

Consolidated Annual Report *2019*

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Chairman's Letter

Dear Shareholder,

In 2019, the global economy recorded its lowest growth rate since the 2008 financial crisis. It was a year dominated by uncertainty, with a slowdown of international trade - for the second consecutive year - several protectionist measures and the trade dispute between the United States and China, which had a significant impact on business investment and economic growth. In Portugal, economic growth also slowed, but remained positive, primarily due to the upward evolution of private consumption and investment. The industrial sector, which is more exposed to the international context, suffered a slowdown, which was offset by the performance of the services and construction sectors.

Corticeira Amorim is particularly exposed to international markets, since it records more than 90% of its consolidated sales to over 100 countries around the world. The complex macroeconomic environment and the rising consumer prices for cork meant made 2019 particularly demanding and challenging.



However, our entire Organisation aligned itself with the defined objectives and goals, and we strove, in a professional and enthusiastic manner, to raise the levels of excellence of service, sales and results. And we were successful.

In 2019, consolidated sales exceeded €780 million, and all Business Units (BU), with the exception of the Floor and Wall Coverings BU, contributed to this growth. The Cork Stoppers BU made a key contribution and generated over two thirds of consolidated sales. Thanks to its unparalleled product portfolio – which excels in terms of quality, consistency, convenience and sustainability – year after year it surpasses the ambitious goals set. The Composite Cork BU and Insulation Cork BU also recorded outstanding performances, reflecting consumers' growing preference for innovative and more environmentally friendly products and solutions.

Corticeira Amorim's journey, that now spans 150 years of vision, perseverance and audacity, is based on two key pillars: innovation and sustainability - combining technology with nature and developing environmentally friendly products and solutions. Year after year, we work together, with unconditional enthusiasm and extraordinary commitment, reinforcing our desire to building a more sustainable future.

We are committed to meeting the Sustainable Development Goals, adopted by the United Nations in 2015, and have therefore designed and implemented programmes to support innovation, research and development, policies and initiatives which aim to help reduce our environmental impact. These initiatives include efficient energy management, optimisation of renewable energy sources, in particular biomass, promotion of well-being in the workplace and fostering good health and quality of life.

Our long-term success is intrinsically linked to our teams' dedication, passion and entrepreneurial capacity. The path ahead is an endless journey, with constant challenges on the horizon. However, it is precisely challenges such as these that inspire us, and lead us to strive to respond to the needs of our customers, the market and society as a whole.

In 2020 we are celebrating 150 years of business activity. For this reason, the entire Organisation is paying tribute, not only to this historic milestone, but above all to the multigenerational entrepreneurial vision, which underpins our success, and the values that will shape our future. Over the past 150 years, cork and Corticeira Amorim have made countless friends: ranging from customers to suppliers, from investors to forest producers, from winemakers to astronauts, from architects to fashion designers and, of course, our Employees around the world, who are

unconditional enthusiasts and constitute an integral part of cork's continued renaissance. I would like to express my sincere gratitude to them all.

Aware that this is an unprecedented moment, we join the collective effort to contain the COVID-19 pandemic, with responsibility, solidarity and hope, protecting our Employees, their Families, Communities and all our Stakeholders.

We may be distant, but we remain united.

Warm regards,

António Rios de Amorim
Chairman and CEO

Board Members

BOARD OF THE GENERAL MEETING

Augusto Fernando Coreia de Aguiar-Branco
Chairman

Rita Jorge Rocha e Silva
Secretary

BOARD OF DIRECTORS

António Rios Amorim
Chairman

Nuno Filipe Vilela Barroca de Oliveira
Vice-Chairman

Fernando José de Araújo dos Santos Almeida
Member

Cristina Rios de Amorim Baptista
Member

Luisa Alexandra Ramos Amorim
Member

Juan Ginesta Viñas
Member

SUPERVISORY BOARD

Manuel Carvalho Fernandes
Chairman

Marta Parreira Coelho Pinto Ribeiro
Member

Eugénio Luís Lopes Franco Ferreira
Member

—
Substitute

STATUTORY AUDITOR

Ernst & Young Audit & Associados — SROC, S.A., represented by Rui Manuel da Cunha Vieira ou por Rui Abel Serra Martins
In office

Pedro Jorge Pinto Monteiro da Silva e Paiva (ROC)
Alternate

REMUNERATION COMMITTEE

José Manuel Ferreira Rios
Chairman

Jorge Alberto Guedes Peixoto
Member

Abdul Rehman Omarmiã Mangá
Member

As of 31st December 2019

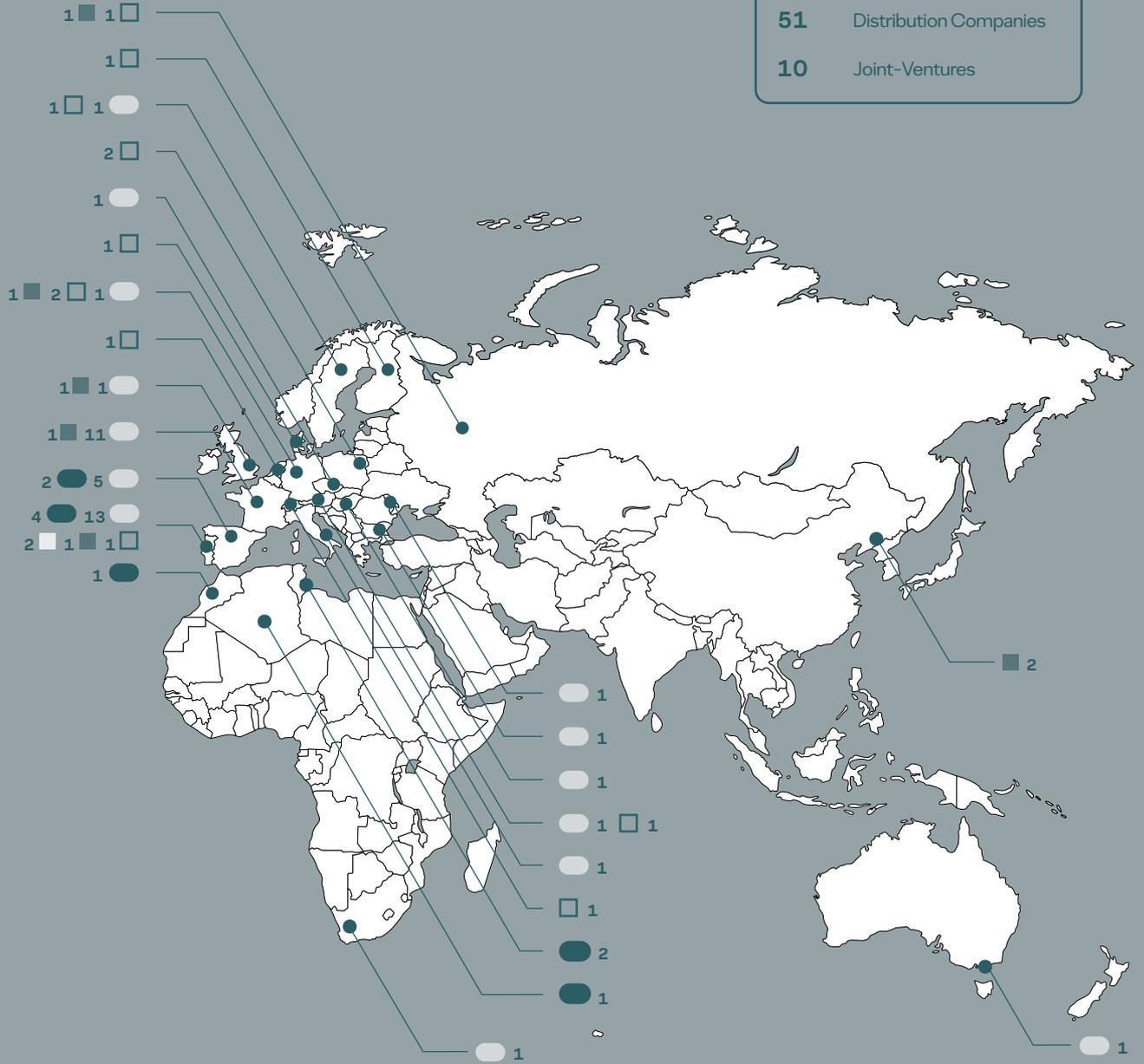
Worldwide Presence

- Geographic Location
- Raw Materials
- Cork Stoppers
- Floor and Wall Coverings
- Composite cork
- Insulation Cork



	Cork Raw Material Preparation Plants	Industrial Plants	Distribution Companies	Joint Ventures		Cork Raw Material Preparation Plants	Industrial Plants	Distribution Companies	Joint Ventures		Cork Raw Material Preparation Plants	Industrial Plants	Distribution Companies	Joint Ventures
South Africa	○	○	●	○	Austria	○	○	●	○	Spain	●	●	●	●
Germany	○	○	●	○	Bulgaria	○	○	●	○	USA	○	●	●	○
Algeria	○	●	○	○	Chile	○	○	●	●	Finland	○	○	●	○
Argentina	○	○	●	●	China	○	○	●	●	France	○	○	●	●
Australia	○	○	●	○	Denmark	○	○	●	○	Netherlands	○	○	●	○

- 10** Cork Raw Material Preparation Plants
- 19** Industrial Plants
- 51** Distribution Companies
- 10** Joint-Ventures



	Cork Raw Material Preparation Plants	Industrial Plants	Distribution Companies	Joint Ventures
Hungary	○	○	1	○
Italy	○	○	3	○
Morocco	●	○	○	○
Moldova	○	○	1	○
Poland	○	○	1	1

	Cork Raw Material Preparation Plants	Industrial Plants	Distribution Companies	Joint Ventures
Portugal	4	14	3	1
UK	○	○	2	○
Czech Rep.	○	1	○	1
Russia	○	○	2	○
Sweden	○	1	1	○

	Cork Raw Material Preparation Plants	Industrial Plants	Distribution Companies	Joint Ventures
Switzerland	○	○	1	○
Tunisia	1	○	○	○

Organizational Chart

RAW MATERIALS

Amorim Florestal, S.A.

Amorim Florestal, S.A.
Ponte de Sôr – Portugal

Amorim Florestal, S.A.
Coruche – Portugal

Amorim Florestal, S.A.
Abrantes – Portugal

Amorim Florestal, S.A. Unid. Ind. Salteiros
Ponte de Sôr – Portugal

Cosabe – Companhia Silvo - Agrícola da Beira, S.A
Lisbon – Portugal

S.I.B.L. – S.A.R.L.
Jijel – Algeria

Amorim Florestal España, S.L
Algeciras – Spain

Amorim Florestal España, S.L.
San Vicente de Alcántara – Spain

Amorim Florestal Mediterrâneo, S.L.
San Vicente de Alcántara – Spain

Comatral – Compagnie Marocaine de Transformation du Liège, S.A.
Skhirat – Morocco

S.N.L. – Société Nouvelle du Liège, S.A.
Tabarka – Tunisia

Société Tunisienne d'Industrie Bouchonnière
Tabarka – Tunisia

CORK STOPPERS

Amorim Cork, S. G. P. S., S.A.

Production

Amorim Cork, S.A.
Santa Maria de Lamas – Portugal

Amorim Top Series, S.A.
Argoncilhe – Portugal

Amorim Cork, S.A. Ind. Unit Valada
Valada – Portugal

Amorim Cork, S.A. Ind. Unit Coruche
Coruche – Portugal

Amorim Cork, S.A. Ind. Unit Portocork
Santa Maria de Lamas – Portugal

Amorim Cork, S.A. Ind. Unit Salteiros
Ponte de Sôr – Portugal

Amorim Champcork, S.A.
Santa Maria de Lamas – Portugal

Biocape – Importação e Exportação de Cápsulas, Lda.
Mozelos – Portugal

Socori, S.A.
Rio Meão – Portugal

Francisco Oller, S.A.
Girona – Spain

Trefinos, S.L.
Girona – Spain

Elfverson & Co. AB
Påryd – Sweden

Vinolok, a.s.
Jablonec nad Nisou – Czech Republic

Distribution

Amorim Cork, S.A. Unid. Distribuição
Santa Maria de Lamas – Portugal

Portocork Internacional, S.A.
Santa Maria de Lamas – Portugal

Amorim Cork South Africa (PTY) Ltd.
Cape Town – South Africa

Amorim Cork Deutschland, GmbH
Bingen am Rhein – Germany

Corchos de Argentina, S.A.
Mendoza – Argentina

Amorim Australasia PTY Ltd.
Adelaide – Australia

Korken Schiesser, GmbH
Viena – Austria

Amorim Cork Bulgaria, EOOD
Sofia – Bulgaria

Corchera Gomez Barris, S.A.
Santiago – Chile

Corpack – Bourasse, S.A.
Santiago – Chile

Wine Packaging & Logistic, S.A.
Santiago – Chile

Industria Corchera, S.A.
Santiago – Chile

Amorim Cork Beijing, Ltd.
Beijing – China

Agglotap S.A.
Girona – Spain

Victor y Amorim, S.L.
Navarrete (La Rioja) – Spain

Amorim Cork España S.L.
San Vicente de Alcántara – Spain

ACIC – USA LLC
Napa Valley, CA – USA

Portocork America, Inc.
Napa Valley, CA – USA

Distribution (cont.)

Trefinos USA LLC
Fairfield, CA – USA

Amorim Cork America, Inc.
Napa Valley, CA – USA

Amorim France, S.A.S.
Eysines, Bordeaux – France

Amorim France S.A.S. Unid. Champfleury
Champfleury – France

Bouchons Prioux S.A.R.L.
Epernay – France

Amorim Top Series France S.A.S.
Merpins – France

S.A.S. Ets Christian Bourasse
Tosse – France

Sagrera et Cie
Reims – France

S.A. Oller et Cie
Reims – France

Société Nouvelle des Bouchons Trescasses, S.A.
Le Boulou – France

Portocork France, S.A.S.
Bordeaux – France

Hungarokork Amorim, Rt.
Veresegyház – Hungary

Portocork Italia, SRL
Milan – Italy

Trefinos Italia SRL
Treviso – Italy

Amorim Cork Italia, S.p.A.
Conegliano – Italy

Amorim Top Series Scotland, Ltd.
Dundee – UK

COMPOSITE CORK

Amorim Cork Composites, S.A.

Amorim Cork Composites, S.A.
Mozelos – Portugal

**Amorim Industrial Solutions
Imobiliária, S.A.**
Corroios – Portugal

Amorim Sports & Playgrounds, Lda.
Mozelos – Portugal

Amorim Cork Composites GmbH
Delmenhorst – Germany

**Chinamate (Xi'an) Natural Products
Co. Ltd.**
Xi'an – China

Amosealtex Cork Co., Ltd
Xangai – China

Amorim Cork Composites, Inc.
Trevor, WI – USA

Corticeira Amorim France, S.A.S.
Lavardac – France

Amorim (UK) Limited
West Sussex – UK

Amorim Cork Composite, LLC
Moscow – Russia

FLOOR AND WALL COVERINGS

Amorim Cork Flooring, S.A.

Amorim Cork Flooring, S.A.
S. Paio de Oleiros – Portugal

Amorim Cork Flooring, S.A.
Lourosa – Portugal

Amorim Deutschland GmbH
Delmenhorst – Germany

Cortex Korkvertriebs GmbH
Nürnberg – Germany

Amorim Flooring Austria GmbH
Viena – Austria

Timberman Denmark A/S
Hadsund – Denmark

Amorim Flooring North America, Inc.
Hanover, MD – USA

Amorim Benelux B.V.
Tholen – Netherlands

Dom Korkowy, Sp. Zo.o
Krakov – Poland

Amorim Flooring Rus, LLC
Moscow – Russia

Amorim Flooring Sweden AB
Mölnadal – Sweden

Amorim Flooring (Switzerland) AG
Zug – Switzerland

Korkkitrio Oy.
Tampere – Finland

INSULATION CORK

Amorim Cork Insulation, S.A.

Amorim Cork Insulation, S.A.
Mozelos – Portugal

Amorim Cork Insulation, S.A.
Silves – Portugal

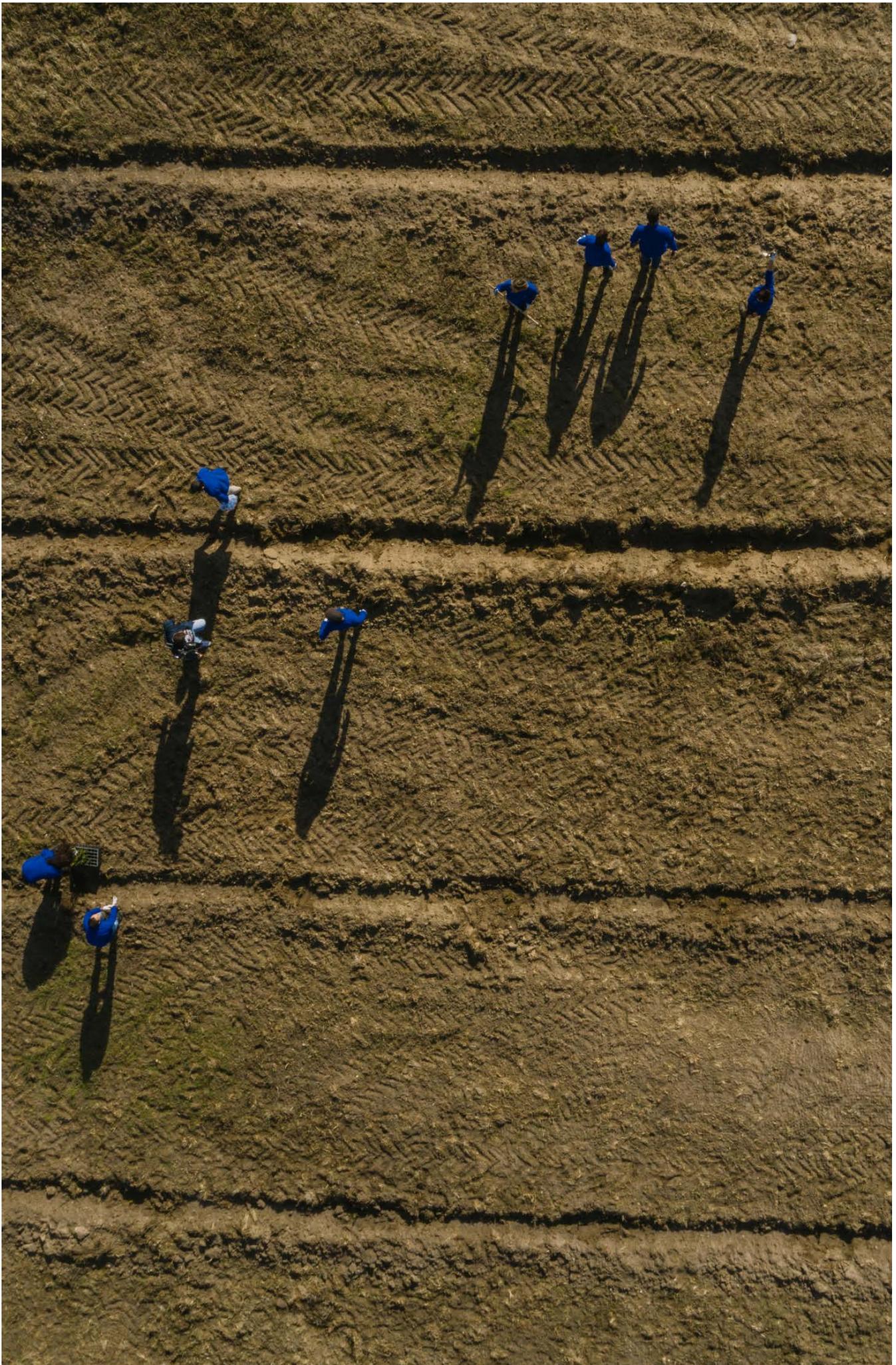
Amorim Cork Insulation, S.A.
Vendas Novas – Portugal

R&D, INNOVATION

Amorim Cork Research, Lda.
Mozelos – Portugal

Amorim Cork Services, Lda.
Mozelos – Portugal

Amorim Cork Ventures, Lda.
Mozelos – Portugal



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[←] Our Common Forest. Since 2011, Corticeira Amorim's Volunteers have been promoting reforestation actions in Portugal. More than 20,000 native trees planted, with a preponderance for the cork oak.

Main Events

Main Events

The Art and Sustainability of Cork in ARCO Madrid 2019

The ARCO Madrid VIP Room, a 1,200 m² artistic space, was lined and decorated with cork, in a creative concept designed by Spanish designer Lázaro Rosa-Violán. Corticeira Amorim offered various cork-based technical solutions and decorative materials, in particular Wicanders' flooring solutions, panels and rolls with multiple cork visuals, Cork Fabrics, Corkwall, as well as technical advice.

"For me, cork is a material that can be used to sculpt, pave, cover and texture. It is a complete, circular material that offers a wide array of uses. What I really liked was the idea that I could rediscover it, because I have been living in spaces where its use was very widespread - where there were specific aromas and textures."

Lázaro Rosa-Violán

Corticeira Amorim wins the "Innovation | Research project of the Year" from the Revista de Vinhos magazine

Corticeira Amorim makes a unique contribution to research, development and innovation in all its business units, and provides distinctive leadership of the sector, inclusively in this crucial area of its business activity, that enables it to offer the most advanced solutions for the world's most demanding industries, based on a 100% sustainable raw material.

This award reflects "a work of total dedication, constant search for perfection, originality, leadership skills, know-how and industry recognition", explains Nuno Pires, director of the Revista de Vinhos magazine.

Lisbon Cruise Terminal, designed by the architect João Luís Carrilho da Graça, wins the Valmor Architecture Prize

Construction of this building, which initially planned to use concrete, was technically unfeasible. After this setback, it was decided to use concrete mixed with cork, developed with support from Corticeira Amorim, Secil and the Coimbra ITECcons engineering laboratory.

"Since a large part of the cork is introduced in powder form, this enables the concrete to maintain the same chemical reactions between its elements (...), the concrete maintains its qualities in terms of resistance, even though it is much lighter. The building's elevations, for example, are built with this special concrete; it was an interesting solution that I think will be used widely in the future."

Architect João Luís Carrilho da Graça,
in the book, Lisbon Cruise Terminal

From Corticeira Amorim to Antarctica

Amorim's cork solutions were some of the structural materials used in SKulpod, the igloo capable of functioning as a dwelling in Antarctica, enabling components to be made that guarantee durability, insulation, aesthetics, sustainability and comfort in these extremely harsh climatic conditions.



ARCO Madrid 2019 VIP Lounge
©Rosa Rodriguez



Lisbon Cruise Terminal
©Rita Burmester



Climate Change Leadership Porto Summit underlines the wine industry's commitment to sustainability



Wise by Amorim

Climate Change Leadership highlights the sustainability of cork

Inspired by the testimony of Al Gore, former US Vice President and Nobel Peace Prize winner, hundreds of wine industry experts discussed the fundamental role that the sector can, and should, play in terms of conserving the planet's resources - including water, soil, forests and oceans.

