



Press Release - 01 August 2024

The company is the most sustainable in the forestry sector worldwide

Navigator strengthens its commitment to a sustainable future with ESG projects worth 164 million euros

On Earth Overshoot Day, which is being marked today - one day earlier than in 2023 - and in view of the worsening annual ecological deficit, The Navigator Company reaffirms its commitment to promoting efficiency in the use of resources with sustainable investments which, over the last 18 months, have totalled around 164 million euros, around 60% of the total amount allocated.

The investment mainly includes projects aimed at decarbonisation, modernising equipment and improving efficiency. These include the new Recovery Boiler in Setúbal - which will reduce direct fossil carbon dioxide emissions by around 136,000 tonnes per year, equivalent to a quarter of the Group's emissions in 2022; the new Tower and Washing Presses in Aveiro; the new biomass Lime Kiln in Figueira da Foz; the conversion of the Lime Kiln in Setúbal to burn biomass; and the new Photovoltaic Plant in Figueira da Foz.

In addition, the company has invested in sustainable packaging solutions. After launching a new line of *packaging* products at the end of 2021 under the gKraft™ brand, the company aims to develop innovative packaging solutions that replace current fossil-based plastic packaging with renewable, biodegradable, recyclable and carbon-neutral products based on endogenous raw materials from planted forests. Flexible packaging or paper with barrier properties, for example to oils and fats, are among the products to be developed. At the beginning of the 2nd half of 2024, the company is also preparing to inaugurate a new integrated production line for eucalyptus moulded cellulose parts, intended to replace single-use fossil plastic packaging in the *food service* and *food packaging* market, in Aveiro.

These are just a few examples of the company's transversal and mobilising commitment to all aspects of sustainability. This ongoing commitment recently earned it the distinction of being the most sustainable forestry company in the world. As of 12 July, according to the ESG Risk Rating by Sustainalytics, one of the world's most reputable ESG rating agencies, Navigator is at the top of the list of 85 global companies in the *Paper & Forestry* industry cluster and ranks 1st out of 63 companies in the *Paper & Pulp* subset, in the top 5% of more than 16,200 companies worldwide in all business segments.

Earth Overshoot Day marks the date when the planet goes into ecological deficit, i.e. when natural resources are being used up that should only start being used next year, otherwise they won't be able to be regenerated by ecosystems. The fact that this date is being marked earlier and earlier is a clear sign of the urgency of accelerating common efforts towards efficiency and reduction in the use of natural resources, carbon neutrality and a low-carbon circular bioeconomy.

On a planet where demand for natural resources is increasing, planted forests help to reduce the pressure of demand for forest products in areas of native forest, allowing these areas to be managed exclusively for conservation and protection purposes. On the other hand, the sustainable and certified management of these plantations, such as those that Navigator manages on around 109,000 hectares throughout the country, makes it possible to meet the growing demand for wood and new bioproducts, giving rise to goods and services that are valued by the market, but also to positive externalities that sustainable management practices boost, such as carbon sequestration, oxygen production, regularisation of the hydrological cycle or the promotion of biodiversity.

Within this operating model, Navigator has also pursued an investment programme strongly geared towards decarbonising its operations, totalling 340 million euros between 2019 and 2028. In this way, the company is reinforcing its commitment to contributing to the transition from a fossil-fuelled, linear economy to a circular bioeconomy that is favourable to nature and climate-neutral. To this end, Navigator has favoured more sustainable solutions and products - an example of which is the integrated production project for eucalyptus moulded pulp parts - as an alternative to fossil products, as well as optimising and efficiently using resources at its units. It should also be noted that, given the need to use various resources in its business - energy, wood, chemicals and water - Navigator is committed to their responsible use. The company has not only implemented solutions that promote their efficient

use, but has also achieved significant results in reducing its environmental footprint. As a result of this work, 90% of the raw materials used are now renewable.

Greater efficiency in industrial operations

Navigator is publicly committed to promoting resource efficiency as part of its Responsible Management Agenda 2030, in line with the United Nations Sustainable Development Goals.

Over the last five years, the company has invested more than eight million euros in energy efficiency measures at its four industrial sites. This is an important pillar of its sustainability policy, which has resulted in energy savings of around 100 GWh/year, avoiding the emission of around 23,000 tonnes of carbon dioxide.

Currently, all of The Navigator Company's factories have Energy Efficiency Action Plans and the company is implementing self-consumption solar photovoltaic (PV) projects that will increase installed PV capacity from the current 12 MWp to approximately 38 MWp.

In addition to self-consumption production, other energy measures include LED lighting in industrial buildings, thermal efficiency projects, improving efficiency in compressed air production or optimising cooling systems.

In terms of water efficiency, Navigator has implemented measures to reduce the need to use water in its operations and optimise its reuse and circularity, with an investment of over 25 million euros. It currently returns 78% of the water abstracted to the environment, while specific use (per tonne produced) in industrial operations is 5.1% lower than in 2019, the reference year for the 2030 targets: to reduce specific water use (m³/t of product) in industrial operations by at least 33%.

These results include investments such as the evaporation line at the Aveiro Pulp Mill, the reduction of water used in wood preparation at the Figueira da Foz and Setúbal mills and the recovery of boiler purges at Figueira da Foz. The company's goal is to achieve a 33% reduction in the specific use of water resources.

Greater efficiency in the use of resources at Navigator's mills also involves the reduction, utilisation and recovery of waste from the industrial process, with a view to reclassifying and reintegrating what was once waste as valuable materials in the production chain for various types of paper products.

