relating to any project carried out or under way.
- 3.4.3. Staff shall maintain confidentiality, on the terms set out in the preceding paragraphs, even after cessation of their employment contracts with Navigator Company Group companies and irrespective of the cause of cessation, for a period of three years thereafter. The information subject to the duty of confidentiality shall not be used in order to prejudice Navigator Company Group companies and may only be disclosed to third parties when so required by law, provided the Board of Directors is notified in advance of such disclosure, in writing.

3.5 Accounting practices

- 3.5.1. The Navigator Company Group shall observe and comply strictly with generally accepted accounting principles and criteria.
- 3.5.2. The Navigator Company Group shall arrange for auditing and other procedures to be conducted by independent bodies, to which it shall make available information detailing its economic, financial, social and environmental risks, and undertaking to apply the most appropriate measures to eliminate or mitigate the risks involved.

4. Rules on conduct in the workplace

4.1 Working atmosphere

- 4.1.1. The Navigator Company Group shall actively promote courtesy, loyalty, civility and assertiveness in relations between staff members, fostering group feeling, with strict respect for individual rights and freedoms.
- 4.1.2. The Navigator Company Group shall promote team spirit, the sharing of common goals and mutual help between staff.
- 4.1.3. Staff shall not seek to obtain personal advantages at their co-workers' expense, and their conduct shall be guided by compliance with legal and contractual obligations and respect for their hierarchical superiors and other Navigator Company Group staff, behaving in a cordial and respectful manner, and avoiding any type of conduct which might undermine the image and reputation of other members of staff.
- 4.1.4. The health, safety and well-being of its staff is a priority for The Navigator Company, and accordingly all staff shall seek to familiarize themselves and comply with the legislation in force and with internal rules and recommendations. Immediate notice must be given of any accident or hazard to health and safety in the workplace, in accordance with the said rules, and the necessary or advisable preventative measures shall be adopted.

4.2. Professional specialization and development

- 4.2.1. The Navigator Company Group will advance the personal and professional development and specialization of its staff, promoting appropriate training activities.
- 4.2.2. The Navigator Company Group will make every effort to assure its staff high levels of job satisfaction and self-realization, operating a fair and appropriate pay policy, and providing opportunities for personal and professional development over the course of careers, in keeping with criteria of merit and prevailing market conditions for equivalent situations, in accordance with the Performance Assessment System in place.
- 4.2.3. For their part, The Navigator Company staff shall make efforts to update their skills and to undergo training on an ongoing basis, in order to develop their knowledge and technical expertise and to improve the services rendered to Group's, customers and other stakeholders.



4.3 Equality of opportunities

- 4.3.1. The Navigator Company Group recognizes that all citizens are equal, and guarantees compliance with conventions, treaties and other legislation protecting the universal and fundamental rights of citizens, operating within the framework of reference of the Portuguese Constitution, the United Nations Universal Declaration of Human Rights and the International Labour Organization.
- 4.3.2. The Navigator Company shall assure equality of opportunities in recruitment, hiring and professional development, attaching value only to professional aspects and adopting the measures it sees fit to combat and prevent any form of discrimination or differentiated treatment on the basis of ethnic or social origin, religious beliefs, nationality, gender, marital status, sexual orientation or physical disability.
- 4.3.3. The Navigator Company shall protect its staff against any type of insulting or other discriminatory behaviour, encouraging respect for human dignity as one of the underlying principles of the Navigator Company Group's culture and policies.
- 4.3.4. The Navigator Company will never employ child or forced labour, nor will it ever collude with such practices, adopting the measures deemed appropriate to combat such situations, namely by public denunciation whenever they come to its attention.

4.4. Transparency, honesty and integrity

- 4.4.1. Navigator Company Group staff will comply with the responsibilities assigned to them, even in adverse circumstances, in a professional and responsible manner, namely within the limits of risk tolerance defined for the Navigator Company Group and in keeping with the budgetary targets for the areas in which they work.
- 4.4.2. Navigator Company Group staff shall conduct themselves at all times so as to pursue the Company's interests, and shall immediately notify their hierarchical superior of any situation which might give rise to a conflict of interests, namely if, in the course of their duties, they are called on to intervene in processes or decisions which directly or indirectly involve organizations, entities or persons with which they work or have worked, or to which they are connected by ties of kinship or friendship. In the event of any doubt as to their impartiality, they shall notify their hierarchical superior.

- 4.4.3. Navigator Company Group staff undertake not to carry on any outside work, paid or unpaid, which might directly prejudice their professional performance or the Navigator Company Group's business or interests.
- 4.4.4. Navigator Company Group staff shall immediately inform their superiors on learning of any conduct which might undermine compliance with the Code of Ethics and which is clearly contrary to the values championed herein.
- 4.4.5. Navigator Company Group staff shall make sensible and reasonable use of the working resources at their disposal, avoiding waste and undue use.
- 4.4.6. Navigator Company Group staff shall care for the Company's property, and not behave wilfully or negligently in any manner which might undermine its state of repair.

5. Dealings with stakeholders and other entities

5.1 Dealings with shareholders

- 5.1.1. The primary aim of the Navigator Company Group is an ongoing quest to create value for shareholders, supported by a commitment to standards of excellence in professional and business performance, in the exercise of social responsibility and the pursuit of sustainable development.
- 5.1.2. Shareholders shall be treated in strict compliance with the legal rules applicable to their relations with each other and with their companies, namely those contained in the Companies Code.