In the second edition of the Porto Summit, António Rios de Amorim, chairman of Corticeira Amorim, underlined the importance of this approach. "We are making sustainability a priority in a business that is, in itself, sustainable. We have a negative carbon footprint."

Corticeira Amorim was the world's first packaging company to obtain a certification from the FSC - Forest Stewardship Council.

Wise by Amorim awarded at BAU

Cork Wise received the Innovation Award for Architecture + Construction at the BAU international building materials fair in Germany. The award is granted by AIT and Xia Intelligent Architektur, in cooperation with Messe München GmbH.

Wise stands out because it is a PVC-free sustainable solution, with a negative carbon footprint, as well as having excellent technical characteristics (waterproof) and the possibility of being applied in large areas, and high-traffic commercial environments (class 33) without the need for transition joints. "Smart choice. Amazing sensations" is a collection of flooring solutions, with 62 cork and wood visuals.

Portuguese cork featured in the 58th Venice Biennale

Leonor Antunes created a cork floor, with drawings by Carlo Scarpa, for the Palazzo Giustinian Lollin, that hosted the Official Portuguese Representation | Portugal Pavilion during the 58th edition of the Venice Biennale.

The Spanish artist Nacho Carbonell, who also attended the biennial, exhibited the "Inside a Forest Cloud" lamp, which fostered a creative dialogue with the impressive Ca 'D'Oro palace. Nacho Carbonell used projected granulated cork to create textures on top of the trees of his forest of light, using three different shades of this raw material, in chromatic harmony with the other materials.

Helix, an innovative and premium wine packaging solution, is chosen by Bronco's Great American Wine Company

The Helix system - which combines an innovative bottleneck design and a sustainable cork stopper developed by Corticeira Amorim and O-I, offers all the advantages of a cork stopper but dispenses with the need for a corkscrew.

In 2016, Bronco Wine Company, the USA's fifth largest wine company, adopted Helix for its Red Truck brand, and is currently extending use of this solution to The Great American Wine Company.

"Made from natural and sustainable cork, Helix is the most innovative stopper of the 21st century. It ensures convenience, is easy to open and preserves the familiar elements associated to opening a bottle of wine, such

as exceptional quality and the familiar "popping" sound that only a cork stopper offers."

Fred Franzia, CEO and Founder of the Bronco Wine Company

The typology of the cork and bottle

With the support of Corticeira Amorim, Typologie magazine published two editions dedicated to the cork stopper and the wine bottle, launched during the Salone del Mobile in Milan. The two editions explored the strong relationship between the cork stopper and the wine bottle and its importance in the ritual of drinking wine.

Typologie chronicled the stories of cork and the wine bottle, two objects that are inseparable in nature, and offered a new look at cork, from its origins in the cork oak tree, exploring its production process within a sustainable industry.

TOP SERIES launches an innovative new collection - Spice Box

Amorim Top Series - the world's leading supplier of capsulated cork stoppers for the global spirits market - has launched an innovative collection of new stoppers with a bold design, adapted to current market trends. Spice Box incorporates an elegant transparent top with a revolving lid that can be used to store dried herbs and spices, ideal for producing aromatic gins - a new trend, especially among millennial drinkers.

Wines sealed with cork stoppers are synonymous with premium quality in the USA

Wines sealed with natural cork stoppers - the premium category of wines - have recorded 65% growth in sales, according to studies by market research company Nielsen, which has collected data from the USA's 100 leading premium wine brands since 2010. Wines sealed with cork stoppers generate an added value of about 4 dollars, when compared with wines sealed with artificial closures.

Architects @Amorim | Together Towards Sustainability

The second edition of the Architects @Amorim initiative, organised by Amorim Cork Flooring, brought together 150 architects from 27 countries. This event enabled important networking to take place between these professionals from different countries, who share a common interest in cork.

The intense programme of workshops and technical visits allowed architects to get to know the cork industry in greater depth, demonstrating cork's performance, quality and diversity of sustainable products and Amorim Cork Flooring's negative carbon footprint.

The programme also included a guided tour to several key architectural works in the city of Porto, including the Serralves Foundation and the Casa da Música.

Cork featured in Tom Dixon's sustainable garden in London

In the framework of the partnership between Ikea and Corticeira Amorim, Tom Dixon created a garden incorporating cork and other

100% natural, recyclable and sustainable materials for the Chelsea Flower Show, in London.

Amazed by the potential of cork, Tom Dixon also used it to create his iconic The Manzoni - design restaurant - in Milan, which serves as a showroom for his brand, and opened in April 2019 during the Salone del Mobile.

These two projects brilliantly incorporate cork, highlighting the potential of this unique raw material, that stands out for its versatility and beauty.

Corticeira Amorim awarded by the Luso American Chamber of Commerce in New York

Corticeira Amorim was awarded the 2019 Corporate Award in a gala dinner in New York, that marked the 40th anniversary of the Luso American Chamber of Commerce. Pedro Siza Vieira, the Minister of the Economy, was the Guest of Honour and keynote speaker.

Amorim and Rockford Winery unite in the name of cork and wine

Australian wine producer Rockford Winery has opened a second winery that pays a special tribute to cork. Corticeira Amorim joined this initiative, supplying various cork-based materials and specialised technical information, and also organised several cork workshops at Rockford's facilities.

Corticeira Amorim acquires a 50% stake in Vinolok

Corticeira Amorim signed an agreement with the Czech Republic-based firm, Preciosa Group, for acquisition of a 50% stake in the company Vinolok, which specialises in the design and production of technical glass and crystal stoppers for premium wines, spirits and mineral water.

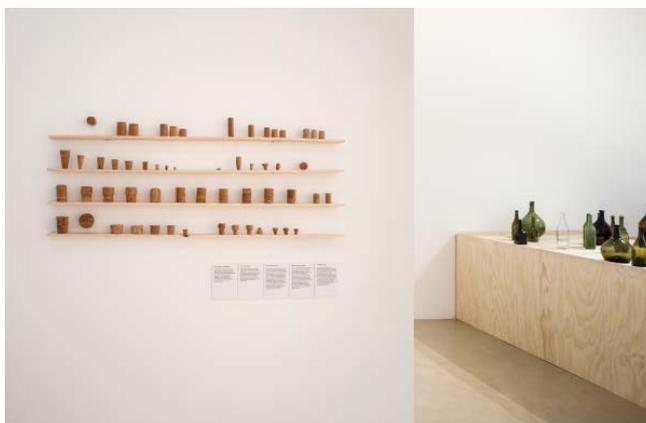
The historic association of cork and glass should lead to additional gains in sustainability, convenience and design for premium and ultra-premium packaging solutions for wines and spirits.

Amorim Top Series reinforces its commitment to sustainability

Amorim Top Series, in partnership with Amorim Cork Composites, launches 100% natural capsulated stoppers, thereby reinforcing its commitment to sustainability. These stoppers offer suitable physical and mechanical resistance, allying performance, nature and design.

Amorim Cork Insulation attends Construmat

Amorim Cork Insulation, in partnership with Amorim Cork Flooring, attended Construmat 2019 – the International Building Materials Fair, in Barcelona, in May 2019. In this edition, the Amorim stand invited visitors to discover the origins of cork and the varied construction solutions available, combining technical performance and sustainability, in a wide portfolio of products for thermal insulation and floor and wall covering solutions.



Typologie, the bottle and the cork stopper at the Salone del Mobilitie, Milan, Italy



"Gardening will save the world", by Tom Dixon takes cork into the Chelsea Flower Show ©Tom Dixon Studio, Design Research Studio, Peer Lindgreen



150 Architects @ Amorim towards cork innovation and sustainability



Vinolok reinforces the historical association between cork and glass



Centro Cultural de Belém | A Square in the Summer featuring Amorim's cork

Cork announces the arrival of summer in the Praça CCB

For the third consecutive year, blocks of expanded agglomerated cork were used to transform the outer courtyard of the Centro Cultural de Belém (CCB) into Uma Praça no Verão (a square in the summer). As part of this partnership, Amorim Cork Insulation supplied 1900 blocks of agglomerated cork. The cork modelled on the floor creates different spaces and gives form to a playful recreational space among the various constructed geometric shapes.

"It is an honour to be able to count on Amorim's support in the creation of an ephemeral architecture project, which each summer invades the Praça CCB, giving expression to the natural material that is reinterpreted by each of the invited architects. This virtuous partnership has been growing and gaining increasing notoriety, always fuelled by the enthusiasm of Amorim Isolamentos' teams, who embody brilliance and the constant search for innovation, which the Amorim Group takes to the four corners of the world."

Madalena Reis, Director, CCB



Go4Cork | Comfort, performance, design and sustainability

Go4Cork - the circular brand that enhances cork

Go4Cork is the new brand in Amorim Cork Composites' product portfolio for the DIY segment. With strong design, performance and sustainability credentials, the brand proposes a wide range of products - 100% cork or cork combined with other materials from the circular economy - that can be used to remodel and decorate the home and office while benefiting from the unique properties of cork.



The Desert Whisper

Desert Whisper: a secret retreat with Wicanders' floor and wall coverings

The Gondwana Collection Namibia has created a new accommodation facility in the middle of the desert, called The Desert Whisper. Offering sublime views of the desert, this autonomous cabin-shaped structure, lined with Wicanders' floor and wall coverings uses neutral materials and colours to create a contemporary atmosphere that blends seamlessly into the desert landscape.

Pestana Group chooses Wicanders' flooring solutions

Opened in May, the Pestana Blue Alvor Beach & Golf Hotel is Portugal's first and biggest all-inclusive five-star resort. All rooms and communal areas are covered with distinctive Wicanders' floors - more than 20,000 m² of cork flooring with a wood visual, from the Hydrocork and Wood Go lines.

The choice of cork floors, which are 100% natural, renewable and sustainable, is aligned with the Pestana Group's sustainability strategy, and provides an efficient response to the requirements of this business sector: high shock and impact resistance and greater durability against wear.



Pestana Blue Alvor with Wicanders' cork flooring

Amorim and NH Hotels launch the 2nd edition of the Cork2Cork programme

The Cork2Cork programme is a pioneering initiative developed by Amorim Cork Flooring in partnership with the NH Hotels hotel chain. It aims to collect cork stoppers used in the numerous hotels of this international chain, which are then recycled by Amorim. This programme began in 2011, with the installation of collection containers for used cork stoppers in 77 hotels of the group, in several countries. Between 2011 and 2015, 2 tons of cork stoppers were collected, which made it possible to produce 8000 m² of flooring, equivalent to 300 hotel rooms.



SUGO CORK RUGS bring Nature into the interior of Sublime Comporta luxury hotel

Ligne Roset and Sugo Cork Rugs launch a new collection

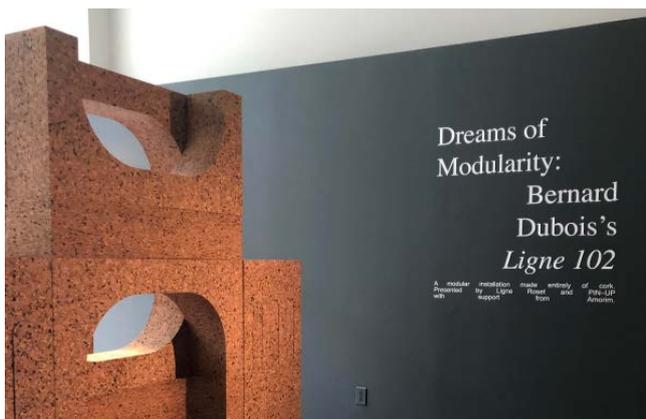
The French furniture and decoration company Ligne Roset is known for investing in sustainable production. SUGO CORK RUGS was a natural choice, since it is aligned with the brand's commercial practices and commitment to sustainability. All tapestries are produced by hand and are based on use of cork and Corticeira Amorim's technical knowledge.

Sugo Cork Rugs at Sublime Comporta

SUGO CORK RUGS are part of the recently refurbished rooms and the new Bio Pool Suites of the Sublime Comporta luxury hotel.

"Incorporating natural cork into the creative process has created a visually distinctive design language. Use of cork also offers numerous benefits, such as durability, thermal and acoustic insulation, lightness, comfort and minimising the risk of allergies."

Susana Godinho, founder and creative director of Sugo Cork Rugs



"Windows to the Future", by Bernard Dubois, in partnership with Ligne Roset and PIN-UP Magazine

Windows to the Future | Ligne 102 presents Portuguese cork during New York Design Week 2019

At this annual design event that attracts hundreds of thousands of international participants, a unique visual concept for cork was presented in the Ligne Roset showroom. Cork in the form of natural granulated cork and expanded granulated cork was the material chosen by the architect Bernard Dubois who used its lightness, softness and naturalness to create a series of modular objects with geometric shapes and solid edges, entirely produced by Corticeira Amorim.

"It spanned the geometries of centuries of design, and compressed them into elegant shapes produced with one of the world's oldest and most sustainable materials: cork."

Felix Burrichter, curator, creative editor for PIN-UP Magazine



City Cortex city five leading American studios to design better cities with cork

Amorim Cork Composites launches new material to reduce the carbon footprint of ships

ACM52 is the latest multifunctional material from Amorim Cork Composites used as the primary decking solution for cruise ship interiors. With IMO / MED certification (strict fire and smoke safety standards), ACM52 is between 2-5 times lighter than conventional decking solutions, and thereby helps reduce the vessel's final weight,



The Cork House, by Matthew Barnett Howland, Dido Milne and Oliver Wilton

while ensuring greater comfort and performance with a lower carbon footprint due to cork's natural properties.

Houses designed by Frank Lloyd Wright classified by UNESCO as a World Heritage Site

The various listed houses in the world include Fallingwater, one of the world's most famous houses, built on a waterfall in Pennsylvania. This house has cork applications on the floors and walls of the six rooms. The natural colour of the cork complements the material palette specified by Wright, the natural surroundings of the space with the additional benefits of acoustics, warmth and softness.

Corticeira Amorim participates in the celebration of the Caritas Action 1947-1956 at the Austrian Embassy

In June 2019, the Austrian Embassy in Lisbon organised a solemn event in remembrance of Caritas Action, a solidarity movement that emerged in the aftermath of World War II.

António Rios de Amorim attended this emotional celebration, which brought together two nations and two cultures, in representation of the Amorim Family, which in the second half of the 20th century was actively involved in the hosting programme for Austrian children recovering from the traumas of war.

NDtech Sparkling: Amorim launches first anti-TCA stopper for sparkling wines

Corticeira Amorim launched the first two-disc stopper for sparkling wines, that delivers non-detectable TCA performance*. Validated by independent entities, NDtech is a cutting-edge technology that achieves a revolution in terms of quality control, by using gas chromatography for individualized control of cork stoppers in production lines. It has been possible to reduce the analysis time from 14 minutes to about 16 seconds, thereby enabling the process to be applied on an industrial scale. NDtech Sparkling production lines are expected to operate 24 hours a day, due to the high demand for this solution in Portugal and abroad.

*Releasable TCA content below the 0.5 ng/L quantification limit; analysis performed in accordance to ISO 20752.

Corticeira Amorim supports the Global Exploration Summit

The GLEX summit, held at the Champalimaud Foundation in July 2019, brought together the largest exploration societies and explorers from around the planet, in the spirit of Ferdinand Magellan's circumnavigation of the globe, in a unique celebration that brought together world-class institutions such as NASA, MIT and the United Nations.

The event, which was supported by Corticeira Amorim, marked the 500th anniversary of the circumnavigation of the globe, and the 50th anniversary of the arrival of Man on the Moon, in the Apollo XI Mission, in a rocket that incorporated an Amorim cork thermal shield solution.

Commitment to Innovation & Development is crucial. Through Amorim Cork Composites, Corticeira Amorim is the main technological partner for the provision of insulation solutions to NASA and the European Space Agency.

Corticeira Amorim launches City Cortex: cork in the urban context of the cities of the future

The challenges posed by the climate crisis are too urgent to be ignored. The data provided by the scientific community is irrefutable and time is running short. It is therefore important to think about the solutions currently available to us and how to put them into practice, with confidence, decisiveness and hope.

City Cortex was launched with this objective in mind - to focus on solutions and present innovative proposals capable of creating a better future for everyone. The research programme is curated by Guta Moura Guedes and experimentadesign, and focused on cork and its sustainability potential for contemporary cities.

Five international architecture and design studios - Diller Scofidio + Renfro, Gabriel Calatrava, Leong Leong, Sagmeister & Walsh and Philippe Starck - have been invited to use cork to develop original projects, designed to meet the challenges of urban contexts in the 21st century. New York - the metropolis of metropolises - will be the inaugural stage of the programme - with presentation of works in public and semi-public spaces, scheduled for the summer of 2020.

Cork House

Simplicity and sustainability were the concepts that inspired the mentors of this idea: Matthew Barnett Howland, Dido Milne and Oliver Wilton, from the Bartlett School of Architecture. Built in Berkshire, United Kingdom, Cork House aims to provide an innovative solution to the inherent complexities of construction of modern houses and is built almost entirely from one natural, sustainable and renewable material: cork, supplied by Amorim Cork Insulation.

Once completed, Cork House is carbon-negative. This factor, combined with its low-impact construction method, is bound to have caught the attention of the jury of the Stephen Lawrence Prize, an award granted by the RIBA (Royal College of British Architects).

"Cork House involves a unique combination of ancient construction methods and state-of-the-art technical research to produce a highly innovative, low-carbon solution with a wide range of applications - from large-scale housing to emergency shelters."

Marco Goldschmied, founder of the Stephen Lawrence Prize.

Stoppers that sprout leaves | Cork collection and recycling campaign

Corticeira Amorim, Quercus and Missão Continente have once again joined forces in a campaign to collect and recycle corks. The campaign - "Rolhas que dão folhas" (Stoppers that sprout leaves) was launched on World Ozone Day, 16 September 2019, and is part of the Green Cork project. In order to encourage the recycling of cork and contribute to reforestation initiatives in Portugal, Corticeira

Amorim launched yet another recycling campaign, distributing around 500,000 “rolhinhas” to the customers of Continente stores, - small portable deposits for collecting cork stoppers.

Since the Green Cork project was launched in 2008, more than 84 million cork stoppers have been collected, which has helped to fund the planting of more than 828,000 autochthonous trees all over Portugal.

New materials, new processes, more circular economy

Circular economy principles have always been applied at Amorim Cork Composites, since the company was originally set up in order to give new life to surplus cork from the stopper production industry. Based on this model of circularity, new surplus raw material from other industries such as footwear, automobiles, sports or upholstery production is used to develop new composite cork products.

Reusing and saving natural resources creates added value for the business, while the incorporation of non-cork raw materials fosters industrial symbiosis with other companies, creating new products and new trends, increasing the company’s competitiveness, and generating differentiation that maintains cork as a distinctive and core raw material. This logic led to the creation of i.cork factory, a pilot innovation factory, as well as a bigger commitment to the area of procurement of raw materials and installation of new crushing and agglomeration lines.

Cork is part of the reusable space vehicle programmes

Amorim Cork Composites participates in the RETALT project, which involves the development of cork-based thermal protection solutions for reusable launchers in the aerospace industry. RETALT - Retro Propulsion Assisted Landing Technologies aims to reduce the cost of the next generation of launchers and transport systems, through the use of new technologies that enable them to be reused.

Wicanders in Sobreiras Country Hotel

Located in Grândola, in the heart of the Alentejo coast, Sobreiras Country Hotel incorporates 700 m2 of Wicanders flooring, a sustainable solution in perfect harmony with Nature. The project was designed by the British architecture firm FAT - Future Architecture Thinking. This sustainable solution combines contemporary design with cork’s unparalleled characteristics in terms of thermal and acoustic comfort. This is particularly important in the Alentejo region, where summers are very hot and winters are cold, and especially in a hotel, where privacy and a quiet and relaxing atmosphere are essential. In this context, Wicanders solutions have proven to offer the best performance.

Cork floor and wall coverings used in College in Madrid

The Colegio Mayor Colombiano, located on the campus of the Complutense University in Madrid, is a university residence for young Colombians studying in Spain. The project used a Wicanders flooring solution with a cork visual - Originals Shell - from the Resist + range. The architect Silka Barrio chose cork because it is a natural and sustainable material that has unique thermal and acoustic properties,



Stoppers that sprout leaves: more than 84 million cork stoppers collected, 828 thousand trees planted in Portugal



Hydrocork 2.0, a sustainable and competitive cork flooring solution



Serralves Tree Top Walk: enjoying the Park's biodiversity, in the comfort of cork



Cork at Zeits MOCCA underlines Artist William Kentridge's work

providing a comfortable sensation in any space, and thereby contributing to the well-being of students and teachers.

Wicanders launches Hydrocork 2.0, an even more sustainable flooring solution

After the global launch of Hydrocork in 2015, Wicanders' biggest-ever sales success, in 2019 the brand launched Hydrocork 2.0 that incorporates several upgrades that make this product even more competitive.

In line with the company's environmental concerns, and in favour of offering increasingly sustainable solutions, the composition of Hydrocork 2.0 increases the amount of recycled materials used in the product's core.

Katty Xiomara chooses cork to present her new collection in Paris Fashion Week

The designer Katty Xiomara chose cork for the presentation of her new eco-design collection, After Now, in Paris Fashion Week.

She thereby paid homage to the impermanence and fluidity of life, where everything evolves in a circular motion, without beginning or end.

The cork was supplied by Amorim Cork Composites and used on the floor, forging a contrast with the iron structure. In addition to being used in the runway, cork was incorporated into several items designed by Xiomara.

Cork in Serralves

Conceived by the architect Carlos Castanheira, in collaboration with the architect Álvaro Siza, the Treetop Walk, which overlooks Serralves Park - opened to the public in September 2019. It includes cork in a series of seats, which enable visitors to contemplate nature on a sustainable basis.

The Treetop Walk was created to signal the 30th anniversary of the Serralves Foundation and provides visitors with an impressive experience of observation and study of the fauna and flora of Serralves. A living lesson on biodiversity.

Portuguese Cork hosts the historical retrospective of the oeuvre of the artist William Kentridge

The Zeitz MOCAA museum in Cape Town housed the largest-ever exhibition dedicated to South Africa's most important living artist, William Kentridge. Entitled "Why Should I Hesitate: Putting Drawings to Work", the entire exhibition path (spanning three floors) is lined with cork.

While visitors' senses of sight and hearing are stimulated by Kentridge's works, the characteristic smell of cork also permeates the space, thereby creating a remarkable sensory experience. The exhibition included about 1200 m² of compact cork insulation, installed by Amorim Cork South Africa. The main reason for choosing this solution was the acoustic insulation provided by cork. In addition

to absorbing the sound and creating a unique atmosphere, the cork panels also served as a backdrop for Kentridge's beautiful designs.