The continuous improvement of processes to reduce and reuse resources has been a reality throughout the company's history, as has innovation in new sustainable and recyclable forest-based products that can be viable alternatives to fossil products.

For the future, and in a highly challenging context of planetary overload and climate emergency, Navigator will continue and deepen this journey of sustainable value creation, reflecting in its decisions its corporate purpose: "it is people, their quality of life and the future of the planet that inspire and move us".

About The Navigator Company

The Navigator Company is an integrated producer of forestry, pulp, paper, tissue, sustainable packaging solutions and bioenergy, whose business is based on state-of-the-art mills with cutting-edge technology. It is recognised as a benchmark for quality in the sector throughout the world.

Inspired by people, their quality of life and the future of the planet, the company is committed to creating sustainable value for its shareholders and society as a whole, leaving future generations a better planet through natural, recyclable and biodegradable sustainable products and solutions that contribute to carbon sequestration, oxygen production, biodiversity protection, soil formation and the fight against climate change.

The raw material used by The Navigator Company is based on forests planted exclusively for this purpose. Every year, Navigator's nurseries have the capacity to give life to more than 12 million trees. These nurseries - some of the largest in Europe - produce more than 130 different species of trees and shrubs. Many of these, although not economically viable, are funded by the company to conserve biodiversity and ensure the continuity of the species.

The forests under management by The Navigator Company in Portugal have a carbon stock, excluding carbon in the soil, equivalent to 6.2 million tonnes of CO₂, a figure that remains stable thanks to the sustainable management model followed by the company.

The Group has a vertically integrated forestry business, with its own research institute, and is responsible for planting a vast area of forest in mainland Portugal (1.2 per cent of the country's area), 100 per cent certified by the *FSC*¹ and *PEFC*² systems. It has an annual production capacity of 1.6 million tonnes of paper, 1.6 million tonnes of pulp and 375.5 MW of installed power generation. In tissue paper, Navigator has an annual production capacity of 165,000 tonnes and an annual processing capacity of 180,000 tonnes. In 2023, 76% of the energy produced by Navigator in its industrial complexes came from renewable sources, including biomass, giving it a leading role in the sector, with around 37.4% of the country's total using this environmentally friendly, non-fossil fuel. Renewables also accounted for 80 per cent of the primary energy consumed by the company in the same period.

¹ FSC - Forest Stewardship Council® (Licence No. FSC® - C010852)

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

As part of the Group's growth, in 2023 The Navigator Company acquired the Consumer Tissue business of Spain's Gomà-Camps, strengthening its strategic position in the Iberian tissue market and making it the second largest player in the segment.

The expansion of this business area continued in 2024 with the acquisition of Accrol Group Holdings plc, one of the UK's leading tissue manufacturers, which strengthens Navigator's position in Western Europe.

On another front of its growth, at the end of 2021 The Navigator Company launched a new line of packaging products, under the gKraft™ brand, with the aim of helping to accelerate the transition from the use of plastic to the use of natural, sustainable, recyclable and biodegradable fibres, thus once again assuming its commitment to sustainability and the preservation of the environment.

In the same vein, it is preparing to inaugurate the first integrated production line for moulded eucalyptus pulp parts in the second half of 2024, which will be launched under the gKraft™ Bioshield brand. With a production capacity of around 100 million units per year, this plant will be the largest in southern Europe and one of the largest integrated plants on the entire European continent.

The Company is the third largest exporter in Portugal and the largest generator of National Added Value, representing approximately 1% of national GDP, around 2.5% of national exports of goods, and more than 30,000 direct, indirect and induced jobs. In 2023, The Navigator Company had a turnover of €1.953 billion. More than 92% of its products are sold outside Portugal and are destined for 134 countries.

Navigator was the first Portuguese company, and one of the first worldwide, to define the ambitious commitment to decarbonise its industrial complexes by 2035, bringing the national and European targets forward by 15 years. The investment allocated to the Decarbonisation Roadmap amounts to 340 M€, to be implemented between 2019 and 2028, 89% of which has already been implemented or is in the process of being implemented.

In 2023, as a result of the investments made, Navigator decided to bring forward its intermediate emissions targets by three years, so that by 2026 it will have reached the targets originally set for 2029. In 2026, direct fossil CO2 emissions will be around 60 per cent lower than in 2018, the reference year. In 2023, this reduction was already 41 per cent.

This commitment is the culmination of a responsible business management strategy which, in 2023, was awarded the "A-" classification in CDP Climate Change and CDP Forest, recognising, respectively, the company's leadership in combating climate change and in forest management.

At the end of 2022, The Navigator Company received approval for its greenhouse gas emission reduction targets from the Science Based Targets initiative (SBTi), affirming its leadership in sustainability and its ambition to find solutions to the climate challenge in line with science.

The ongoing commitment and investment in improving ESG performance is also reflected in the positive external assessment by independent organisations. In 2024, the company was once again classified as a low-risk company for investors and recognised as an "ESG Industry Top Rated company" in Sustainalytics' ESG Risk Rating, topping the list of Paper & Forestry companies with the lowest ESG risk for investors. With a score of 11.6 in this ranking, Navigator is in 1st place in the list of 85 global companies that are part of the Paper & Forestry industry cluster and also in 1st place in the subset of 63 that are part of the Paper & Pulp cluster, being in the top 5% of more than 16,200 companies worldwide in all business segments.

It was also recognised with an "A" rating by MSCI ESG Ratings, which aims to measure a company's resilience to long-term ESG risks.

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