5.2. Dealings with clients, suppliers, service providers and third parties

- 5.2.1. The Navigator Company shall assure that all the terms for sale of its products to clients are clearly defined, and Group companies and their staff shall assure scrupulous compliance with these terms.
- 5.2.2. The suppliers and providers of services to the Navigator Company Group shall be selected on the basis of objective criteria, taking into consideration the terms proposed, guarantees effectively provided and overall optimization of advantages for the Navigator Company Group. One of the selection criteria shall be compliance, by these service providers and suppliers, with rules of conduct consistent with the principles laid down in this Code.

5.2.3. The Navigator Company Group and its staff shall negotiate at all times in keeping with the principles of good faith and full compliance with all their obligations.

5.2.4. The Navigator Company Group undertakes to monitor the ethical conduct of its suppliers and to adopt immediate and strict measures in cases where such conduct is questionable.

5.3 Relationship with competitors

The competition practices of Navigator Company Group companies shall comply strictly with the legislation in force, in keeping with market rules and criteria, and with a view to assuring fair competition.

5.4. Dealings with political movements and parties

Dealings between the Navigator Company Group and its staff, on the one hand, and political movements or parties, on the other, shall be conducted in compliance with the legal rules in force, and in the course of these dealings staff members shall not invoke their relationship with the Navigator Company Group.

6. Securities trading

Navigator Company Group staff who are in possession of relevant information, not yet made public, which might potentially influence the listed prices of shares in Navigator Company Group companies, shall not, during the period prior to disclosure of such information, trade securities issued by Navigator Company Group companies, strategic partners or companies involved in transactions or dealings with the Navigator Company Group, not disclose this information to third parties. In particular, estimates of results, decisions on significant acquisitions or partnerships and the winning or loss of important contracts constitute forms of privileged information.

7. Press releases and advertising

7.1. The information released by the Navigator Company Group to the media and those intended for advertising purposes shall:

- be issued solely by the units or offices authorized to do so;
- comply with the principles of legality, rigour, opportunity, objectivity, veracity and clarity;
- safeguard secrecy and confidentiality so as to protect the Navigator Company Group's interests;
- respect the cultural and ethical norms of the community and human dignity;
- contribute to an image of consistency which adds to the value and dignity of the Group, promoting its good name in society.

8. Social Responsibility and Sustainable Development

- 8.1. The Navigator Company Group accepts its social responsibility to the communities in which it carries on its business activities, as a means of contributing to their advancement and well-being.
- 8.2. The sustainable development of Navigator Group companies is regarded as the business contribution to their present and future development through pro-active management of the environmental, social and economic impacts of their respective activities, through a permanent commitment to application of best practices.
- 8.3. Navigator Company Group companies shall participate and encourage its staff to participate actively in initiatives relating to environmental protection, energy efficiency and efficient resource management, assigning preference to the use of materials produced in accordance with sustainability principles.
- 8.4. The Navigator Company Group will seek to encourage its staff to take part in socio-cultural activities and to perform voluntary work.
- 8.5. The staff of Navigator Company Group companies shall seek to ensure that, in the course of their business, no harm or damage is caused directly or indirectly to the community's heritage, caring for its external image by showing respect for archaeological, architectural and environmental heritage and improving the quality of life enjoyed by citizens.
- 8.6. The Navigator Company Group regards sustainable development as a strategic aim for assuring economic growth and contributing to a more developed society, preserving the environment and non-regenerating resources for future generations.



9. Non-compliance

- 9.1. Failure to comply with the general and mandatory rules of conduct established in this Code of Ethics shall constitute serious misconduct, subject to disciplinary proceedings, notwithstanding any possible civil or criminal liability.
- 9.2. The Board of Directors shall be notified immediately in writing of any instance of non-compliance which come to light, and shall pronounce on the facts within 30 days of being informed.
- 9.3. If it is found, initially or whilst the proceedings are pending, that a Company officer may be involved, the Board of Directors shall forward the file to the Ethics Committee which shall then proceed accordingly and may, if justified, inform any relevant judicial authority of the facts.
- 9.4. The personnel assessment system shall include a mandatory reference on the individual appraisal sheet for each staff member of any failure to comply with rules deriving from this Code of Ethics.
- 9.5. The Ethics Committee shall draw up an annual report on compliance with the rules established in this Code of Ethics, detailing all irregularities of which it is aware, and setting out the conclusions and follow-up proposals adopted in the different cases examined.
- 9.6. For the purposes envisaged in the preceding paragraph, the Board of Directors shall notify the Ethics Committee of all relevant facts which come to its attention.
- 9.7. The Ethics Committee's Report shall be annexed to the Corporate Governance Report.

Annex III

Annual Report of the Ethics Committee for the year ended 31 December 2016

No matter relating to its sphere of competence or requiring its appraisal was referred to the Committee for its scrutiny during the course of the year, and no corporate governance body, or any employee, client or stakeholder addressed any enquiry to the Committee or consulted its opinion.

The Committee is pleased to report that the Company's governance bodies have functioned correctly and issues this report under the terms and for the purposes of the provisions of Article 2 a) of the Ethics Committee Rules of Procedure.

Lisbon, 3 April 2017

The Chairman of the Ethics Committee
Júlio de Lemos de Castro Caldas

The Members
Jaime Falcão
Rui Tiago Trindade Ramos Gouveia



Quinta de São Francisco (RAIZ) is the natural habitat for the firecrest