Cork in sport - sustainable surfaces

More and more people are choosing cork for sports surfaces. Used as an infill in synthetic turf, cork is an extremely beneficial solution due to its multiple properties. The system's excellent performance depends on the shock pad located beneath the surface of the pitch. The solutions developed by Amorim Cork Composites, made from cork and recycled materials, guarantee uniform shock absorption, reduced impact intensity, elasticity and other damping properties over the product's life. Easy to install and with minimal impact on the environment, these cork-based shock pads offer long-lasting performance and excellent drainage.

NDtech Sparkling wins innovation award

The first two-disc cork stopper for sparkling wines that deliver non-detectable TCA performance received the SIMEL's Innovation Challenge award in Milan, one of the most important technology events for the wine and bottling industry. The award aims to promote and disseminate the best technological innovations presented at SIMEL. NDtech Sparkling, which extends the successful formula of NDtech natural cork stoppers to sparkling wine cork stoppers, obtained the maximum distinction.

International distributors promote the value of cork

In the United States, United Kingdom and France, important distributors are committed to valorising and promoting cork. In the United States, Fairways Wines & Spirits, one of the country's most important distributors in the wine segment, implemented an educational campaign about cork and a cork stopper collection campaign in its stores in New York. In the UK, Berry Bros. & Rudd, the country's oldest wine merchant became the first British retailer to market wines sealed with the revolutionary Helix stopper. In France, the Auchan group recently launched a campaign to collect and recycle cork stoppers, involving 641 supermarkets. The group also announced that over the medium term, all wines distributed under the Auchan brand will use cork stoppers.

Portugal leads sustainability in the world of wine announces Fortune magazine

"Cork producers are changing their practices to protect the environment" states Fortune magazine, *"Amorim, one of the main cork producers in the world, obtained FSC certification in 2005, guaranteeing the traceability of cork and ensuring that the raw material comes from a sustainably managed forest. At the factory, no cork is wasted. Cork that is not used to make corks (...) is converted into biomass, capable of meeting 70% of the company's energy needs."* That is how Fortune magazine describes Portugal's role in leading sustainability in the wine industry, which is essential to respond to the impact of climate change. Corticeira Amorim, as the world's largest producer and supplier of cork stoppers, has a decisive role to play. The adoption of good practices at all levels of the production chain and the commitment to the circular economy are just two examples of how the company assumes this leadership.

Recorking of rare wines supervised by Amorim

The challenge presented to the team of professionals of Amorim Cork South Africa, in early September, consisted of recorking a set of rare wines from Tabernacle - South Africa's most iconic wine producer. The delicate recorking operation - which enabled the wines to gain greater longevity and higher value after receiving the new cork stoppers from Amorim - was intended to prepare the wines for a major event, the exclusive Cape Fine & Rare Wine Auction, held on 18 and 19 October at the Rupert Museum in Stellenbosch.

Consumers around the world prefer cork

It is no secret that cork stoppers are synonymous with quality. A new independent study published in the United States proves consumers' preference for cork stoppers. In France, a study by Nielsen confirmed the superior performance of wines sealed with cork. Now, a new independent study published in the International Journal of Hospitality Management, in the United States, confirms consumers' preference for cork. This was a blind tasting survey, involving 310 participants, to compare two wines. In fact, the same wine was used, but sealed with different closures. It has been proven that consumers have given a score of 10 to 13 points higher in terms of appearance, taste, aroma and overall quality to a wine that they considered to be sealed with a cork stopper (despite being exactly the same wine!).

World Business Council for Sustainable Development

Corticeira Amorim participated in the annual meeting of the World Business Council for Sustainable Development (WBCSD) in Lisbon, in October 2019 where more than 500 executives and sustainability professionals underlined the urgent need to move from objectives to action, in order to achieve sustainable development. In recent years, the group has made important investments in research, development and innovation. Cork from Amorim is used in the stoppers of the world's finest wines, on a wide array of different day-to-day objects, sports articles, oil absorbents and organic solvents, leading international construction projects, and state-of-the-art road and rail projects, in the fields of architecture and design and even in spacecraft.

Corticeira Amorim's volunteers plant 2000 cork oaks in Alcácer do Sal

The plantation, an initiative organized in association with Quercus, under the Common Forest programme, will once again focus on the Alentejo region, one of the areas of the country that has the biggest area of cork oak forests.

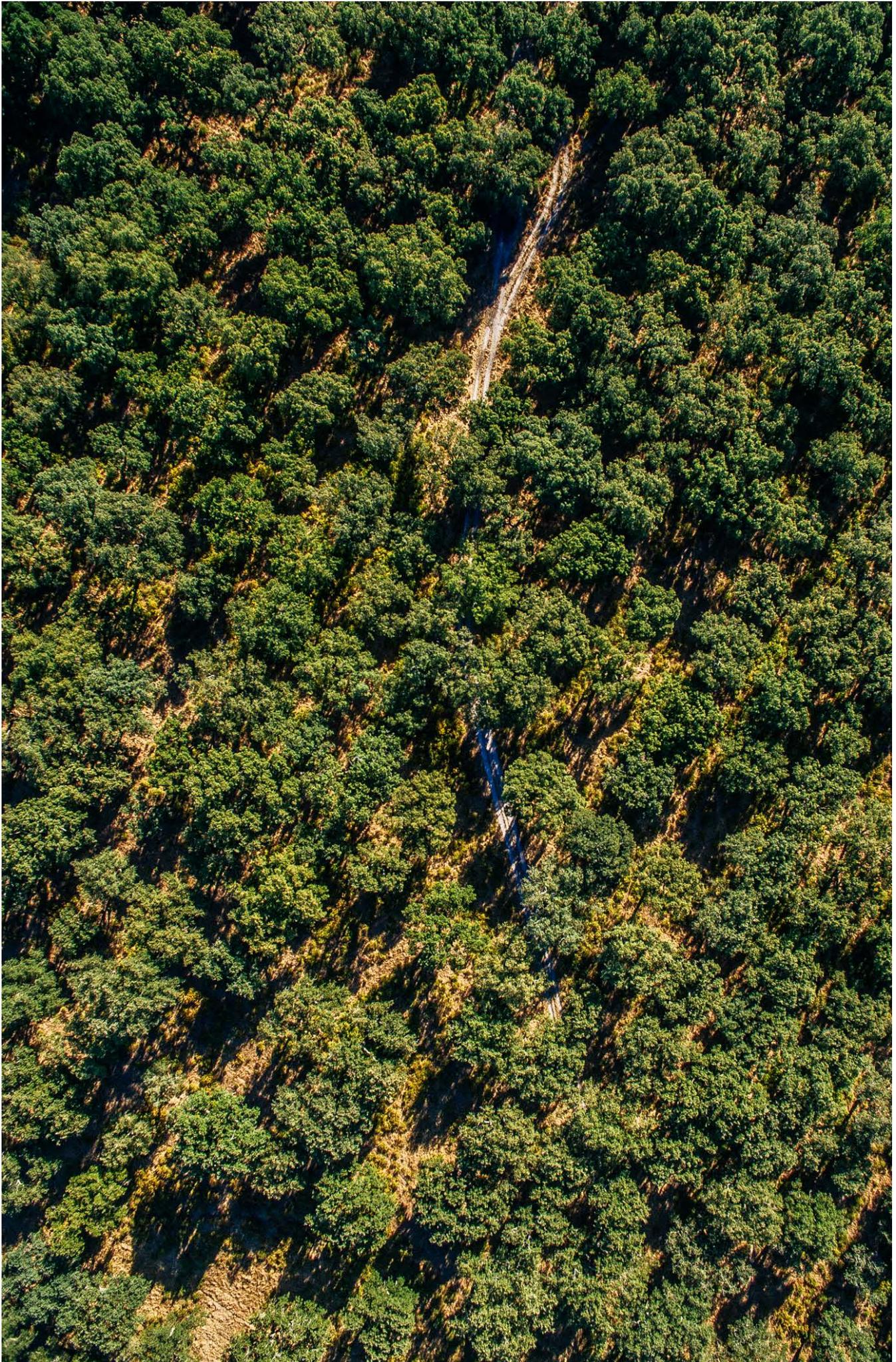
Portugal's national tree since 2011, the cork oak tree (*Quercus suber*) is an autochthonous forest species that is distributed throughout the Western Mediterranean basin, constituting a unique forest ecosystem, that is extremely rich in terms of biodiversity. Cork forests play an important role in soil conservation, in the regularization of the hydrological cycle and in water quality, in the production of oxygen and the consequent carbon sequestration, and storage of carbon in the atmosphere. Carbon retention also extends to cork products and is further enhanced through their recycling. With this initiative, since 2011 Corticeira Amorim's volunteers have contributed to the planting of 22,500 autochthonous trees in Portugal, in particular cork oak trees.



The natural cork stopper is synonymous with quality



WBCSD annual meeting urges to action. Corticeira Amorim presented its challenges and commitments.



02

[←] These unique cork oak forests, filled with exceptionally resistant trees, are living ambassadors of sustainability.

Consolidated Management Report

[1]

Macroeconomic Trends in 2019

1.1. WORLD ECONOMY

In 2019, there were clear effects of the sharp slowdown in international trade, after the deceleration in 2018. The impact of certain protectionist measures and, above all, the uncertainty caused by the trade dispute between the United States and China, to name just two intervening parties, constrained business investment and economic growth. The prevailing economic sentiment was of uncertainty, but the economic cycle nonetheless revealed signs of maturation. In 2019 Business Investment also underperformed, reflecting the slower pace of Global Aggregate Demand and lesser political willingness to contemplate expansionary fiscal policies. The World Economy grew by about 2.9% in 2019, the slowest pace since the 2008 financial crisis. Advanced Economies grew by 1.7% while Emerging Economies grew by 3.7%. Global financial conditions gradually revealed a more accommodating stance.

The **Eurozone** recorded moderate expansion, of around 1.2%, reflecting lower industrial activity and uncertainty in relation to investment. Lower External Demand for the industrial sector, structural challenges posed to the car industry and lack of definition in relation to certain technological segments were clearly noticeable. The Services sector proved to be resilient and enjoyed growth due to higher private consumption. EU institutions elected new leadership after the May elections. The ECB once again failed to meet its price stability target, and inflation was 1.2%. For the third consecutive year, Brexit dominated the UK's economic, social and political context. Political developments led to the negotiation of an exit agreement with the European Union and the definition of 31 January 2020 as the formal separation date. The UK economy grew by around 1.3%. **Sweden**, a highly open economy, reflected the less favourable international environment and the uncertainty caused by trade disputes. Sweden's Central Bank chose to start the process of normalising monetary policy in a decision that distinguished it from other countries. The Swedish economy grew by 0.9% in 2019.

The **United States** grew by 2.3%, lower than the 2.9% growth recorded in 2018, and the smallest increase in the last three years, reflecting the lower contribution of tax cuts implemented when the current Administration took office, the effects of the trade dispute with China, which affected business investment and industrial production, and the general effects of the global economic slowdown. Nonetheless, the world's largest economy continued to create jobs, and unemployment fell to 3.5%, the lowest rate of the past 50 years. Private Consumption, which represents about 70% of North American economic activity, recorded growth. Inflation fell marginally below the 2.0% target. **Japan** grew by 1.0% in 2019, reflecting the better performance of private consumption and robust investment throughout the year. The increase in the rate of consumption tax, introduced in October, dampened economic activity, and led the Government to implement compensatory measures in December. **Australia**, recorded 1.7% growth, lower

than the level in 2018, and perhaps, reflecting the evolution of the Chinese economy, as well as the drought and forest fires that devastated the country in late 2019.

Emerging and Developing Economies recorded lower growth in 2019. **China** continued the trend of structural slowdown, already observed since 2017: it grew by a rate of 6.1% after 6.6% growth in 2018. The year was dominated by the trade dispute with the United States, with mutual imposition of tariffs on trade, and the management of the dispute over Huawei. The Chinese authorities implemented several measures to mitigate the economic impact, that was more pronounced for China, given the pattern of trade between both countries. The agreement on a Phase One trade deal between the world's two biggest economies provided a certain amount of relief. Among Emerging Economies, **India** recorded the most noticeable economic slowdown, due to the lower performance of Domestic Demand, affected by instability in the credit market. The Indian economy grew by 4.8%, well below the forecast of 7.5% made 12 months ago. Latin America experienced marked social contestation in 2019. This highlighted the impact of the fall in the international price of commodities. The region as a whole grew by about 1.0%. **Mexico** stagnated in 2019, while it is estimated that **Brazil** recorded 1.2% growth. **Argentina**, which is grappling with a worsening economic crisis and non-performance of its Debt service, observed changes to its political leadership and economic activity contracted by 3.1%. **South Africa**, affected by electricity cuts, is expected to have recorded 0.4% growth in economic activity, half of the level recorded in 2018. Like other Eastern European countries, **Russia** recorded more moderate expansion in 2019; and is estimated to have grown 1.1% vs. 2.3% growth in 2019, with lower Private Consumption and Exports generally affected by the fall in oil prices and the stoppage of the oil pipeline.

In terms of monetary policy, 2019 saw a reversal of the strategy observed in 2018. Monetary conditions gradually became even more expansionist. The policy normalisation process was reversed by the FED in July and by the ECB in September. The inversion of the US Treasury yield curve, a phenomenon that has not been observed since 2007, became visible in March, and left an indelible mark on this context. The People's Bank of China guided its performance by a set of measures that had less visibility, but aimed to mitigate the negative effects of global uncertainty. Most Central Banks maintained or lowered their interest rates. The IMF estimates that without this additional monetary stimulus, world growth would have been about 0.5% lower. Despite the positive evolution of the world economy, the decrease in unemployment and the moderate rise in wages, inflation remained at low levels. There was lower demand for metals and energy factors.

1.2. PORTUGAL

In 2019, Portugal recorded the sixth consecutive year of economic growth after emerging from the economic crisis at the beginning of the decade, that led to an external bailout request. It is estimated that the Portuguese economy grew by 2.0% in 2019, maintaining the slowdown that has been observed since 2017. The growth was supported by the performance of Private Consumption and Investment. The Industry sector recorded a slowdown, which was compensated by the performance of the Services sector, which is relatively immune to the international context, and by Construction. Exports and Imports increased by less than in the previous year, but with a comparative disadvantage for Exports, due to the evolution of Domestic Demand. The Trade Balance deteriorated, with a negative contribution to overall performance. Financing Capacity decreased compared to previous benchmarks, but nonetheless maintained a positive level. As in recent years, fiscal consolidation was the focus of Public Accounts. The trend towards economic improvement has continued and 2019 ended with a primary surplus of about 3.0% of GDP and a global deficit of about 0.3% of GDP. Public investment fell below the level initially forecast. Public debt, in turn, rose to €249.7 billion, an increase of 0.6% over 2018, just below 120% of GDP. Unemployment fell in 2019 to 6.5% (7.0% in 2018). Despite the fall in unemployment and the positive evolution of the Working Population and Employment levels, the Labour Market showed signs of less dynamism from August onwards. Inflation continued its downward trend in 2019, and was estimated to be 0.3% for the year; this variation represents a particularly sharp deceleration in prices vis-à-vis 2018, when inflation was 1.2%, and maintains a negative differential vis-à-vis the Euro Zone average (0.9%).



Cyclically extracted from the cork oak tree, without ever felling it, cork has a combined set of characteristics that no technology has yet been able to match. The most quintessentially Portuguese material, it is also one of the world's most versatile and sustainable raw materials.

[2] Operating Activities by Business Unit (BU)

The companies that make up the Corticeira Amorim universe are structured into Business Units (BUs). This report sets out their most important activities and developments in 2019.

2.1. RAW MATERIAL

The Raw Materials Business Unit recorded a current EBITDA of €18.1 million in 2019, a decrease of 40.6% in comparison with the record figure posted in 2018.

The BU's projection for 2019 was to maintain the overall level of profitability of 2018, but with a significant increase in turnover, thereby offsetting the expected loss of profitability resulting from the consumption of raw materials purchased at higher prices. The forecast increase in turnover was expected to result from organic growth and from moving in-house production that had previously been outsourced.

Contrary to expectations, however, turnover grew by only 9.8%. This was due to a reduction in orders from downstream units either because of a reduction in stocks, increased efficiency in raw material consumption or a real reduction in their markets.

The drop in profitability was mainly due to the fact that more corks with a lower quality/price ratio were consumed in 2019 in comparison with 2018. The BU continued to supply the other units in the value chain throughout the year, but, despite increasing prices, it partially absorbed the short-term impact of market price fluctuations.

By industrial unit, the following factors stand out:

- the profitability of the preparation units fell due to their consuming a mix of higher-priced corks (including 2018 corks) without those prices being fully reflected in the prices of their sales to the Group's value chain. In addition, the smaller-than-expected increase in activity made it impossible to recover the difference in value. In 2019, however, foundations were laid for a more robust future. This was achieved by reformulating the mechanism for choosing how to prepare and install the operational model for the automated cork-selection line. Although this was still in an experimental phase in 2019, the BU was able to study the best way of working and the impact the line could have on operations, from the storage yard to cork preparation;

- the disc production units also suffered from the reduction in activity, particularly Twin Top discs (reduced sales volume) and champagne discs (order mix not adjusted to production, making it difficult to ship intermediate categories). The installation of new production lines for Twin Top and champagne discs was a highlight of 2019. This will reduce operating costs and improve how the cork for manufacturing the discs is used;
- the granulating units were affected most by the reduction in activity during the year;
- the Morocco unit registered the worst performance among the units from North Africa because it mainly consumed cork from the 2018 purchasing campaign, which was acquired at higher prices than in the previous year;
- the units grinding virgin cork harvested by pruning (falca) turned around their negative performance in 2018 by adjusting their sales prices and acquiring falca cork at lower prices, thus achieving positive results in 2019.

In volume terms, the purchasing campaign for top quality cork (amadia) in Portugal and Spain fell below expectations. This was because the period for extracting the cork was limited by the weather and by extraction difficulties. Although the volume of cork acquired was below the amount forecast, operations in 2020 are not in question, given that sufficient quantities were acquired to ensure uninterrupted supplies to the Group's other BUs at the same level as in 2019.

Purchasing prices for cork harvested in wooded areas fell in relation to 2018. The required volumes of cork for grinding were acquired in the secondary market, not only in the traditional markets in Portugal and Spain, but also by increasing purchases in alternative markets elsewhere. This made it possible to adjust prices to a stable level. In terms of operating efficiency, cost controls remained a priority for the BU. However, this goal proved difficult to maintain, as the structures in place at the beginning of the year were adapted for a level of activity that did not materialise. As a consequence, measures were implemented throughout the year to adjust structures to the level of activity experienced in 2019.

The amount of capital invested increased in relation to 2018, due mainly to the higher level of activity.

The Forestry Intervention Project continued in 2019 with the installation of 251 hectares of irrigated cork oak in the area of Herdade da Sale Nova in Alcácer do Sal. This is another initiative resulting from the new position adopted by Corticeira Amorim, which since 2018 has acquired parcels of land and developed them as agricultural units, either by renting them out to farmers or by managing them in-house as cork oak plantations.

In regard to Herdade da Baliza, Corticeira Amorim announced that, following the acquisition of 100% of the shares of the subsidiary company Cosabe in October 2019 and a subsequent legal action by a third party who invoked preference rights, a sentence in favour of the company was passed on February 21, 2020 in a court of first instance.

Although the sentence is subject to appeal, the amount invested is not at risk because not only is an unfavourable decision by the

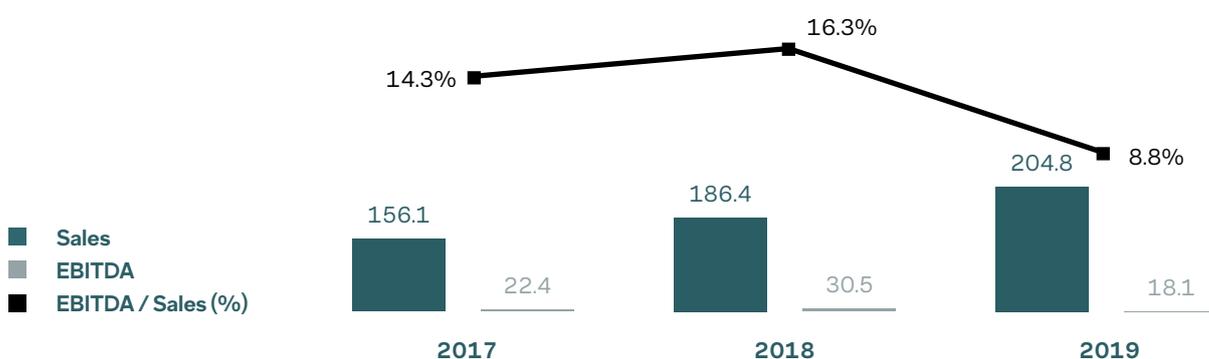
appeal court improbable, but also because, in that unlikely event, Corticeira Amorim would be reimbursed for the total amount it invested and could possibly also sue for the resulting losses and damages.

Corticeira Amorim will thus continue with its planned investments in Herdade da Baliza as an integral part of its Forestry Intervention Project.

In March 2019, the Group completed the installation of SAP software at its Portuguese and Spanish units. The full benefit of the migration, however, will be delivered only when the installation of SAP software is complete in all BUs.

All the BU's health and safety at work indicators improved in 2019. This positive performance reflected the efforts made by its teams as well as the investments made in this area, which is of great importance for the sustainability of the BU's future growth.

Raw Materials Sales & EBITDA



2.2. CORK STOPPERS

Due to spring frosts and summer droughts in the world's three leading wine-producing countries - Italy, France and Spain - world wine production fell 10% in 2019. Winemakers produced 262.8 million hectolitres of wine compared with 294 million in 2018, according to data from 28 countries that represent 85% of world production. After the exceptionally high volume produced in 2018, production in 2019 returned to the average level for 2007-2016, excepting 2013.

In the European Union total wine production dropped 15% in comparison with 2018 to 156 million hectolitres. Among the three main wine-producing countries, production in Spain dropped the most, falling 24% to 34.3 million hectolitres. This was mainly due to adverse weather: a very cold and rainy spring followed by an extremely hot and dry summer. Italy, where production fell 15% to 46.6 million hectolitres, remained the largest wine producer in the world in volume terms. In France, the second largest producer, volumes also fell 15% to 41.9 million hectolitres.

While production in France, Italy and Spain, which together account for about 80% of the wine produced in the EU, fell below the level of 2018 and the average of the previous five years, other European countries, including Germany, Austria, Romania and Hungary, recorded production levels in line with or even greater than the annual average for the previous five years. Portugal, which produced 6.7 million hectolitres in 2019, was the only EU country to produce more wine than in 2018, recording an increase of 10%, 4% higher than its annual average for the previous five years.

Russia, which is making great efforts to increase its agricultural production, produced 6 million hectolitres of wine in 2019, an increase of 7% compared with 2018.

The US, which is the world's fourth largest wine producer by volume, accounting for about 12% of production in the northern hemisphere, produced 23.6 million hectolitres in 2019, a 1% drop from 2018. It was the fourth consecutive year that the US recorded a high level of production.

Wine production in the southern hemisphere, where grape harvests begin in January, was also lower than in 2018. Argentina, the largest producer in this region and the fifth largest in the world, recorded a 10% drop in production to 13 million hectolitres, followed by Australia, which produced 12.5 million hectolitres, 3% less than in 2018. Production in Chile fell 7% in comparison with 2018 to 11.9 million hectolitres, but increased 8% compared with the annual average for the previous five years. Drought-hit South Africa was the only big producer whose 2019 production fell for the second consecutive year below its five-year annual average of 9.7 million hectolitres. Brazil, the world's 16th largest producer, produced 2.9 million hectolitres in 2019, 10% above its five-year average.

Wine consumption continued to fall or stagnate in traditional wine-drinking countries, benefitting developing markets. This trend, which began in 2000, is characterised by an increasingly greater appreciation of wine outside the country in which it is produced.

Consumer demand for bio and sustainable wines remains buoyant, an on-going trend that was evident in 2019. Alternative packaging

also advanced significantly. Sparkling wine consumption continued to grow worldwide, benefitting from increased demand in new consumer markets. This is reflected in the fact that 21 of the world's 25 largest sparkling wine markets are expanding, while only seven of the 25 largest still wine markets continue to grow. Sparkling wine sales are expanding most strongly in China, Brazil and Canada.

Alcohol consumption continues to fall in the developed world. People are increasingly drawn to alcohol-free nights and the media constantly warn that moderate drinking can lead to excess consumption over the long term. These ideas continued to shape consumer behaviour in 2019. The trend is current among people aged below 35, who consume less alcohol than their older peers. The overall decline in alcohol consumption will mainly affect markets like the UK, the US, Germany and Australia. Consumers are consciously adopting healthier lifestyles by exercising more and being more careful about their diets. At the same time, alternative low-alcohol and alcohol-free drinks with a more interesting and inclusive presentation are emerging to compete with traditional alcoholic beverages.

Knowledge levels regarding the details of wine and where it comes from are also falling. But although consumers know less about wine, they have greater access to information, value new experiences and care more on their lifestyle. Knowledge, involvement and taste have traditionally been strongly correlated with a preference for wine. However, we are now seeing the emergence of consumer segments who also care about and purchase wine, but know relatively little about it; that is, they are consumers with limited knowledge and only moderate levels of involvement with wine. This group actively seeks opportunities for creating experiences involving wine. This behaviour among by both young and older consumers who focus on unique, valued experiences is forcing a change in the marketing strategies of the wine industry.

The impact of the growth of online commerce and social networks means that consumers are more likely to discover marketing content on social networks than from traditional search engines. The typical online consumer is younger, more willing to try new things, has a higher income and drinks more regularly than the average consumer. In addition, millennials are 56% more likely to discover marketing content on social media than through traditional search engines or by email. Many of the new developments we see in the wine trade are a result of changes in the purchasing habits of consumers - how they shop using different digital and physical platforms and the differences in the way they value products and experiences. This change has left producers and distributors struggling to adapt. To keep up, they first need to understand where money is being spent (on which channels) and how to take advantage of new purchasing trends to drive growth. The following trends deserve highlighting for the important challenges they pose to the wine sector:

- a change in eating habits is driving a vegan revolution that has already had a considerable impact on economies and is transforming the global industry;
- wine consumption motivated by health and well-being. Today's consumers know the origin and methods of wine production, a trend that works to a small degree in favour of organic wines as a symbol of superior quality;
- the "infusion" of cannabis in wine has been gaining more and more followers, creating expectations of significant growth in the production and consumption of this product.

The wine market is complex, constantly changing and dependent on the evolution of consumer habits and the experiences they generate. The year of 2019 was another year of strong movement

and consolidation in the wine industry. This required foresight and agility in adapting the production process, the production mix and the structure supporting the distribution network.

For the Cork Stoppers BU, 2019 was another year in which sales grew faster than average growth in wine consumption. But it was also characterised by a continuing sharp rise in raw material costs. The BU made significant strategic investments in strengthening its production capacity, modernising production processes and advancing its Digital Transformation programme (the installation of SAP and MES software).

Important projects for eradicating outstanding sensorial issues were launched by presenting customers with appropriate and enduring solutions for their products and markets.

It was also a year in which the sustainability benefits inherent in the BU's products gained increasing worldwide recognition, increasing the company's responsibility as a reference point in this area. Strengthening and promoting this comparative advantage will help attract more companies and partners to the cause.

The BU focused on ensuring that customer needs were met, on implementing strategic projects, many of which related to continuous improvement, and on the digital transformation process. Research and development activities focused on new processes for the industry that are to be implemented in 2020 and which relate to improving existing products and creating new ones. Significant developments in 2019 included:

- strong investment in installing the ERP, SAP and MES (Manufacturing Execution System) software in the company's units in Portugal;
- another significant increase in raw material costs, which the BU partially passed on to the market;
- increased demand for NDtech stoppers and a drop in sales of natural cork stoppers in France (reflecting the impact of the 2017 grape harvest);
- increasing market share for sparkling wine stoppers and micro-agglomerate products;
- significant investment in expanding production capacity and product reliability in the technical and natural cork stopper areas;
- launching industrial projects with scientific partners with the aim of definitively resolving sensorial issues;
- acquisition of the BU's own installations in Australia and installing a finishing and distribution unit there;
- beginning the investment to move the installations of our associate company in Chile by buying the necessary land;
- systematising continuous improvement practices, specifically in business management and strategic planning;
- concluding the "industrial digitalisation process" and beginning the process of making information available;

- generating important savings through the energy efficiency programme, now in full operation, and thus contributing to the sustainability culture that characterises Corticeira Amorim, SGPS;
- the “More Efficient Use of Raw Material Cork Programme” produced results above expectations and made a vital contribution to the BU’s profitability.

Sales grew 4.7% (an increase of €25 million), with more than 33 million units sold. The BU continued to focus on product mix and customer service to strengthen its presence in the leading wine-producing markets.

Except for France, which was badly affected by the 2017 grape harvest, there was a general increase in sales in traditional markets - Italy, Germany, Spain and Portugal - but new markets were responsible for improving the BU’s competitive position worldwide: the US, Australia, the UK and South America. East European markets evolved positively, while China stagnated and new markets related to the spirits sector emerged.

Sales in the Still Wines Segment increased 1.6% in value, due to the poor 2017 harvest in France, which affected bottling in 2019, and a drop in sales for the Acquamarck Stoppers group. Sales to the US, Italy, Australia and Chile showed the strongest growth, offsetting the sharp drop in sales to France and a slight fall in sales to Spain.

In a market experiencing a moderate reduction in wine consumption, the BU continued to achieve sustained growth in the still wines segment, especially for its high-end and NDtech service stoppers, continuing to sell to leading customers in the world wine market.

Sustained growth was supported by continuous product improvement and business process modernisation. The BU’s reputation for reliability together with the quality of the service it offers contributed decisively to strengthening its position in world markets.

Sales of Natural Cork Stoppers stagnated in comparison with 2018 due to the contraction of the French market (because the 2017 harvest and its impact on bottling in 2019). These stoppers, which are crucial to the sustainability of the business, have evolved significantly in terms of sensory excellence, which has in turn strengthened their reputation as the best closure solution.

Sales of Neutrocork Stoppers grew 21.5%, the largest sales increase in the still wines segment. They stand out for their qualitative and sensorial consistency, making them an excellent solution for low- and medium-priced wines. Their cost-quality relationship results in a significant level of market penetration. Sales increased across world markets, particularly in the US, Italy, France, Spain and Portugal, the most important markets for this product. Their comparative advantages are today well recognised by customers, making them one of the BU’s leading products.

The Agglomerate Stoppers Segment continued trading up with a view to improving its mix of products and customers. Sales increased 10.1%, with strong growth in Ukraine, Argentina, France and Portugal. Improvements in the production process and the selection of raw materials guaranteed a high level of sensorial and mechanical quality to leverage the growth of this product.

Sales of Twin Top Stoppers fell slightly in the US. This product has been reinvented, creating solutions adapted to markets’ needs. Given its intrinsic quality, sales are expected to expand in 2020.

The US and UK markets were the main drivers of a 12.7% sales increase in the Spirits Segment. The emergence of new markets and accentuated growth in emerging markets were of particular note. The BU operates in 74 countries, six more than in 2018, and has significant growth potential.

Spirits is a stimulating segment, where continual innovation is crucial to the longevity of the business. Consumer appetite for premium brands remains strong and, according to the industry, they are performing better than ever before in developed markets. Sales of the ‘Reserve’ portfolio increased 11% in 2018/2019, helping to sustain the sector’s growth and profitability.

On average, the sparkling wine market grew 3.5% more than the traditional still wine market. The increase in the consumption of sparkling wine was driven by the habits of younger consumers and the popularity of rosés and Proseccos. Sparkling wine is all about fun and celebration: the simple sound of a cork popping can spark exciting emotions. Sales by the BU’s Sparkling Wine Segment increased 6.5% in value terms and 4.5% in volume (a favourable change in the mix had a big impact on value).

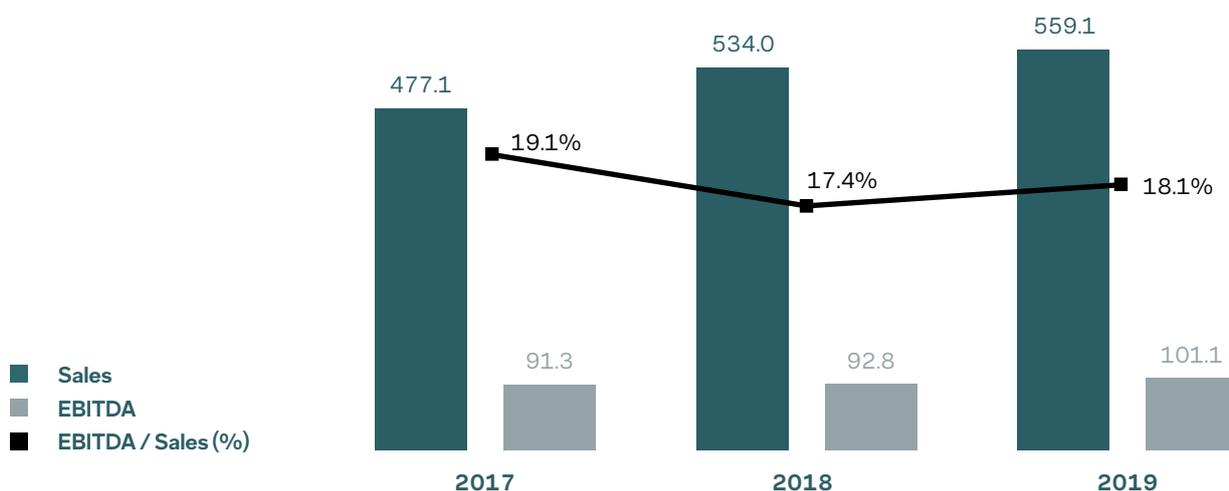
Italy, Germany, France, Spain and Russia made important contributions to this growth. The BU maintains an indisputable presence in the world market based on its service quality, product availability and the outstanding quality of its products.

The gross margin increased in comparison with 2018 in spite of higher raw material costs. The sales volume effect and the positive evolution of exchange rates were fundamental to this growth. In operational terms, the “more efficient use of cork programme”, the positive performance of NDtech service stoppers and the decelerating increase in raw material cork costs in the second half made contributed significantly to the increase in the gross margin.

Operating costs increased 6.2% in comparison with 2018. Due to a significant increase in activity, the support structure for industrial operations and business functions was adjusted by allocating more resources to the Digital Transformation process under way at the BU. The biggest increases were in staff costs, both in Portugal and across the distribution network, as well as in variable costs such as commissions, specialised work, transport and travel.

The operating efficiency programme, which the BU considers strategic, helped control production costs and resulted in a slight improvement in productivity.

The EBITDA-sales ratio rose from 17.4% to 18.1% in 2019 and EBITDA increased to €101 million.



2.3. FLOOR AND WALL COVERINGS

Sales by the Floor and Wall Coverings BU totalled €108.6 million in 2019, a reduction of 3.2% in comparison with 2018. Sales of manufactured products dropped the most, largely due to a delay in ramping up to industrial scale the production of the new range of Subertech - “Wise by Amorim” products.

The strategy of changing the product portfolio mainly affected the North American market. This is because the portfolio for that market is based on traditional cork solutions, meaning that its entire strategy is oriented towards new waterproof products. The European market remained stable in terms of sales, with positive leverage from Denmark and the impact of the acquisition of a joint venture in Finland. In July 2019, the BU entered into an agreement to acquire 51% of Korkkitrio Oy, an exclusive distributor of Wicanders products based in Tampere, Finland. The company has annual sales of €6 million. The Russian market showed signs of recovery in terms of sales and profitability after consolidating a business model supported by a local structure. Italy stood out among new markets, developing a positive sales trend and investing strongly in promotional communication tools at the point of sale.

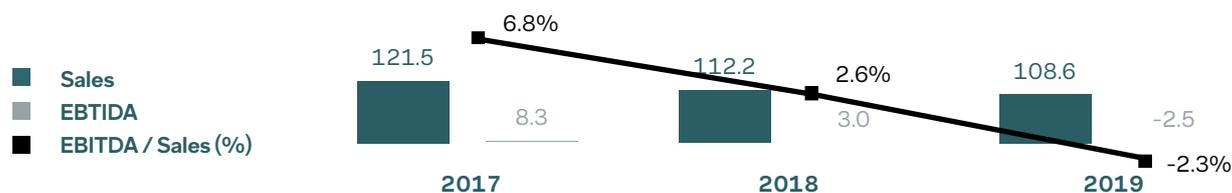
In regard to product development and marketing activities, eco-efficiency and sustainability remain the BU’s leading competitive advantages. In terms of marketing, the company began in a structured fashion to change the way it presents its products at the point of sale, privileging the means of communication referred to above, using Shop-in-Shop concepts and digital tools. The year of 2019 was also marked by a strong focus on international promotional events, of which the Domotex and Bau trade fairs and an international event for architects were among the highlights. In regard to the BU’s development plan, important investment were made in upgrading the Hydrocork line as part of a process of continuous improvement and in leveraging innovative composite solutions based on the new generation of “Wise by Amorim” products (100% sustainable solutions) for both floating and glued applications. These were particularly aimed at the contract segment. The development of the “à la carte” concept for cork flooring will enable the BU to explore new market opportunities, given the flexibility and variety the concept offers, both in terms of dimensions and visuals. Such innovations arise from the BU’s deep

knowledge of cork, its technological processes and its response to the need to revitalise its range of 100% cork-based products.

An industrial revamping project was implemented in 2019 involving a redesign of processes and flows and a new approach to industrial planning aimed at optimising scale. This created greater synergies, enabling the BU to respond with increased flexibility and speed. It also helped free up capacity and create the potential for a significant reduction in operating costs.

Implementing the first phase of the BU’s CRM project in its main markets helped improve sales, providing guidance for promotional activities and developing new business opportunities. The increased market knowledge gained by monitoring point-of-sale information in real time will help make sales operations more efficient and improve customer profitability.

In terms of the distribution chain, the stock management centralisation programme is based on an A, B, C approach that focuses on product supply/portfolios. It is aimed at improving service levels and optimising conditions for production planning. It will also enable slow-selling stocks to be moved upstream, thus reducing maintenance and handling costs for stocks held on downstream distribution platforms.



2.4. COMPOSITE CORK

Sales by the Composite Cork BU totalled €104.5 million, an increase of 2.3% in comparison with 2018 that benefitted from the positive effect of the appreciation of the US dollar and, above all, the unavoidable impact on sales prices of the increased cost of raw material cork.

Current EBITDA rose to €12.4 million, an increase of 20.1%. The EBITDA-sales ratio was 11.9% (2018: 10.1%).

In terms of segments, sales performance in comparison with the previous year was, as usual, mixed. The Sport Surfaces, Flooring Manufacturers and Home Improvement Retail segments recorded expressive growth. The worst performances were in the industrial cluster, including quite a significant drop in sales in the Cork and Cork-rubber Manufacturers segment.

In geographical terms, sales in Europe again grew notably, unlike sales in Asia, where the BU was unable to avoid a drop in sales compared with 2018. Sales in North America increased, thanks to the positive effect of the exchange rate, without which turnover would have stagnated.

Most sales expansion projects implemented in 2019 produced positive results, although in some cases they fell below expectations. Overall, however, the balance fell below that of 2018. This revealed a cyclical difficulty, to which was added the cost of taking advantage of opportunities that arose in the areas of geographical expansion, market intelligence and segment replication. In contrast, projects for launching new products produced important benefits.

The main profitability indicators relating to raw material and industrial costs improved in relation to 2018. Decisive contributions to this performance included:

- a growth in sales of new products, which generally have higher margins than the average for the global portfolio;
- better raw material cork yields in grinding operations;
- the effect of prices and exchange rates on sales;
- a reduction in direct industrial costs as a proportion of production.

The amount of capital invested increased substantially in 2019, partly due to some inventory expansion (especially of cork), but mainly because of the large amount of fixed-asset investment aimed at equipping the BU with the necessary conditions for achieving its long- and medium-term growth targets.

The 2019 agenda was again mainly focused on the implementation of planned initiatives considered necessary for meeting the strategic challenge of the BU's profitability. Highlights included:

- organic growth projects in priority and other important segments, new customers and new products in under-explored or pre-existing geographical markets that had previously been relatively insignificant as target segments;
- the implementation of a broad, integrated action programme to improve the experience of customers in all their interactions with the BU;
- repositioning sales prices in line with the new context regarding the mix and cost of purchasing cork;
- adjusting the product range to meet the real needs of customers, specifically in the retail segment, in order to minimise inappropriate price proposals;
- launching the new "Cork Inside" range using new material formulations that maintain the specifications of cork composites, but at more competitive prices and that offer distinguishing qualities;
- making a number of investments to improve operating efficiency and/or increase capacity, with special emphasis on beginning the construction of a new dispatch warehouse;
- continuing the "RIO Programme", a multi-year project for transforming the BU's operations area, using new resources, capacities, skills, work methods, communication strategies and alignment;
- continuing the implementation of a multi-year project for the digital transformation of the BU's industrial operations by completing the first phases of introducing a Manufacturing Execution System (MES) system, as well

as the necessary interventions in terms of networks and upstream industrial equipment;

- concluding the second phase of the Circular Economy project (composites), which will equip the BU to produce new composite materials using combinations of cork and new raw materials originating from other industries, thus reusing and creating more value from them;
- the second phase of implementing the “ACC Academy” by developing the second package of four educational models focused on cork and two specific market segments.

In terms of the market, some highlights stand out among the BU's global activities in 2019 in comparison with the previous year. As usual, the analysis focuses on the segment/geography pairing in line with the BU's own organisational logic.

Thus, segments belonging to the industrial cluster again accounted for the biggest share of turnover, but, at the same time, also recorded the worst market performances in terms of sales, which fell 2.7%, following two consecutive years of growth. The industrial cluster represented 41% of the BU's consolidated sales in 2019.

The following segments registered the biggest increases in sales value: Footwear (+14%), Panels and Composites (+20%) and Aerospace (+20%). While the footwear segment repeated its positive result of 2018, the others recovered from the losses (Panels and Composites) or the stagnation (Aerospace) recorded in the previous year.

On the downside for the industrial cluster, sales dropped in the flowing segments: Cork & Cork-rubber Manufacturers (-19%), Office Products (-13%) and Automotive, Auto Parts & Other Vehicles (-13%). Among the segments that registered the largest decreases in sales in 2019, only Automotive & Auto Parts had also recorded a decline in 2018.

Multi-Purpose Seals & Gaskets remains the biggest segment in the industrial cluster. Sales in this segment fell 5.8% in 2019, having increased 12% in 2018.

Retail remained the second largest cluster in terms of sales, representing 34% of turnover. Overall, sales in this cluster increased 1.9% in comparison with 2018.

The overall performance of this cluster was affected by sales drops in some segments, notably, in order of the value by which their sales decreased: Office Products (-13%), Home & Design Products (-7%) and Broadline Retail (-15%). Except for Office Products, which recorded an increase in sales in 2018, all the other segments also reported a decrease in sales in 2018.

On the positive side, the following segments recorded the most expressive sales increases in value terms: Home Improvement Retail (+23%), Distributors of Flooring & Related Products (+2%) and Construction Specialty Retail (+3%).

Distributors of Flooring & Related Products remained the largest segment in the retail cluster. It registered another slight increase of about 2% in sales, in line with previous years.

Construction, the third and final cluster, again reported significant sales growth. It represented 24% of turnover, up from 21% in 2018, having benefited from an 18.5% increase in sales. All segments in the cluster,

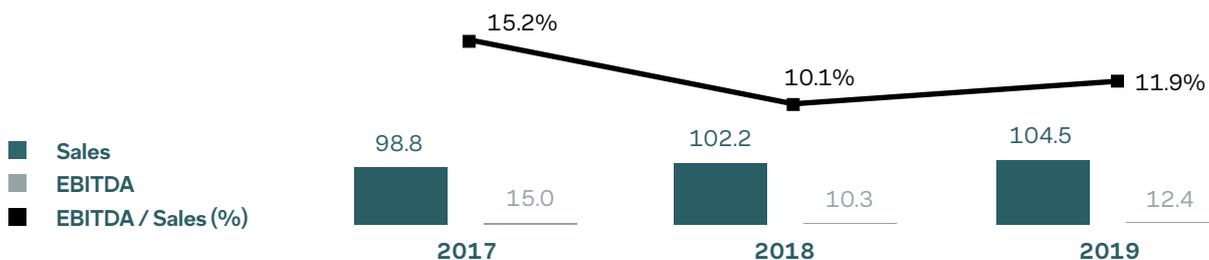
except for Heavy Construction, reported increased sales in value terms, as they did in 2018. Highlights include: Sports Surfaces (+53%), Resilient & Engineered Flooring Manufacturers (+20%) and Building Materials & Fixtures (+10%).

Overall, 2019 was characterised by a great effort to preserve value. This produced very positive results considering the external context of upstream and downstream markets.

Another striking feature of 2019 was the exceptionally large amount invested in fixed assets. This totalled €11.6 million, an historic high for the BU that represented an increase of €5 million on the previous year. Highlights included:

- construction of a new dispatch warehouse;
- the Circular Economy Project (composites);
- increased processing capacity for pre-crushed raw material cork;
- the Industry 4.0 Project (implementation of MES, upgrading industrial networks and retro-fitting industrial equipment);
- hot-melt line to increase the production capacity of multilayer materials;
- land for expanding industrial installations;
- the i-Cork Factory (extrusion and lamination technologies);
- new cork-rubber cylinder laminator.

**Composite Cork
Sales & EBITDA**



2.5. INSULATION CORK

The Insulation Cork BU recorded sales of €14.2 million in 2019, reflecting an 18.2% increase in sales volume across its different markets when compared with 2018. Excluding sales to other BUs in the Group, growth was 14.1%. A need to adjust to the new reality of the market for raw material cork that had made itself felt in previous years determined that the BU continued to increase prices.

EBITDA decreased in comparison with 2018 (€0.2 million in 2019 against €0.6 million in 2018) due to the higher cost of the BU's raw material consumption, as it could not be totally offset by sales price increases and the operational improvements made in recent years.

In 2019, the BU developed a set of initiatives aimed at leveraging its business activities and consolidating its leadership in supplying expanded cork conglomerate products and solutions, as well as at increasing recognition and appreciation of their real value. The main initiatives were:

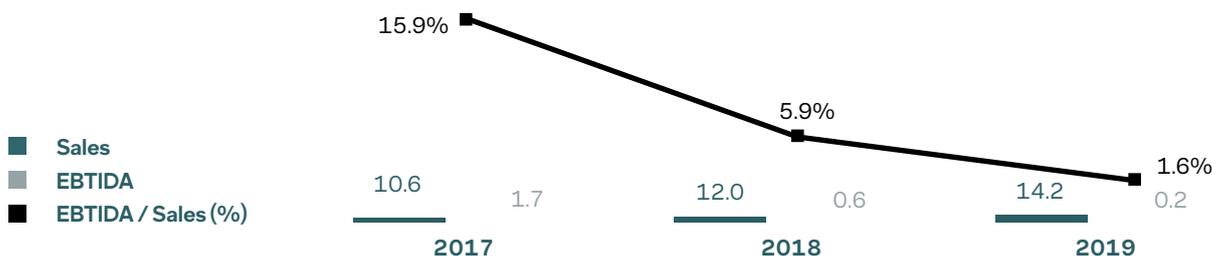
- the Gardens of Stone at the Belém Cultural Centre (CCB): designed by the architect Patrícia Barbas of the renowned architectural studio Barbas Lopes. She designed a creative/innovative installation using blocks and boards made of 100% natural expanded cork agglomerate supplied by the BU. The result was a playful/didactic space that was visited daily by thousands of people during the summer months. This exhibition also demonstrated the capabilities of cork in several applications related to sustainable construction;
- Big 5 Fair: the BU participated with its own stand in the largest construction materials fair in the Middle East. The fair took place in Dubai and was visited by hundreds of architects

and companies, mostly from the Gulf region and connected to the civil construction sector, who are looking for insulation solutions using natural and sustainable products;

- Concrete 2019: held at Exponor, Porto, where the BU presented at its own stand the enormous possibilities for using insulating cork in completely innovative ways, whether as a technical, aesthetic or design solution. For some years now the BU has been presenting itself in a different and innovative way. This has resulted in hundreds of visitors registering great satisfaction with the solutions it offers;
- Construmat: held in Barcelona where the BU shared a stand with the Floor and Wall Coverings BU. Insulation and floor and wall covering solutions were presented as a way of promoting these products/solutions in the Spanish market, which is already growing;
- Archi Summit: held at the Carpintarias de S. Lázaro in Lisbon, the BU participated with a stand presenting technical thermal insulation solutions;
- Green Fest: the BU participated in Braga and Carcavelos by providing cork blocks and boards for decorating the organisation's green spaces.

In terms of operational efficiency, industrial and logistical improvements continued to be made, favouring more rigorous cost controls as well as investments to enhance the continuous improvement of industrial units.

**Insulation Cork
Sales & EBITDA**



[3] Forest Intervention Project

Since 2013, Corticeira Amorim has implemented the Forestry Intervention Project, which aims to ensure the maintenance, continuation and enhancement of cork oak forests and thereby ensure the continuing production of high-quality cork. Under the motto “Care for the present, build for the future”, the project has been seeking solutions to preserve, improve and make existing areas of cork forest more resilient, while also introducing new silviculture models, technologies and selected plant material that will make it possible to plant new cork forests that are more efficient and resilient to forecast climate scenarios.

In its 2018 report on Combating Desertification in the EU: a growing threat that requires further action, the European Court of Auditors stated that:

“Desertification in the EU – a growing threat driven by climate change and human activity

1. *Europe is increasingly affected by desertification. The risk of desertification is most serious in southern Portugal, parts of Spain and southern Italy, south-eastern Greece, Malta, Cyprus, and the areas bordering the Black Sea in Bulgaria and Romania. Studies have reported these areas to be often impacted by soil erosion, salinisation, loss of soil organic carbon, loss of biodiversity and landslides.”*

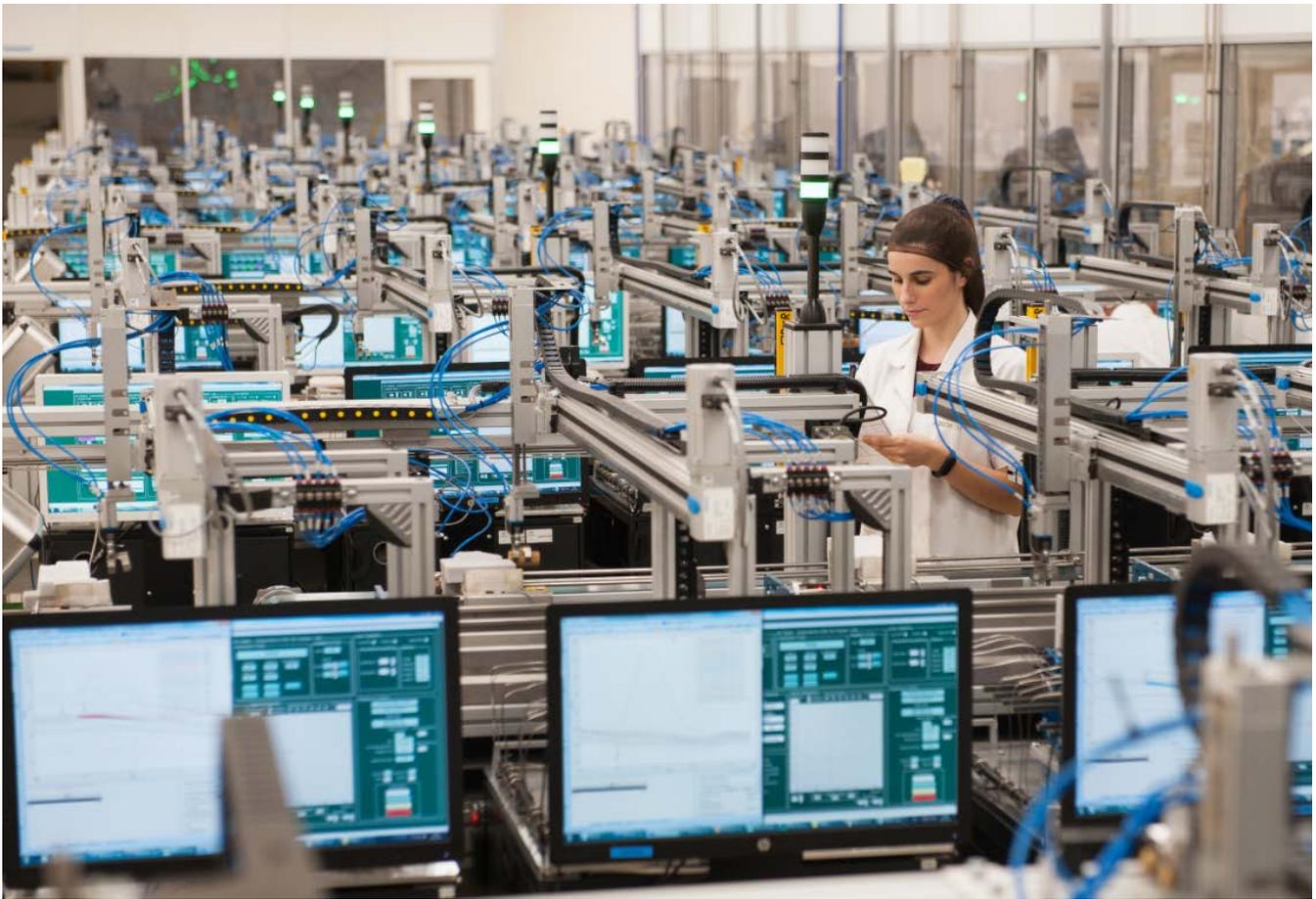
The region of southern Portugal and Spain, identified in the aforementioned study as one of the zones with the highest risk of desertification, coincides with the main area of cork oak forest, which makes this native species a fundamental instrument for combating desertification and environmental and social issues. In a joint report produced in 2008 by the WWF and the Baeta Neves Centre for Applied Ecology of the Instituto Superior de Agronomia, entitled “The cork oak tree - a barrier against desertification”, the tree’s importance was underlined: “The cork oak tree is a fundamental instrument in the fight against desertification in Portugal, and plays a decisive role in preventing soil degradation. The sustainable management of cork oak forests, based on an economically efficient model, will benefit the conservation of biodiversity and the well-being of local populations, while warding against the effects of climate change.”

Increasing awareness of the urgency to intervene, associated with the knowledge generated during the first phase of the Forestry Intervention Project, led Corticeira Amorim to invest directly in two forest projects involving cork oak trees: in the Herdade da Baliza and the Herdade da Venda Nova. When their installation is complete, these two projects will occupy a combined area of 1451 hectares of cork oak trees with a drip irrigation system. Drip irrigation significantly improves the possibilities of success of the plantation and at the same time makes it possible to obtain greater initial growth of the trees, thereby reducing the time when the first virgin cork may be harvested from the current 25 years to about 10 years. In 2019, the 251 hectares of the plantation in the Herdade da Venda Nova, in Alcácer do Sal, were fully installed.

Throughout 2019, Corticeira Amorim continued to promote these new methods of installing cork oak trees to forest producers, either by setting an example, through the installation of the aforementioned plantations, or by providing technical advice and technology transfer. The company thereby aimed to mobilize producers to achieve the target of 50,000 new hectares of cork oak trees with a density higher than the current average, within approximately 10 years. It is expected that an increase of 7% in the area of cork oak forest will correspond to an increase of 35% in production of raw material, responding to the supply needs of the expanding cork sector.

The focus on installing new plantations is extremely important to effectively combat climate change, desertification and foster the sustainability and longevity of the business. At the same time, increasing the attractiveness of this species for future plantations depends on the continuation of research projects currently underway, that carefully select the cork oak trees to be planted, by looking for varieties that offer better behaviour in dry seasons. Success of this project also depends on the combat against pests and diseases, and ensuring compatibility with other agricultural activities, as a way to increase forestry revenues.

Through the Forestry Intervention Project, Corticeira Amorim is committed to maximising so-called “positive externalities” of the ecosystem of the cork oak forest. In a scenario of climate change, it is crucial that the cork oak tree is highlighted as a privileged species, which is best placed to respond to future challenges. As a native Portuguese tree species, the cork oak tree is perfectly adapted to local climate conditions and arid soils, lives about 200 years, offers a very positive set of externalities, and has a unique ability to resist forest fires.



Developed and patented by Amorim, NDtech is an individualized quality control screening technology for natural cork stoppers that delivers the world's first natural cork with a non-detectable TCA performance*.
*A non-detectable TCA guarantee means that if any TCA remains in a cork it is below the detection threshold of 0.5 nanograms/litre.

[4] Innovation, Research and Product Development

The genesis of Corticeira Amorim is deeply linked to the cork industry, which is its core business. The Group has emerged today as an outstanding leader in the cork sector worldwide, offering a wide range of cork products for a diverse set of business sectors.

In keeping with Corticeira Amorim's upward path of growth and expansion, and, in particular, its proactive business strategy of continuous investment in research, development and innovation (RD&I), each business unit has developed its own R&D skills, in parallel with Amorim Cork Research, the hub for all the group's R&D skills.

4.1. RAW MATERIALS

At the R&D level, the team continued to focus on eradicating TCA/organoleptic defects from discs and cork stoppers, having implemented the industrial component of the CORKNOVA project. The project was launched in 2014 in partnership with Lisbon's Universidade Nova with the aim of developing curative processes for eliminating the compounds responsible for sensory abnormalities in cork. Given the excellent results obtained, the concept was expanded and extended during 2019, with four pieces of equipment currently in operation.

The BU also continued to focus on two automation projects, which are innovations in the cork sector and are aimed at achieving significant cost reductions and improvements in the use of cork:

- an automation project for selecting how cork should be prepared;
- an automation process for disc manufacturing.

4.2. CORK STOPPERS

Major advances were made in 2019 in projects related to decontaminating cork products of TCA and other volatile compounds with unpleasant aromas that might eventually affect wines. The implementation of eradication projects for natural and granulated cork stoppers continued at a marked pace, with industrial implementation following at a similar speed. The objective is to install the necessary industrial capacity to treat all the BU's production.

In close cooperation with the forestry area, the new disc decontamination systems implemented on the ground were validated during 2019 at a sensory, physical-mechanical and

oenological level. The results of these validations were highly successful.

In regard to NDtech technology, continuous improvement projects were implemented during 2019 with a view to optimising the operation, including mechanical and chromatographic improvements. Based on the results generated by the equipment, algorithms were developed that will enable the system to control itself in real time. The use of data science in NDtech is extremely important because of the quality of the results obtained. This was also the first example of the use of Industry 4.0 tools by the BU. NDtech Champagne was also launched and consolidated in 2019, with the necessary adjustments being made to ensure the normal functioning of the equipment.

Wine/cork interaction has become a topic of increasing importance as the different evolution of the same bottled wine using different stoppers has proven. Many comparisons between stoppers took place during 2019 with the aim of identifying which closure was best suited to different wines, taking into account, among other issues, their fragility, the oenological practices used to make them and the length of their ageing in the bottle.

A number of projects were launched in 2019 to study the intrinsic characteristics of natural cork stoppers with a view to enhancing their performance in regard to the evolution of wines.

A scientific study related to cork stoppers, which was promoted by the company among universities, resulted in the launch in 2019 of a PhD funded by BU and the submission of several scientific papers on the results obtained from these collaborative projects with the company.

An intensive technical training programme, held in collaboration with the technical and R&D department, took place in 2019 with a view to training the largest possible number of company employees both in Portugal and abroad. The subjects related to technical areas, product quality and advocacy, good bottling practices and the type of wine evolution that different cork stoppers are associated with, among other areas. A significant number of training sessions were held in which 158 employees participated.

Projects were carried out on the research and validation of glues, additives and bio surface treatments. Several products were tested, of which three were validated on a semi-industrial scale. Bottling in a customer's wine cellars using stoppers produced with these new products showed a high level of performance compared to reference stoppers.

Another important project was the validation of new filling processes, resulting in the replacement of current systems with cleaner and safer ones. This reorganization made it possible to optimise the number of referrals.

More efficient machines enabled the production process stage known as "washing" to be carried out with a reduction in the consumption of chemicals and water.

Automation of the production process for natural cork stoppers is already a reality at the BU, a development that was significantly advanced in 2019. Production processes have undergone a profound revolution, resulting in significant improvements in productivity and quality.

Capsulated stoppers, produced for Amorim Top Series, have also benefitted from this industrial revolution. A third version of a blasting machine is being studied that will enable stoppers of different calibres to be filled using automatic adjustment. Continuing its mission of presenting customers with innovative packaging solutions that offer a sensory experience, Amorim Top Series launched a series of innovations in 2019:

- Sense Tops: incorporate different sensory notes - fruit, sweetness, spicy aromas, chocolate, coffee and vanilla - in the capsules, so that, even before opening the bottle, the customer enjoys a sensory experience;
- Ambiance Series: incorporates LED technology in the capsule enabling a LED light to be activated inside the capsule, creating innovative atmospheres around the bottle;
- Evolutive series: displays the ideal consumption temperature in that the capsule exhibits a reversible colour change depending on the temperature;
- Tap Series: includes a microchip with pre-recorded information that enables the consumer to obtain exclusive information about the product they are drinking as well as a guarantee of its authenticity.

4.3. FLOOR AND WALL COVERINGS

In 2019, the Floor & Wall Coverings BU continued to invest in sustainable products, which stand out because of the added value they contribute, in both technical and environmental terms.

The highlight of the year was **the launch of the “WISE by Amorim” range** (developed in 2018), a high performance flooring solution, which results from a major R&D investment, and has excellent sustainability credentials. This PVC-free waterproof flooring solution, made from cork and recycled materials, is suitable for all types of spaces, and has a negative carbon footprint. The fact that the entire range incorporates cork, through a multilayer structure, means that it offers cork’s well-known benefits: natural thermal and acoustic insulation; impact resistance; greater walking comfort and improved indoor air quality. The product’s unique credentials have been recognized at an international level, including the Innovation Award for Architecture + Construction at BAU - the prestigious international building materials trade fair, in Germany. In 2019, the “WISE by Amorim” range also received a Blue Angel certification - a German seal of quality for PVC-free products that observe the highest standards of design of sustainable products.

In terms of **new R&D projects in 2019**, the main priority was to refresh the glued flooring solution, CORK PURE, that has a negative carbon footprint. The distinguishing characteristic of the Cork Pure Signature collection is that personalised patterns can be created, with over 17,000 possible combinations. Customers can design different patterns, choosing from 17 natural cork visuals, and combine them with the 31 available colours, with different finishes, dimensions and thicknesses. The main goal is to match the style of each space or project, endowing a unique and contemporary look to cork floors, together with all of cork’s inherent benefits.

Another new product line is Stone Concept that enhances stone visuals, with 12 design options. The three available ranges - Amorim WISE Stone Pure, Amorim WISE Stone Inspire 700 and Wicanders Stone Essence - are based on digital printing technology, and offer different installation systems, thicknesses and finishes, thereby able to adapt to each project’s needs, combining advanced technology with the exclusive natural properties of cork. The main goal was to develop new visuals by digitally printing on agglomerated cork, while keeping the texture and appearance of the cork visible, offered in new dimensions with a more resistant surface finish, which still has a natural look.

Another priority in the development of new products was to upgrade the Resist + collection, which now comprises non-PVC visuals. The project aimed to ensure that this technical solution, which is perceived to be the best in the market, as an alternative to high-density fibre LVT flooring, is now also recognised to be more environmentally friendly, without any degradation in terms of technical performance. The main challenges were to maintain the fire resistance class and the mechanical resistance of the surface.

4.4 COMPOSITE CORK

In 2019, the Composite Cork BU focused on energising the circular economy project, developing new technologies for processing composite cork and new applications. These strategic priorities were carried over from 2018.

The first two areas led to the prototyping and development of a number of new composite materials. These focused on the intrinsic characteristics of cork, but also involved the use of other natural and synthetic materials, both “prime” materials and materials derived from other industrial by-products.

In this way, the BU associated itself in an indelible way with new trends in sustainability, industrial synergies and the circular economy.

Building on the possibilities of combining cork with other materials is part of a development effort that will enable the BU to discover new applications, to enhance the performance of the materials currently used in its applications and to respond to the growing market demand to replace plastic with other materials.

In this area, new technologies for granulation, composition and extrusion, mixing and thermoforming have gained special importance. Although normal in other industrial sectors, these have been little explored in the cork industry.

Of particular note are the development and patenting efforts put into launching Corkeen, a new construction system for playgrounds, leisure and recreational areas.

The following projects stand out among the different clusters in which the BU operates:

Construction Cluster

Construction:

- launch of a new underscreed with a high level of acoustic performance;
- launch of a new anti-vibration material with the highest load capacity in the current range (20Mpa) for use as a decoupling element in construction systems;

Resilient and laminated flooring manufacturers:

- continued development and launch of a core for 100% waterproof and 100% PVC-free laminated flooring with a higher performance level than MMFA standards;
- continued development of a core for laminated flooring based on PVC as an alternative to WPC and SPC and aimed at business areas not yet covered by the current product range;
- launch of a backing with a steam barrier to protect laminated flooring;

Sports Surfaces:

- launch of two new infills for synthetic turfs – one being an alternative product based on 100% organic materials, and the other, a high performance product based on a blend of cork and polymeric materials;
- launch of a new construction system for surfacing children's playgrounds, as well as other recreation and leisure spaces, that complies with international safety and performance standards;

Retail Cluster

DIY:

- launch of a new underlay for the North American market, based on combining cork with by-products from the footwear industry that is the result a collaboration with a renowned sports equipment company;
- launch of a range of laminated underlays using polymeric film as a barrier against rising damp;

Industrial Cluster

Panels and Composites:

- launch of a new material for the primary decking of large ships that complies with all the IMO certifications required for applications used in ship interiors;
- continued development of materials for final ship decks with the aim of responding to the scarcity and high cost of the materials currently on the market;
- CorkAL Project – the development of a cork composite as a material to be used in the thermal insulation of aluminium frames (collaborative project);

- SprayCork Project – the beginning a collaborative project with the University of Porto to develop granulated cork spraying and coating systems;

Footwear:

- launch of new composite materials for injection and moulding processes in the manufacture of soles and inter-soles;

Aerospace:

- RETALT Project - development of cork as a thermal protective shielding (TPS) for reusable launchers;
- beginning to develop moulded components for the thermal protection of warheads fired from launchers.

These projects form part of the BU's efforts to fulfil its mission to create greater value from cork and to expand its portfolio of materials and applications.

Project lifecycle management, composite materials based on cork and new technologies will remain the BU's priorities in the coming years, together with the search for new applications that are both profitable and sustainable.

4.5. INSULATION CORK

In 2019, the Insulation Cork BU continued the development cycles relating to R&D projects in consortium that it began in 2018. These projects form part of the BU's development and innovation strategy that focuses on creating new applications for adding value to raw material cork.

Another highlight of 2019 was the consolidation of the Evaporcork project developed in partnership with IteCons to study the passive evaporative cooling of facades. The project is based on an innovative construction solution that uses cork in higher value added solutions.

The main aims are:

- to develop a new evaporative system that, without using mechanical ventilation equipment, can cool facades covered with expanded cork agglomerate insulation;
- to integrate an irrigation system as well control and automation sensors to ensure that the cork is dampened to the correct level in relation to the environmental and weather conditions;
- to incorporate a system to filter and collect rainwater as well as a system to collect excess water from the recirculation system;
- to carry out a viability study to assess the possibility of using the sensor system to detect and mitigate fires.

[5] Amorim Cork Ventures

Amorim Cork Ventures (ACV) has accompanied the rising interest of entrepreneurs and startups to develop cork-based products, through business proposals received via the outlets that it has made available for this purpose. Using this vehicle, which can easily be accessed by any entrepreneur / company, ACV reduces initial barriers and encourages the creation of new businesses that will generate added value for cork, with a positive impact on the circular economy.

In 2019, ACV's activity primarily focused on creating conditions that are suitable for the development of startups that will be included within its investment portfolio, helping them to prosper. Throughout 2019, ACV continued to receive several proposals which were carefully analysed. All cases with business potential, but which did not satisfy the fundamental requirements for ACV to enter as an investor, were channelled to other Group companies, in order to receive other forms of support.

Since its foundation, ACV has received 350 applications, of which 20 have received support, and 11 are still active. 8 patent and utility model applications have been submitted and 3 startups remain in ACV's investment portfolio. In 2019, these startups had total sales turnover of €1.4 million, 75% outside Portugal, and contributed to the creation of 22 jobs (10 direct and 12 indirect jobs).

5.1. ASPORTUGUESAS

The footwear brand ASPORTUGUESAS (launched by the startup, Ecochic Portuguesas), recorded a significant increase in business activity in 2019, fuelled by important growth in its main markets and penetration of new markets.

The company's positioning in these markets and sales growth across all continents, was boosted by the presence in several trade fairs, in particular CIFF (Copenhagen), FN PLATFORM (California), MICAM (Milan), Atlanta Shoe Market (USA), Moda Footwear (Birmingham), Toronto Shoe Show (Canada), Targy Mody Poznan (Poland), Gallery Shoes Dusseldorf (Germany), Panorama and FFANY (New York) and Panorama Berlin (Germany).

2019 was also marked by the launch of the Autumn / Winter collection, inspired by nature, and the "Say no to plastic" slippers collection, as well as by reinforcing the eco-friendly positioning of the brand, ASPORTUGUESAS.

5.2. GROWANCORK

GRŌWANCORK initially focused on the production of cork-based insulated chassis for equipment used by the commercial refrigeration market. In 2019 it launched solutions for the construction segment, that benefit from the technical and natural properties of the main raw material used - expanded agglomerated cork. In 2019, the company launched new sandwich panels for thermal and acoustic insulation (simple or composite) in the CONCRETA trade fair, held in Exponor. These panels may be customised with various types of finish, applied in the coverings of interior walls and partition walls.

For the refrigeration sector, which remains the company's core business, partnerships were established in 2019 to further its internationalisation process, which are expected to deliver results in the near future. In addition to refrigeration and construction, GRŌWANCORK is committed to diversifying its portfolio in other areas that at present are in the R&D stage.

5.3. SUGO CORK RUGS

The SUGO CORK RUGS brand (owned by the TD Cork company) is a pioneer in the production of cork-based carpets. It has been investing in new designs of its products and enjoyed increasing interest in the markets where it operates, above all in Europe, which led to a significant increase in business activity in 2019.

In 2019, the company's presence in the Maison&Objet Paris trade fairs (January and September editions), Portugal Home Week and Interior Lifestyle Living Tokyo, helped reinforce the SUGO CORK RUGS brand's positioning in national and international markets. The company's presence in leading projects and selection by important interior decoration brands, boosted the dissemination of its products, which offer innovative designs adapted to market demands.

SUGO CORK RUGS has several projects under development in order to diversify its portfolio, which are expected to create the basis for future growth.

[6] Approaching Sustainability

6.1. SUSTAINABLE BY NATURE

Sustainability and innovation are intrinsic pillars to Corticeira Amorim culture and strategy. The goal is simple, combine technology with nature and promote a sustainable balance between them.

Over the last years, Corticeira Amorim has been working with different stakeholders, in quite distinct areas, but that share with each other an unconditional enthusiasm for the innovation in this area. Leader of an industry known as one of the most sustainable in the world, Corticeira Amorim maintain and reinforce, year by year, its commitment with the future, to maintain as a solid brand, cohesive and dynamic, with the sustainability as the main reference.

6.2. SUSTAINABILITY STRATEGY AND PATH

Corticeira Amorim develops its activity based on cork – a raw material harvested cyclically from trees without harming them. Cork promotes the economic and social sustainability of the areas in risk of desertification, promoting the preservation of the cork oak forest.

The application of the principles of the circular economy, through the valorisation of its main raw material and waste generated, is one of the Corticeira Amorim main strategies. Achieving the notable landmark of 100% use of cork, the by-products generated during the production process of cork stoppers, cork that does not have adequate characteristics for its production or recycled cork at the end of life, are incorporated into other applications with high added value. The part that cannot be incorporated in products is used as an energy source (biomass).

Since cork is a material that promotes synergies with other materials and by-products, whenever feasible, are used as raw material, recyclable materials of other industries, thereby saving the planet's natural resources and reducing the problems associated with their depletion.

As a 100% natural, 100% renewable and 100% recyclable product, cork stands out for its lightness, excellent insulation, and not only is an excellent alternative to reduce the global dependence on non-renewable products and lower the carbon footprint of the final products, but it also has extraordinary credentials in the efficient use of the planet's finite resources.

During 2019, it was calculated the net value added to society by Corticeira Amorim, revealing that it exceeded one billion euros. This value is, mainly, supported by the impact that it has on the cork oak forest ecosystem – as one of the 36 biodiversity hotspots in the world, this ecosystem provides, also, other environmental benefits: CO₂ retention, protection against fires or controlling the hydrological cycle avoiding the risk of soil erosion and reducing the risk of desertification.

6.3. SUSTAINABILITY MANAGEMENT STRUCTURE

Corticeira Amorim considers that all their stakeholders are fundamental to identify the strategic priorities, so Corticeira Amorim sustainability management considers their concerns and expectations regarding the materials to monitor and communicate. On the other hand, it is extremely important the engagement of the top management and responsible teams for the implementation of the sustainability initiatives.

The organizational structure enables the management and effective alignment between the strategy, policies and sustainable development practices. The support area focuses on coordinating the activities of each BU and their respective functional areas with the Executive Commission responsible for their periodic monitoring.

6.4. STRATEGIC PRIORITIES

According to its sustainability strategy the Group identified the SDGs that are most related to the material themes, and selected performance indicators and key targets for each relevant SDG. 12 SDGs and 44 targets were identified as priorities for Corticeira Amorim sustainable development strategy. SDG 17 is aligned with all the sustainable strategies defined, since it is common to all the others.

6.5. MANAGEMENT SYSTEM

To ensure an effective management of the social and environment aspects, the companies of the Group implemented the politics and the management systems most appropriate to non-financial risks that their activities integrate or to the opportunities emerging on the markets where operate. The year of 2019 stands out for the consolidation of this important alignment, with the renovation of certificates of different management subsystems, in different companies.

Below there is a summary table with these management systems, which does not dispense the consulting of the respective certificates.

6.6. INFORMATION ON SUSTAINABILITY

Further information about the performance and initiatives developed by Corticeira Amorim for each of the strategic pillars are available on the Sustainability Report 2019 and on the website.

Company (Country)	Cork Stopper Manufacturing Practice			Quality	Environment	Energy	Food Security			
	Systemcode	Base	Premium	Excelente	ISO9001	ISO14001	ISO50001	ISO22000	FSSC 22000	HA CCP
Raw Materials BU										
Amorim Florestal (Portugal)	x10			x15	x5					
Amorim Florestal España (Spain)	x18									
Amorim Tunisie (Tunisia)	x									
Comatral (Morocco)	x									
Cork Stoppers BU										
All Closures In (Portugal)	x	x						x		
Amorim & Irmãos (Portugal)	x1	x2	x1	x6	x7	x8	x6	x14		
Amorim Australasia (Australia)										x
Amorim Champcork (Portugal)	x	x	x			x	x			
Amorim Cork América (USA)										x
Amorim Cork Deustohland (Germany)			x							x
Amorim Cork Itália (Italy)		x	x							
Amorim Cork South África (South Africa)										
Amorim France (France)	x16	x16	x3				x16			x16
Amorim Top Series (Portugal)	x	x	x			x	x			
Amorim Top Series France (France)	x	x								x
Corchos de Argentina (Argentina)										
Francisco Oller (Spain)	x	x	x	x			x	x		
Hungarokork Amorim (Hungary)			x							
Industria Corchera (Chile)										
Korken Schiesser (Austria)										x
Portocork América (USA)										x14
Portocork France (France)										
Portocork Internacional (Portugal)			x	x			x			
Portocork Itália (Italy)										
S.A.S Ets Christian Bourassé										
Socori (Portugal)	x	x								
Terefinos (Spain)	x	x	x	x			x			
Victor & Amorim (Spain)									x	
Floor and Wall Coverings BU										
Amorim Revestimentos (Portugal)			x17	x13						
Amorim Benelux (Netherlands)										
Amorim Deutschland (Germany)										
Composite Cork BU										
Amorim Cork Composites (Portugal)	x		x	x	x					
Amorim Cork Composites (USA)			x							
Cortiçeira Amorim France (France)										
Insulation Cork BU										
Amorim Isolamentos (Portugal)			x4							

Food Security (cont.)				Forest Products Chain-of-Custody		Health and Safety	
IFS Standard PAC Secure	IFS Broker	BBEEE	BRC	FSC	PEFC	OHSASISO 18001	ISO 45001
				x10			x13
				x11			
				x12			
				x			
				x			
				x			
			x	x			
		x	x				
				x16			
				x			
			x13				
				x			
x							
			x14				
				x			
	x		x	x			
				x			
				x			
			x	x			
				x			
				x19			x13
				x			
				x			
				x	x	x	
				x	x		
				x9			

BU - Business Unit; DU - Distribution Unit; IU - Industrial Unit

1) IU-Lamas, DU-Amorim Distribuição, IU-De Sousa, IU-Portocork, IU-Equipar, IU-VL; 2) DU-Amorim Distribuição, IU-Portocork, IU-Equipar; 3) DU-Eysines; 4) IU-Mozelos, IU-Silves; 5) IU-Coruche; 6) DU-Amorim Distribuição; 7) IU-Lamas, IU-De Sousa, IU-Equipar; 8) IU-De Sousa, IU-Equipar, IU-Portocork; 9) IU-Mozelos, IU-Vendas Novas; 10) IU-Ponte Sôr, IU-Coruche, IU-Salteiros; 11) IU-S V Alcantara; 12) IU-Lamas, IU-Portocork, IU-De Sousa, IU-Equipar; 15) IU-Ponte Sôr, IU-Coruche; 16) DU-Eysines, DU-Champleury; 17) IU-Lourosa, IU-SP Oleiros; 18) IU - S V Alcantara, IU Algeciras; 19) IU SP Oleiros.

(13) - In progress; (14) - Ensured practice



Corticeira Amorim's Personnel Management policies and practices are oriented towards guaranteeing safe, healthy and balanced work environments from a physical, social and psychological perspective, in which employees feel encouraged to achieve high levels of performance, attaining high levels of personal development and professional development, which correspond to their expectations.

[7] Human Capital Management

In the context of Corticeira Amorim's overall business dynamics and the strong business activity of most companies, in 2019 Personnel Management continued the trends recorded in previous years: major recruitment intensity, focus on rejuvenation of staff and technical training, implementation of diverse projects and consequent need to mobilise teams to provide rapid responses. Staff were required in different functional areas and with different profiles, and therefore new training programmes were developed, closely linked to current projects, with intensification of internal communication activities, in multiple channels and different formats.

Occupational Safety recorded positive overall evolution in terms of indicators of accidents.

The commitment to a management model that emphasises people's contribution to the company was also consolidated in 2019, developing, qualifying and promoting staff autonomy and responsibility.

In December 2019, Corticeira Amorim had 4424 Employees, 72% (3164) in Portugal - where most of Corticeira Amorim's industrial operations are located. The three other main locations of employees were Spain (6.7%), France (4.2%) and the United States (3.7%). The number of employees at the end of the year was lower than the average number in 2019, around 4500, reflecting a notable rotation in the number of employees, with Corticeira Amorim registering almost 500 new employees in 2019.

7.1. ABSENTEEISM AND OCCUPATIONAL SAFETY

With regard to general absenteeism (including all causes of short, medium and long-term absenteeism), the situation worsened compared to 2018, and was around 6% at the end of 2019. This increase is solely linked to long-term absenteeism and maternity/paternity leave.

In terms of absenteeism caused by work accidents, there was around an 18% overall decrease in days lost for this reason. All companies, except for the Insulation Cork BU lowered the indicators of frequency and severity of work accidents.

Corticeira Amorim aims to reduce the work accident rate by 50% by the end of 2020. This objective was outlined at the end of 2017. This reduction programme encompasses various actions within the Group's different companies, including preparatory activities for ISO 45001 certification by the Raw Materials BU and the Floor and Wall Coverings BU, wherein the latter already conducted the final audit in December, and is awaiting the final validation.

7.2. STAFF RECRUITMENT AND REJUVENATION

As has occurred in recent years, there was strong recruitment in 2019, spanning all segments of the company: industrial operators, specialist maintenance technicians, middle and senior staff, especially sales staff.

Rejuvenation of the company's staff is advancing successfully, and in 2019, the average age of all staff lowered by one year, to 43 years old, compared to 44 years old in 2018.

As in previous years, companies reinforced their relationship with different Higher Education Institutions and renewed existing protocols for curricular and professional internships. Trainee programmes are underway in most BUs and a very significant proportion of these young graduates remain in the respective companies after the internships, in technical and management careers. Many of our companies' current staff began their professional life in the Group through an internship programme. This recruitment enables integrated development of technical, management and behavioural skills, aligned with the organisation's values and culture.

Another important initiative is the launch of the People microsite, on Amorim's institutional page (www.amorim.com) that aims to publicise the Group, its different structures and professional positions, and is another way of bringing the company closer to the job market, with the objective of promoting Corticeira Amorim's Employer Branding.

7.3. PROJECTS

Implementation of a new ERP and new information systems in the various BUs has marked our teams' daily lives. These are high impact projects (implementation of a new ERP that links all operations and activities), which affect the organisation of work, the tasks associated to different job positions, the need for new skills, and therefore involves major transformation of daily work routines. The success of this type of programmes depends on projects that involve very strong communication, training and change management and require 100% dedication from project teams. After implementation of the ERP in the Raw Materials BU in 2018, the system was implemented in the Cork Stoppers BU (Portugal) in 2019, and in 2020 will be implemented in the Floor & Wall Coverings BU, Composite Cork BU and Insulation Cork BU.

Digitisation of working processes does not end here. Digital media has been increasingly strengthened within the different BUs, through e-learning and internal communication. In 2019, through preparation of the first transversal e-learning programme for all of the Group's companies - Cork Fundamentals - the first training module was developed to welcome new employees. This is an interactive multimedia programme that offers an introduction to all of Corticeira Amorim's business areas, complemented by in-depth training in cork as a raw material. The programme was developed in Portuguese and English, and is therefore available to all of the Group's employees.

It is also important to mention preparation of the "Investors in People" certification, prepared in late 2019 by the Floor &

[8] Stock Exchange Performance

Wall Coverings BU. This international certification attests to good practices in Personnel management, based on structured, integrated and consistent processes. Everything is analysed through audits, surveys and focus groups, ranging from skills development, performance evaluation, and practices of recognition, compensation, internal communication and leadership. There are several levels of accreditation (the baseline level already requires a significant differentiation of practices in personnel management) and the framework provides a guide and a set of indications, to evolve in an integrated manner in the various dimensions of personnel management.

7.4. GENDER EQUALITY PLAN

The Gender Equality Plan was also one of the major challenges defined as a key commitment over the coming years. This programme is based on reinforcing the presence of female staff in job positions and areas that until now have been predominantly male, whether in technical or management functions.

Corticeira Amorim has made a commitment to several objectives in this regard, and will work on several aspects, including recruitment and awareness / training, with a view to raising awareness of gender biases in the world of work, and thereby foster practices that will lead to change.

This work began with a diagnosis of the company's practices and will continue over the coming years, with the awareness that this is a long-term programme that implies a change in corporate culture. However, with the appropriate milestones to be met, it will be transformational and have a differentiating effect on the company's life.

Corticeira Amorim's share capital is currently €133 M, represented by 133 million common shares with a par value of 1 euro, which confer the right to dividends. The shares of the company (then called Corticeira Amorim, S.A.) were listed on the BVLP - Lisbon and Porto Stock Exchange, on April 18, 1988, and included within the national continuous trading system from December 11, 1991.

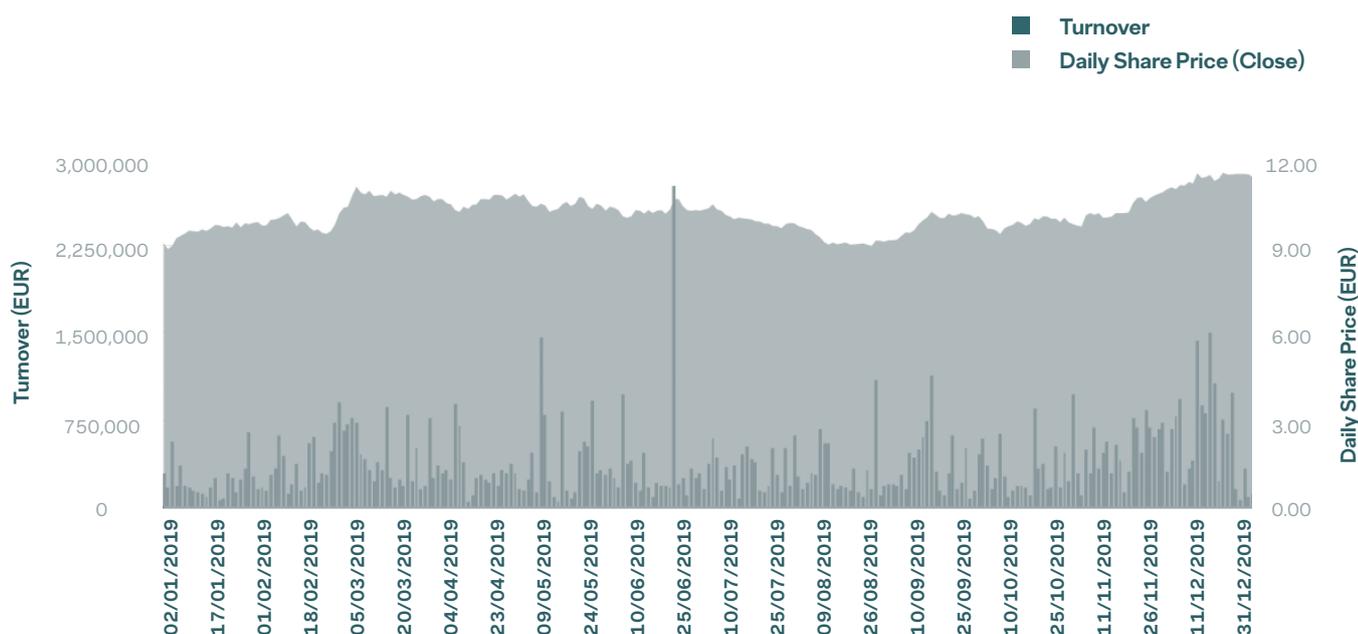
Under the terms, and for the purposes of, Law No. 15/2017, of May 3, and Decree-Law No. 123/2017, of September 25, Corticeira Amorim's Board of Directors decided to convert the shares from bearer shares representing the company's capital (ISIN code: PTCOR0AE0006) to registered shares; and the respective conversion to the centralised trading system took place on October 26, 2017.

At the end of 2019, Corticeira Amorim's share price rose to €11.30 - 25.6% higher than the price at the end of 2018. Approximately 9.5 million shares were traded on the Euronext Lisbon regulated market in 2019, in almost 38,000 transactions, which jointly amounted to approximately 96.2 M€.

In 2019, the average transaction price was €10.062 per share; the maximum price was €11.52 per share, registered on 19 December; the minimum price was €8.71 euros registered on January 2; the amplitude between the highest and lowest share price was 32.3%. The graphics below illustrate Corticeira Amorim's stock market performance.

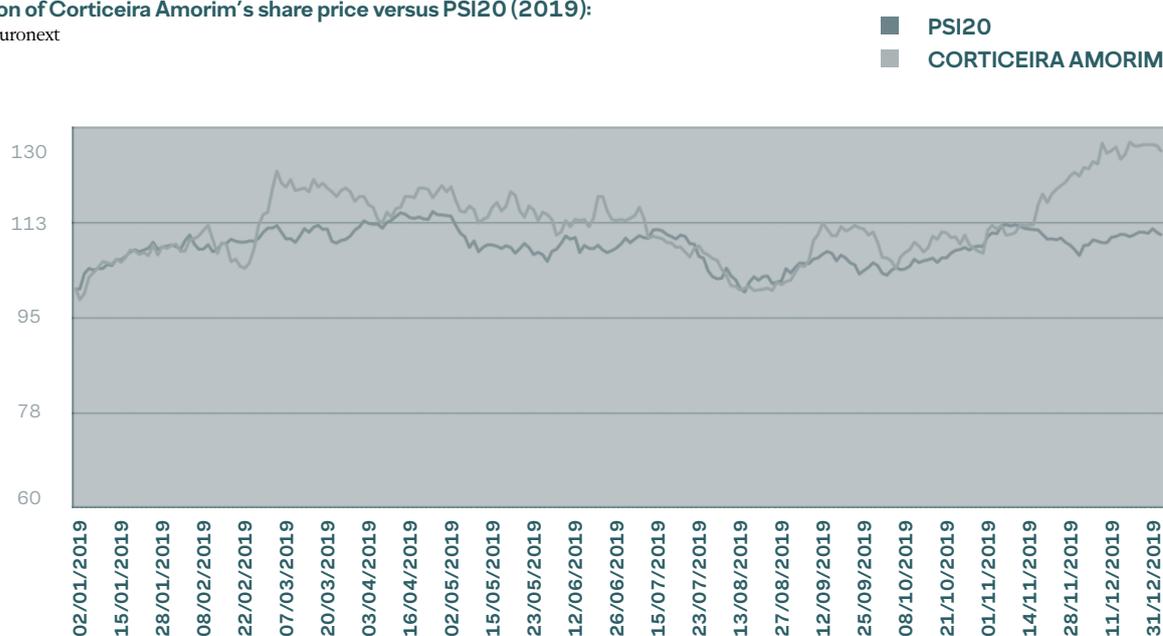
Transaction and listing in a regulated market (2019):

Source: Euronext



Evolution of Corticeira Amorim's share price versus PSI20 (2019):

Source: Euronext



Evolution of stock market indicators:

Source: Euronext

	2015	2016	2017	2018	2019
Quantity of shares traded	12,693,424*	10,801,324	19,290,907	14,884,641	9,481,944
Share prices (€):					
Maximum	6.290	9.899	13.300	12.000	11.520
Average	4.340	7.303	11.067	10.604	10.062
Minimum	2.990	5.200	8.180	8.370	8.710
Year-end	5.948	8.500	10.300	9.000	11.300
Trading frequency	98.8%	100.0%	100.0%	100.0%	100.0%
Stock market capitalization at year-end (million €)	791.08	1,130.50	1,369.90	1,197.00	1,502,90

*including 7,399,262 shares traded in an ABB

CORTICEIRA AMORIM'S MAIN ANNOUNCEMENTS IN 2019:

FEBRUARY 26

Consolidated results of the business activity conducted in 2018

Sales increased by 9% to €763 million, highlights:

- Cork Stoppers BU is the main growth engine, and sales increased by 12%;
- EBITDA of Cork Stoppers BU and Raw Materials BU rose by 9%;
- Net profit increased by 6%, exceeding €77M;
- Increase in results in a year of unfavourable impact of raw material costs and exchange rate movements.

APRIL 12

Announcement of payment of a gross dividend of € 0.185 per share

MAY 8

Consolidated results for the activity developed in the first quarter of 2019

Sales increased by 9% to €202 million, highlights:

- Sales growth based on the Cork Stoppers BU, whose sales grew by 11.3%;
- EBITDA / Sales for the quarter (17.2%) similar to that of the 12 months of 2018 (17.6%);
- Stable net results, despite the sharp rise in raw material prices.

JUNE 4

Announcement of a private placement offering

Investmark Holdings, B.V. reported that it had decided to launch a private placement offering for the sale of up to 4,600,000 shares in Corticeira Amorim, SGPS, S.A., representing up to 3.46% of the company's share capital.

JUNE 5

Announcement of the successful completion of the private placement offering

Investmark Holdings, BV announced that it had completed the sale of 4,600,000 shares representing 3.46% of the share capital of Corticeira Amorim, SGPS, SA. The total payment for the offering amounted to 43,700,000.00 Euros, corresponding to a price per share of 9.50 Euros.

JUNE 7

Announcement of qualified shareholding

From June 5, 2019, the securities investment funds managed by Santander Asset Management, S.A., S.G.I.I.C. owned 3,045,823 shares, corresponding to 2.29% of the Corticeira Amorim's share capital and 2.29% of voting rights, thereby crossing the 2% minimum threshold for qualified shareholding positions.

JULY 25

Announcement of the acquisition of 50% of the company VINOLOK, a.s., located in the Czech Republic

AUGUST 1

Consolidated results of the business activity conducted in the first half of 2019

Sales rose by 3% to €412 million, highlights:

- Robust growth in sales of the Cork Stoppers BU (+ 4.7%);
- EBITDA / Sales for the semester (16.6%) maintained the trend observed at the end of 2018;
- Stable net results.

AUGUST 1

Notice of change of title of imputation of voting rights

As a result of the merger of Investmark Holdings B.V. with Great Prime, S.A. (Great Prime), wherein the former was merged into the latter, Investmark was extinguished and its rights and obligations were transferred to Great Prime. As a result, the 13,725,157 shares representing 10.32% of Corticeira Amorim's share capital and voting rights, previously held by Investmark, are now held directly by Great Prime.

SEPTEMBER 14

Disclosure of the Gender Equality Plan 2019-2020

NOVEMBER 7

Consolidated results for the business activity developed in the third quarter of 2019

Sales rose by 3.2% to €603 million, highlights:

- Sales of the Cork Stoppers BU with strong growth (+ 5.3%);
- Acquisition of 50% of VINOLOK consolidated by the equity method;
- Proposal for the distribution of reserves distributable to Shareholders, in the amount of € 0.085 per share.

DECEMBER 2

Announcement of payment of a gross dividend of € 0.085 per share

DECEMBER 18

Communication on the change of title for the allocation of voting rights

As a result of the merger of Amorim - Sociedade Gestora de Participações Sociais, SA (Amorim SGPS) with Amorim International Participations, BV (AIP BV), through incorporation of the latter into the former, by global transfer of the assets of AIP BV to Amorim SGPS, the qualified holding of 13,414,387 shares representing 10.086% of Corticeira Amorim's share capital and voting rights, previously held directly by AIP BV (and indirectly by Amorim SGPS) is now held directly by Amorim SGPS.

[9] Consolidated Results

9.1. OVERVIEW OF BUSINESS ACTIVITY

Corticeira Amorim's results reflect the overall situation identified in the previous points. The consolidated results for 2019 reveal a decrease compared to the previous year, primarily explained by the lower profitability of the BUs. This decrease was mitigated by improved gains in associate companies and lower tax payments, and would otherwise have been more significant.

Total sales grew by 2.4%, primarily driven by the growth of the Cork Stoppers BU (+ 4.7%) and the Insulation Cork BU (+18.2%). If we exclude the Floor & Wall Coverings BU, whose decrease in sales (-3.2%) has already been duly explained in point 2.3 of this report, the growth in consolidated sales would have been 3.3%. The Composite Cork BU increased sales by 2.3%, in line with the growth of consolidated sales.

Appreciation of the EUR/USD exchange rate, over the first nine months of the year, was another factor that boosted Corticeira Amorim's sales and profitability. If we exclude the exchange rate effect, sales growth would have been 1.5%.

EBITDA was €124.7 million, a decrease of 6.9% compared to the €134.0 million recorded in 2018.

The EBITDA / Sales ratio was 16.0%, compared to 17.6% in 2018. The decrease in this ratio was expected, due to the rising cost of raw materials over recent years. This impact was more relevant in 2019, since it reflected the start of consumption of raw materials from the 2018 campaign. Purchase prices of cork attained a peak in 2018, and it is expected that the normalisation of purchase prices, already verified in 2019, will continue over the coming years. Despite this factor, the efficiency measures adopted, in terms of the contracted processes and services, made it possible to avoid a further decline in Corticeira Amorim's profitability.

The adoption of IFRS 16 - Leases did not have a significant impact on Corticeira Amorim's financial statements. As of December 31, 2019, the main impacts were: an increase in EBITDA of €1.4 million, an increase in depreciation of €1.4 million and an increase in debt of €4.2 million.

Net debt at the end of 2019 was €161.1 million, an increase of €22.1 million compared to the end of 2018 (€139.0 million). Financial expenses for the period were €2.2 million, lower than the amount for 2018 (€3.5 million), in which this item reflected the update of Bourrassé's financial liabilities. Due to the revision of Bourrassé's forecast results, the effect of the update of liabilities in 2019 resulted in a gain in the result for the year. This fact explains the decrease in financial expenses compared to 2018, despite the increase in interest incurred due to the increase in average debt. Non-recurring expenses (net) are mainly due to the recognition of transaction costs of subsidiaries / associates and the restructuring of the Floor & Wall Coverings BU, the Cork Stoppers BU (in the subsidiary Socori) and the Insulation Cork BU.

Tax payments benefited from the reversal of provisions, in particular due to the final tax audit that made it possible to use tax losses in a subsidiary in Spain and recognition of tax benefits for investment in 2018, the value of which was only determined in 2019. The effect of the calculation of investment tax benefits (RFAI and SIFIDE), in comparison with the reversal of provisions for tax benefits, also helps explain the reduction achieved in 2019.

Corticeira Amorim's consolidated net result was €74.9 million, representing a 3.2% decrease compared to 2018.

Due to its very positive financial position, Corticeira Amorim was able to maintain the distribution of dividends at around €35.9 million, which corresponded to 27 cents per share.

9.2. CONSOLIDATION PERIMETER

Since there were no material changes in Corticeira Amorim's universe of companies, the financial statements for the year 2019 are comparable with those for 2018.

9.3. CONSOLIDATED RESULTS

Consolidated sales were €781.1 million, 2.4% higher than 2018, when sales were €763.1 million. Sales were boosted by the exchange rate effect (essentially the EUR/USD exchange rate). In the absence of an exchange rate variation, sales would have grown by 1.5%.

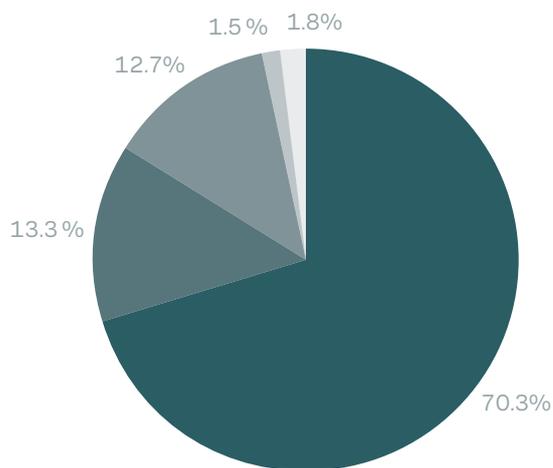
Sales of the Raw Materials BU increased by 9.8%, essentially to other Corticeira Amorim group companies. Sales outside the group decreased from €20.5 million to €14.8 million. In 2018, given price instability, companies outside the group increased their purchases, which increased the BU's sales volume in that year and, in return, led to a reduction in their needs in 2019.

The Cork Stoppers BU increased its proportion of total sales to 70.3%, with a 4.7% increase in sales. The Composite Cork BU and Insulation Cork BU also recorded an increase in their respective sales. The Floor & Wall Coverings BU recorded a 3.2% decrease in sales.

The relative weight of each BU's sales in the group as a whole remains stable, with a slight variation reflecting the increase in the weight of the Cork Stoppers BU and a decrease in the weight of the Floor & Wall Coverings BU.

Consolidated Sales by Business Unit:

- Cork stoppers
- Floor and Wall Coverings
- Composite Cork
- Insulation Cork
- Raw Materials (exterior)

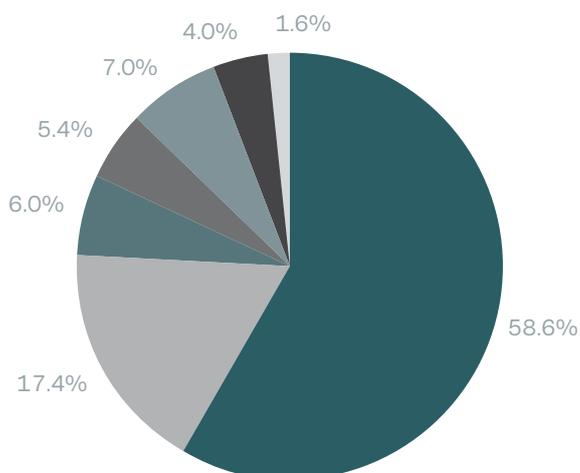


In geographic terms, the main market for the group's sales continued to be France (19%), a position it has occupied since 2018, followed by the United States (17%). Italy remained the third main sales market, and continues to increase its relative weight. Fourth, fifth and sixth positions are occupied by Germany, Spain and Portugal maintaining the relative position they held in 2018.

Consolidated Sales by Geographic Area:

*excludes Portugal; includes Switzerland and Norway.

- EU*
- USA
- Portugal
- Rest of America
- Australasia
- Rest of Europe
- Africa



The gross margin (sales plus production variation, minus the cost of incorporated materials) was 49%, remaining at the same level as 2018. There was a positive variation in production of around €5 million, with a more relevant contribution from the Cork Stoppers BU, essentially reflecting the increased cost of raw materials.

As already mentioned, the adoption of IFRS 16 - Leases did not have a significant impact on the income statement. As of December 31, 2019, the main impacts were: an increase in EBITDA of €1.4 million and an increase in depreciation of €1.4 million.

In terms of operating expenses, there was an increase of 5.0%. Supplies and external services increased by 0.5%. It should be noted that if IFRS 16 had not been adopted, this increase would have been approximately 1.6%. In the different sub-items of external supplies

and services, it is worth highlighting the 3% reduction in electricity costs, which was offset by the 1.3% increase in transport costs. The increase of approximately €5.7 million (+ 4.2%) in personnel costs is explained by the higher number of employees. Considering the average salary per employee, the increase was 1.8%.

The increase in depreciations, in addition to including the effect of adopting IFRS 16 (€1.4 million), also includes the impact of the increased investments made over recent years.

The impairment item was €1.2 million, compared to an almost null figure in 2018. The value of this year's impairments essentially concerns receivables, with emphasis on one customer of the Raw Materials BU.

In other operating gains and expenses, the variation was negative - €2.6 million. The effect of exchange rate differences on assets receivable and liabilities payable and the respective exchange rate hedges resulted in a loss of €1.0 million; in 2018, the loss was €1.5 million. Variation in this item was explained by the decrease in investment subsidies (-€0.7 million). Last year there was also the positive impact of the reversal of provisions (€1.0 million).

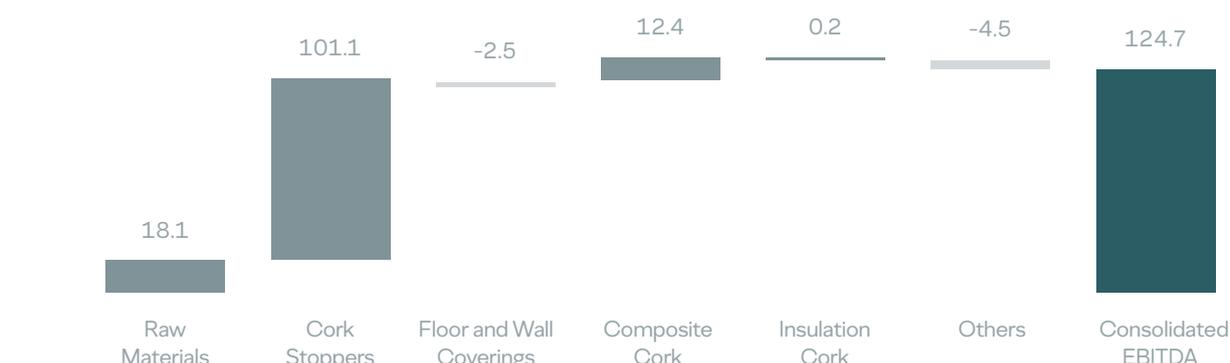
Current EBITDA is €124.7 million, 6.9% lower than in 2018 (€134.0 million). The EBITDA / sales ratio was 16.0%, slightly lower than in 2018 (17.6%). The perimeter was identical to the previous year.

As disclosed in the Segment Report, the Cork Stoppers BU and the Composite Cork BU were the only business units to record EBITDA growth; in the other business units, EBITDA was adversely affected by the higher raw material costs. The Raw Materials BU decreased its profitability, essentially as a result of the higher raw materials costs, offset by the slight price increase to the group's other business units. If we consider the combined results of the Raw Materials BU and the Cork Stoppers BU there was lower overall profitability, despite the favourable performance of the Cork Stoppers BU. The Composite Cork BU managed to improve its profitability, benefiting from the positive impacts of the higher EUR/USD exchange rate and the repercussions on the sale prices of the higher cost of incorporating cork.

EBITDA/Sales per Business Unit:

EBITDA/Sales (%)	2017	2018	2019
Raw Materials + Cork Stoppers	23.3%	22.3%	20.5%
Floor and Wall Coverings	6.8%	2.6%	-2.3%
Composite Cork	15.2%	10.1%	11.9%
Insulation Cork	15.9%	5.4%	1.6%
Consolidated	19.0%	17.6%	16.0%

Contribution of each Business Unit to consolidated EBITDA: (amounts in €million)



EBIT was €89.5 million, 12.8% lower than 2018. A contributing factor to this decrease was the 12.5% increase in depreciation, as mentioned above.

In net terms, non-recurring income was negative, at €1.6 million. This reflects restructuring measures at the Floor & Wall Coverings BU, Insulation Cork BU and the subsidiary Socori (of the Cork Stoppers BU), as well as transaction costs related to acquisition of the associate company, Vinolok.

Consolidated indebtedness was €161.1 million. The increased level of indebtedness was mainly due to the increase in working capital (€13.1 million), investment (€58.8 million), and acquisitions (€17.1 million) and the application of IFRS 16 (€4.2 million). In terms of investment, the Cork Stoppers BU (€33.5 million) and Composite Cork (€10.9 million) stand out, aimed at increasing autonomy and productive capacity. The increase in working capital was due to the reduction in suppliers, resulting from internalisation, through in-house production of part of purchases made in the secondary market, wherein the reduction in the inventories account heading offset the suppliers impact.

The financial function decreased, despite the higher average debt. Updating of the value of the agreements for acquisition of non-controlling interests, which lowered, due to a decline in Bourrasse's results, had a favourable impact on the Group's financial function. In terms of gains in associate companies, the value of profits appropriated by Corticeira Amorim from companies in which it does not hold a majority stake in the share capital and / or voting rights was €5.6 million. The increased amount compared to 2018 is essentially due to the recognition as a result of part of the contingent amount receivable for the sale of US Floors (€2.9 million), which occurred in 2017. It is not expected that any additional value will result from this sale in future financial years.

In 2019, there was an improvement in the effective tax rate (Income tax / (Pre-tax income - Gains from associate companies)), which rose to 13.9%. This decrease was influenced by the reversal of provisions for taxes. Without this reversal, there would have been outgoing cash flow from Corticeira Amorim. The final tax audit made it possible to use tax losses in a subsidiary in Spain and recognition of tax benefits for investment made in 2018, the value of which was only determined in 2019. The effect of calculating tax benefits on investment (SIFIDE - Incentive System) Taxes on Business R&D and RFAI - Investment Support Tax Regime), in comparison with the reversal of provisions on tax benefits (wherein Corticeira Amorim's recognition policy remains conditional on the future achievement

of objectives), had a positive impact on the result, that should be maintained in future financial years.

The reduction in non-controlling interests is essentially due to the decrease in the share of the results that were appropriated by Bourrassé's minority shareholders, since an additional 10% of the group was acquired in 2019.

After an estimated income tax of €12.0 million, and the appropriation of €4.5 million of results for non-controlling interests, Corticeira Amorim's consolidated net profit in 2019 was €74.9 million, a decrease of 3.2% compared to €77.4 million in 2018.

[10] Consolidated Statement of Financial Position

In terms of financial position, total assets were €994 million, registering an increase of approximately €28 million. As specified in the acquisition contract, in 2019 the first 10% tranche was purchased, which increased the financial shareholding in Bourrassé from 60% to 70%. Over the next 3 years, equivalent tranches will be purchased until the total shareholding in Bourrassé is 100%. Since the liability for the acquisition of non-controlling interests was already recognised from the moment of acquisition, the main impact was in terms of the reduction of non-controlling interests, as a counterpoint in terms of reserves.

The items that had the biggest impact on the increase in assets were tangible fixed assets (an increase of €19 million resulting from the fact that the increase in investment was higher than the depreciation amount), investment in associated companies (through the acquisition of Vinolok), Right of use (result of the application of IFRS 16). The reduction in Inventories and customer items offset the increases in total assets.

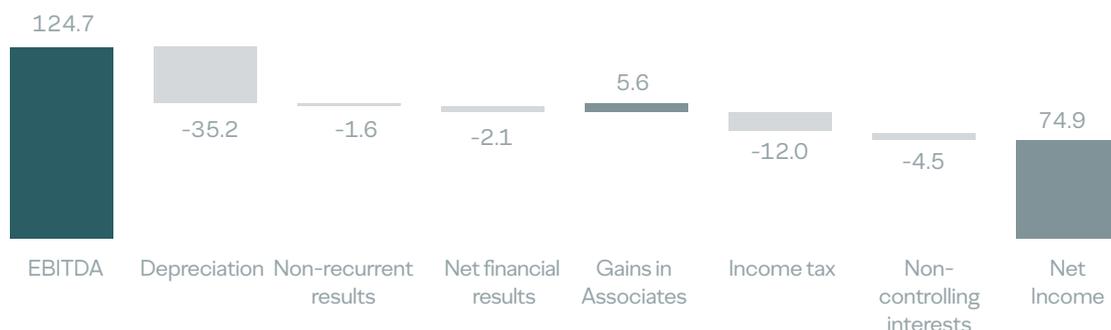
In terms of shareholders' funds, the €41 million variation is essentially due to the results for the period (€74.9 million) and the distribution of dividends (€35.9 million). Non-controlling interests decreased by €1.8 million.

In relation to liabilities, the €13 million reduction resulted from compensating effects: the remunerated debt increased by €23 million, which was compensated by suppliers, that fell by €33 million.

On December 31, net interest-bearing debt was €161.1 million, an increase of €22.1 million compared to 2018. This variation is explained by the increase in the investment fund (an increase of €13.1 million essentially due to the decrease in suppliers above all due to the reduction in purchases from the secondary market), investments (€58.8 million), dividends paid (€35.9 million) and acquisition of companies (€17.1 million essentially due to the acquisition of Vinolok and the 10% acquisition of Bourrassé's shares, as explained above), which more than offset the EBITDA generated in the period. Excluding the effect of adoption of IFRS 16, as mentioned above, the net interest-bearing debt would be €156.9 million.

The financial autonomy ratio was 54.3%, higher than in 2018 (51.6%).

Breakdown of Net Result: (amounts in €million)



[11] Main Consolidated Figures

EBITDA/Sales (%)		2019	2018	yoy	4T19	4T18	qoq
Vendas		781.057	763.117	2,4%	178.431	179.359	-0,5%
Gross Margin – Value		387.378	386.456	0,2%	92.034	88.790	3,7%
	1)	49,1%	49,2%	-0,1p.p.	52,6%	46,6%	+6,0p.p.
Operating Costs - current		297.832	283.751	5,0%	72.960	70.894	2,9%
EBITDA - current		124.724	133.984	-6,9%	27.918	25.566	9,2%
EBITDA/Sales		16,0%	17,6%	-1,6p.p.	15,6%	14,3%	+1,4p.p.
EBIT - current		89.547	102.705	-12,8%	19.075	17.896	6,6%
Non-current results	2)	-1620	57	N/A	-581	-624	N/A
Net Income		74.947	77.389	-3,2%	20.538	18.799	9,2%
Earnings per share		0,564	0,582	-3,2%	0,154	0,141	9,2%
Net Bank Debt		161.091	139.009	22.082	-	-	-
Net Bank Debt/EBITDA (x)	3)	1,29	1,04	0,25x	-	-	-
EBITDA/Net Interest (x)	4)	88,2	108,0	-19,77x	79,0	70,4	8,56x

1) Related to production.

2) Figures refer to restructuring and acquisition of new subsidiaries costs (2019) and the reversal of provisions for Amorim Argentina, Amorim Revestimentos restructuring and transaction costs for subsidiaries acquisition (2018).

3) Current EBITDA for the last 4 quarters was considered.

4) Net interest includes interest paid on loans minus interest on investments (excludes I. Stamp duty and commissions).

[12] Activities of Corticeira Amorim's Non-Executive Board Members

As a consequence, and excepting matters that are of the exclusive competence of the Board of Directors, non-executive board members were informed of and able to follow:

- the development of operating activities and the main economic and financial indicators of all the Business Units that comprise Corticeira Amorim;
- significant information regarding the group's consolidated financial function: financing, investment, financial autonomy and extra-patrimonial responsibilities;
- activities carried out by different support services and their impact on the group;
- the development of R&D and Innovation activities;
- the process of acquiring and/or constituting new companies;
- the calendar of market events and statements and of the dissemination of information to the market;
- the calendar of the main events involving Corticeira Amorim and its Business Units, given that the group is often represented at international events, such as trade missions, by one or more non-executive member of the Board of Directors.

During the year, the non-executive members of the Board of Directors regularly attended the monthly meetings of the Board, where all matters that could not be delegated or were included on the agenda because of their importance, scale or critical timing were discussed and analysed.

The meetings were organised administratively to ensure that all board members, executive and non-executive, could adequately prepare beforehand, encouraging the active participation of all members in the debate, analysis and tabling of decisions in benefit of the productivity of the meetings and the efficiency of the group. The calendar of ordinary meetings of the Board of Directors was agreed at the end of 2017, to enable all members to attend. Any board member, including non-executive members, could submit points or discussion subjects for inclusion in the agenda up to two working days before each meeting.

A system has been implemented that enables the Executive Board to report to the Board of Directors in such a way as to ensure that the activities of the two bodies are properly aligned and that all members of the Board of Directors are informed in a timely fashion of the activities undertaken by the Executive Board.

[13] Future Outlook

As an initial note, it is important to note that the following text, inserted in this chapter, was written before the global Covid-19 pandemic. Corticeira Amorim nonetheless considered that this text should be maintained, since it contained relevant information regarding the initial future perspectives for the macroeconomic environment in 2020. The impact of the Covid-19 pandemic is specified in point 19 of the subsequent events.

13.1. MACROECONOMIC BACKGROUND

13.1.1. OVERVIEW

The world economy should register economic growth of around 3.3% in 2020, a moderate increase compared to the estimated 2.9% growth for 2019. Although the United Kingdom's withdrawal from the European Union has been carried out through a formal agreement between the parties, thereby avoiding a disorderly exit, and a minimum trade understanding has been reached between the United States and China, the projections initially prepared by the IMF in October 2019 have been revised marginally downwards, incorporating India's slightly weaker performance. Growth will be supported, in part, by the biggest combination of interest rate cuts in Advanced and Emerging Economies since the 2008 crisis, and will occur in the context of longevity in the world economic cycle. Developed Economies are expected to grow at a marginally lower rate than in 2018, estimated at 1.6%, while Emerging Economies are expected to grow by around 4.4%. Regardless of prudence in the economic forecasts, extraordinary factors, such as the attack on the Iranian military leader, or the pandemic that has begun in China, the impact of these factors may (negatively) change the forecast perspectives and their scope is not fully understood. The context will be marked by the US presidential elections and any protectionist initiatives that may be determined by the US Government, and by the negotiation process of the terms of the future relationship between the United Kingdom and the European Union, whose conclusion is feared will not be possible to conclude by the end of 2020, the deadline for the current transition period. Geopolitical risks, social challenge and initiatives aimed at reversing globalisation, are significant risks in 2020. Their materialisation may expose the weaknesses of years of extraordinarily expansionist policies and persistent injection of liquidity into the world economy. International Trade, which was stagnating in 2019, should record growth of around 2.9%. It is feared that this is conditioned by high levels of political uncertainty and discomfort regarding the system of rules for global trade. A slight acceleration of inflation is forecast in Advanced Economies and moderate acceleration in Emerging Economies.

The Eurozone is expected to record growth of around 1.3% in 2020, a marginal increase compared to 2019, which will reflect the effects of moderate fiscal expansion. France is forecast to achieve better economic performance while Spain is expected to continue to decelerate. Industrial activity is expected to remain strongly conditioned by the external environment, despite the signs of bottoming-out observed at the end of 2019. Germany, that is more sensitive to the evolution of the industrial and export sector, should

nevertheless see its economic performance improve, compared to 2019, and is estimated to grow by 1.1%. Germany will always be at the forefront of the impact of possible protectionist measures imposed by the United States or by the lower performance of China, its main trading partner. The **United Kingdom**, which left the European Union on January 31, 2020 is expected to grow by around 1.4%, supported by an expansionary fiscal policy. The sentiment of UK economic agents, and corresponding macro effects, will depend on the evolution of negotiations with the European Union on the terms of the future economic relationship. **Sweden**, a highly open economy, should record growth of around 1.5%, higher than in 2019.

The economic and social context of the **United States** will be marked by the presidential elections in November. In view of the polarisation of US society, it is anticipated that the economic situation will reflect the effects of the political campaign and debate and, thus, also initiatives aimed at re-election, in particular in terms of trade negotiations with other economic blocs. Additional protectionist measures should not be ruled out. The United States is expected to grow by less than in 2019, with forecast growth of 2.0%. This slowdown will lead to lower tax revenues, a diminishing marginal effect of the monetary impulse and longevity of the economic cycle, notably due to the constraints of a labour market in full employment. The drop in Boeing's production will have a negative economic impact and is expected to be materially relevant. The structural imbalances in the US economy have worsened over the last twelve months and, as such, the risk of placing constraints on the economy has become more palpable. **Japan** is expected to end 2019 with contraction, reflecting the impact of the higher consumption tax. It is anticipated that the fiscal stimulus implemented in December, as a countermeasure, and the preparation for the Olympic Games, will be sufficient to lead to recovery of the Japanese economy. On an annual basis, growth of 0.7% is forecast, less than that recorded in 2019.

Emerging and Developing Economies are expected to record higher growth. In **China**, however, structural slowdown of the growth rate will continue, with the economy having to manage the high level of indebtedness and the transition to a different growth pattern. Forecasts indicate 6.0% growth. The signing of a more comprehensive trade agreement with the United States remains an expectation. Despite the uncertainty underlying the assessment of its total impact, it is feared that the Covid-19 virus pandemic will have an impact on China's level of economic expansion and the growth mix. India is expected to grow by 5.8% in 2020, recovering from the unexpected slowdown in 2019; **Mexico** is expected to record lower growth after the stagnation observed in 2019; **Brazil**, on the other hand, should observe a different dynamic, with faster economic growth following the approval of pension reforms, with forecast growth of 2.2%; **Argentina** is expected to contract for the third consecutive year. **South Africa** is expected to achieve 0.8% growth in 2020, double the amount observed in the previous year. The local economic context faces significant challenges, starting with the regular and stable supply of electricity, the stability of Public Finances and the ability to maintain the country's credit rating. In addition, there is a delay in implementing structural reforms and ensuring sustainable growth. Central and Eastern Europe is expected to maintain robust growth. **Russia** is forecast to record 1.9% growth in economic activity. Pursuit of a credible monetary policy and accurate prudential management of the banking system are expected to remain distinctive features, thereby building credibility and boosting the economy.

Financial conditions are expected to remain broadly expansionary. The lagged effects of decisions implemented in 2019 are expected to



support economic recovery in 2020. After having reversed the course of monetary normalisation, pursued since the end of 2015, lowering the target rate three times in 2019 - to between 1.50% and 1.75% - the Federal Reserve is expected to maintain unchanged conditions in 2020. The ECB, in a year marked by deep strategic reflection, should also keep monetary conditions unchanged. Both institutions must proceed with the purchase of assets. The People's Bank of China is expected to continue with individual measures aimed at maintaining and increasing the flow of credit in the economy.

13.1.2. PORTUGAL

In 2020, in view of the unfavourable external risks, Portugal is expected to maintain the trend towards economic deceleration, anticipating growth of around 1.7%, close to its potential growth rate. The Portuguese economy is expected to continue to grow faster than the Eurozone average, albeit to a lesser extent. Growth will be based on Domestic Demand, but to a lesser extent than in 2019, since private consumption and investment are expected to slow down. Exports are expected to contribute to growth of the economy, but perhaps below the average of recent years. The Trade Balance will continue to reflect the higher evolution of Imports, resulting in a higher trade deficit compared to 2019. For the eighth consecutive year, the combined Current and Capital Account should record a positive balance. This surplus will translate into a positive financing capacity for the Portuguese economy. As in recent years, there should be continued consolidation of Public Finances. Available data suggests increased public revenues and increased public expenditure, with tax and contributory revenue offsetting the increase in staff expenditure (rigid expenditure); a reduction in interest paid on public debt is forecast. The Government expects a slight budgetary surplus, with a primary surplus of around 2.9% and a reduction in Public Debt to 116% of GDP. Inflation is expected to reflect the moderate evolution of prices, albeit above the level recorded in 2019, forecast to be 1.0% in 2020. The Labour market is expected to maintain the positive evolution of recent years, but at a moderate pace, consistent with maturation of the economic cycle and fewer incentives for job creation: the Unemployment rate is expected to have been 6.7% in the last quarter of 2019, inverting the downward trend recorded since 2012; Employment is expected to continue to grow although at a more moderate pace; the Unemployment Rate is expected to decrease to 6.4% in 2020.

13.2. OPERATIONAL ACTIVITIES

13.2.1. RAW MATERIALS

For the year 2020, the Raw Materials BU predicts stabilisation compared to the previous year, consolidating the increase in production achieved in 2019.

In the cork preparation units, in addition to the focus on maximising the profitability of the cork batches, the business unit plans to implement the automation process for cork selection in its three units. This process will make it possible to reduce operating costs and introduce greater objectivity in this operation. There are also ongoing projects that will increase efficiency in upstream processes, in operations that until now the BU had no interference, such as operations carried out in woodlands.

In the cork disc production units, the priority will be stabilisation of the new disc manufacturing process, which will improve the efficiency in the processes upstream of cork selection and will ensure that the cork disc-manufacturing units have a much higher level of efficiency than other cork production units do around the world. This consolidation process may enable the production of discs from other Group units to be concentrated in this BU.

In terms of R&D projects, in 2019 the BU stabilised the TCA eradication process in 2019, and in 2020 foresees application of the concept to the entire cork disc production line. This new process for eliminating sensory deviations will attain its peak of development and consolidation in 2020, which will provide the market with a unique sensory performance, ensuring that stoppers are endowed with an unprecedented level of organoleptic neutrality, thereby responding to the market's growing demands.

With regard to the Forestry Intervention Project, above all in terms of "setting an example", the Herdade da Venda Nova project will continue and we hope to have the necessary conditions to start with a cork plantation project with drip irrigation in the Herdade da Baliza.

13.2.2. CORK STOPPERS

The worldwide cork stoppers market was valued at USD 287.39 billion in 2016 and is expected to rise to USD 402 billion by 2023, with an annual growth rate of 5.8% for the 2019-2023 period. In terms of international trade, the European region represents more than 50% of global trade. There are currently approximately 1 million small- to large-scale wine producers. The world's most famous wine brands are French (around 84%). Wine consumption is declining in traditional markets, but is growing rapidly in Asian markets. Asia-Pacific represents 16% of global wine imports, in value.

The market has a life of its own and market dynamism is driven by consumers and key consumer trends.

The demand for specialist wine bars, as a means to enjoy wine and socialise is expected to rise in 2020, increasing the need to innovate in new products and concepts, in a world that is eager for novelty and experiences.

With more buyers purchasing wine online, it will make sense for retailers to be aware of electronic retail opportunities and their global digital experience.

According to a report by the international trade fair, Prowein, "the retail channels through which wine is sold to consumers are in an unprecedented state of flux". Many key markets are recording growth of online shopping models.

Although rosé wines have done more than enough to earn their reputation as a cheap and cheerful drink, their growing popularity has paved the way for premiumisation. A prime example is how Moët Hennessy, LVMH's wine and spirits branch, acquired a 55% stake in Chateau d'Esclans, the French producer behind the very popular rosé wine, Whispering Angel. This elegant "pink" wine joins a portfolio that includes legendary brands such as Chateau d'Yquem and Cheval Blanc, as well as Dom Perignon Champagne.

Convenience and sustainability are key drivers of the wine market, obliging the global packaging industry to propose new and more

sustainable packaging solutions. Although many consumers continue to uphold traditional packaging preferences, small steps suggest that the market may evolve in different directions, which will force changes. Although this trend is moving faster in larger markets, we are likely to see a slight increase in the variety of wines supplied in any format other than the standard 750ml glass bottle.

Wine has always been an “experiential” product, but this is now amplified by the social media. According to a Nielsen report on beverage trends for 2020, “memorable and unique experiences for consumers is a lasting trend” that will be a driving force for commerce in 2020.

The BU will focus on the development of new technologies in 2020, associated with continuous product improvement and strengthen the customer relationships, seeking to respond to its business needs, giving it an adequate level of service, in line with its expectations.

The strategy for the 3-year period, 2020-2022, is based on four pillars: sustainable growth, process and product innovation and the continuous search for operational excellence, based on a Digital Transformation programme that began in 2019.

Given the significant growth of capital invested in 2019, the BU has set ambitious targets for 2020, which will require considerable control and discipline. On the other hand, the operational activity, that has set goals for improving productivity in 2020, will require a follow-up, focused on the projects and actions included in the Business Plan.

Improving customer retention and service levels, as a means of guaranteeing growth and consolidation, will be supported by the increase in production capacity and reinforcement of critical skills. In this context, the Cork Stoppers BU will pursue the following strategic priorities:

- guarantee the offer of products suitable to market requirements, in sensory terms, for the entire product range, extending to all production activities;
- implement the industrial expansion plan and install new production processes, modernising industrial processes;
- increase productivity, implementing the operational efficiency programme defined in the Business Plan;
- boost sales growth in the international distribution network, ensuring supply from Portugal, with equal service standards;
- implement the Industry 4.0 concept, which will enable the organisation to provide prompt information for the efficient and effective management of business processes;
- implement the digital transformation programme that started in 2019;
- implement tools to support the commercial and customer service areas, such as CRM and Business Intelligence;
- intensify the continuous improvement programme and Customer Think initiative;

- intensify sustainability practices and highlight the advantages of cork compared to other closures;
- control of Invested Capital (inventories, customers and investments).

1.3.2.3. FLOOR & WALL COVERINGS

The return on the investment of projects implemented in 2019 will be recorded in 2020. The Floor & Wall Coverings BU’s agenda of priorities is clearly defined and focuses on lowering the BU’s operational breakeven point. With this goal in mind, strong contributions are expected in terms of the gross margin and control of operating costs.

In terms of sales, a recovery in manufactured products is expected, based on three strategic approaches:

- consolidation of the new “Amorim WISE” solutions, aimed at premium market segments;
- upgrade of the Hydrocork solution, that should make it possible to recover sales from existing customers;
- launch of entry-level solutions for mass retail consumers and new customers.

The product diversification achieved by the “à la carte” collection will attract a new type of customers, who value customised solutions.

Positive effects on the gross margin are expected, both in terms of sales prices, and consumer sales volume and prices. The fall in raw material prices for cork and other raw materials, whether from domestic sources or imported from Asia, will have a strong impact on the decline in consumption levels. The reengineering project of the product range was launched, which will make it possible to reduce industrial costs, while maintaining the technical properties of the products. Finally, and in line with the concern to foster environmental sustainability, the implementation of circular economy measures, with the use of waste generated during manufacturing process will lead to a lower need for consumption of raw materials and waste disposal costs.

At the operational level, the gains from the industrial Revamping project successfully implemented in 2019 will be consolidated, as well as reduction of stocks and costs to support smooth operation of the supply chain.

In the context of innovation, the company will continue to invest in product solutions for the contract segment - a technical and specialised segment that values the properties of cork. A strong commitment will also be made to new product dimensions, adapted to market requirements, as well as a continued commitment to producing state-of-the-art visuals.



13.2.4. ORK COMPOSITES

No significant changes in terms of consumption of the main cork and non-cork raw materials are expected for 2020, unlike the situation in 2018 and 2019.

The business unit's strategic plans are likely to re-establish the focus on growth, capitalising on an important set of infrastructures that have been made available in order to achieve a new scale of operations.

Within this strategy, product differentiation and the exploration of market partnerships will be the key drivers of results.

In addition to the strategic initiatives carried over from 2019, the new strategic actions to be implemented in 2020 are:

- outlining and systematisation of specific commercial approaches to intensify new customer prospecting activities, as well as defence / recovery of threatened / lost business;
- development and promotion of a differentiated product portfolio, in which the BU's distinctive competences are clear and unambiguous;
- development and promotion of a corporate positioning based on Sustainability in the communication of products, duly supported by in-house practices;
- upgrading of information systems and technologies to a more integrated model, with more and better information available in real time.

The results in 2020 will also depend on the ability to effectively manage available resources, combat waste and to maximise returns from cork, both in the industrial and market aspects.

13.2.5. INSULATION CORK

The BU expects a growth in sales in 2020 in the expanded agglomerated cork segment, seeking to adjust its sustainability in view of the effect of the strong increase in the price of raw material that has occurred over recent years. The price of the raw material, falca cork, is expected to stabilise in 2020.

The BU will continue to invest in retaining current markets, as well as expanding into new geographic markets, leveraging the argument of genuine sustainability in a global market that is increasingly aware of the use of natural products.

13.3. CONSOLIDATED RESULTS

The outlook for the world economy in 2020 is less encouraging than initially expected. This is one more variable that could call into question current forecasts. Covid-19's impacts on the growth of the world economy are not yet measurable. The only certainty at present is that the pandemic will have a negative impact. The variation in the EUR / USD exchange rate is another source of uncertainty that will condition Corticeira Amorim's performance in 2020.

In 2020 it is expected that the effect of consumption of cork purchased at higher prices will start to reverse. This impact will tend to be greater as we draw towards the end of 2020. In 2019 there was a decrease of around 7% in the purchase prices of cork, running contrary to the effects of previous years (2018 campaign: a 17% increase). This factor should remove some pressure on Corticeira Amorim's results, however the normalisation of prices in the secondary market will not be immediate, it is important to continue the review of conditions of sale of products and solutions and in-house operational efficiency measures.

The recurring results of 2019 interrupted the growth trend recorded in previous years, and it was the second year in which there was a fall in profitability, as measured by the EBITDA / Sales ratio.

In terms of Corticeira Amorim's regular business activity, measured by indicators such as EBITDA and the EBITDA / sales ratio, the constraint associated to the higher cost of raw materials forced a continuous increase in operational efficiency, the search for new markets, diversification of solutions available, in order to respond to customer needs. The company will maintain these gains and continue to search for further improvements.

In the Cork Stoppers BU, despite the slowdown in the consumption of wine, sparkling wines and spirits, the unit will aim to achieve further growth. There are relevant spirits markets that are yet to be explored, lower demand for plastic closures opens doors to the alternative solutions presented by Corticeira Amorim. The BU will continue to invest in sales growth and improving operational efficiency.

The Composite Cork BU will continue to focus on organic growth, despite limitations on the increase in final retail prices. It will be a major challenge to maintain the BU's sales and profitability levels. This will require major discipline in terms of the yield from granulation operations because the market will have a limited capacity to absorb price increases.

The Floor & Wall Coverings BU, after two years of underperforming results, currently has all the conditions necessary to reverse this situation. Improvements are expected due to non-repetition of costs that occurred in 2019 and the impacts of the industrial revamping project. The sales team is prepared to achieve the sales objectives that will guarantee the BU's break-even.

The Insulation Cork BU has already moved beyond its critical point in terms of the increase in the cost of raw materials. However, it should continue to implement new measures of production efficiency that will make it possible to obtain higher profitability from the raw materials used.

[14] Business Risks and Uncertainties

Over the course of its history – which spans the 19th, 20th and 21st centuries – Corticeira Amorim has successfully confronted various profound, even radical, transformations of society, including two World Wars, and has correctly and promptly diagnosed the risks and uncertainties of its businesses, viewing them firmly as opportunities and challenges.

The difficulties experienced by some of the world's major economies continue to affect the development of economic activity in general. Corticeira Amorim, like all other economic agents, therefore continues to operate in an uncertain economic climate, which affects several export markets:

I. The world wine sector – whereas in 2019 it continued to be difficult to ascertain the true capacity to recover wine consumption per capita in the European Union, it is also true that there appeared to be greater stability, after the marked decline recorded in the 1990s and the early part of the last decade in important wine markets such as France or Spain. Although a complete reversal in the evolution of wine consumption levels in the EU is unlikely, there may be an increase in the quality of products, as opposed to a rise in the quantity and frequency of wine consumption. This scenario would probably be positive for Corticeira Amorim's cork stopper products, but also opens up the possibility of greater acceptance of packaging formats in which cork may play a less crucial role. To this effect, and in order to respond to these questions, Corticeira Amorim continues to implement a Research & Development and Innovation policy that makes it possible to develop a product range of stoppers that can satisfy the needs of any wine producer, in any market, in terms of quality, quantity and price.

The United States maintained its significant weight in the global wine market in 2019, and continued to attract the efforts of all export-orientated wine producers. Despite the disruption experienced during 2019 as a result of the imposition of import tariffs for European products, the size of the US market and its obvious ability to accommodate premium prices mean that this market remains a key target for boosting the future growth of the wine industry, which is also positive for cork stoppers, given United States consumers' clear preference for such stoppers.

It should be noted that, after the slowdown in 2018 in the growth of wine consumption in the United States, the world's biggest wine market, during 2019 there was also a decrease in the total volume traded, especially in the off-premise segment. However, in terms of overall value, the market continued to grow, especially in the Premium segment.

Demographic adjustments may eventually compensate for this slowdown in growth, mainly because in the “millennials” segment the demographic advance is certainly likely to lead to greater wine consumption; however, this may not compensate for the demographic decline of the baby-boomers segment. Direct-to-consumer sales (DTC) and e-commerce in the US continued

to grow in 2019, complementing growth already seen in 2018 and, even more than in 2017. This a sales model that interests an increasing number of wine producers. Given the current public health situation, observed in the beginning of 2020, it is expected that the DTC and e-commerce channel will assume even greater relevance in the sales mix of wine producers. Data for 2020 also suggests an increase in the importance of home delivery channels, with companies located in New York City reporting daily sales at the level of some of the most important national holidays in the USA.

These trends are expected to accentuate as a result of the recent COVID-19 pandemic, which will also cause a transfer of wine consumption levels from the on-premise segment to the off-premise segment. There is, however, an element of instability in relation to these trends and related to any analysis that incorporates the pandemic recorded in early 2020, which cannot be fully estimated, especially with regard to the possible impact on the integrity of the supply chain. As the pandemic progresses, it will be necessary to incorporate possible lockdown scenarios that may be enacted by different governments, which will inevitably have an impact on the productive capacity of companies upstream and downstream of the international wine trade, such as producers of bottles and other products that are essential for the commercialisation of wines, sparkling wines and spirits.

Two other important issues are the ability to keep international transport lines open - which continues to be volatile given the fluidity of the situation in international ports - and the ability to practice viticulture without too many constraints. The end of the first quarter and second quarter of 2020 will be crucial for wine development, and the impact of COVID 19 on the availability of qualified labour cannot be overlooked. Given the possible impact on both the quantity and quality of wine production over the coming months and the consequent impact on Corticeira Amorim's business, emphasis should be placed on the inherent risk associated to these two issues.

Wine consumption in China also fell in 2019, which, along with post-Brexit uncertainties (the United Kingdom remains one of the world's biggest wine markets) and the US / China trade war has generated further instability in the wine industry. Sales of champagne also stagnated, however to a large extent this change was offset by the increase in sales recorded by producers of prosecco, cava and cremant wines and therefore, the Sparkling Wines segment continued to grow in 2019.

Overall, sales conducted via electronic channels continued to increase their market share throughout 2019, and in recent months there has also been a strengthening of the role of wine tourism in direct sales to consumers, something that will be influenced by the public health situation in 2020, at least during the first half of the year. “Bio” and Sustainability issues are also no longer a passing trend, and have assumed decisive importance. In this regard, it is worth highlighting the very positive positioning of Corticeira Amorim's products and their ability to help reduce the carbon footprint of our customers' products, leveraging their competitive capacity. In this context, it is important to highlight the study published in 2019 on the CO2 retention capacity attributed to Neutrocork stoppers.

In the case of wines, spirits and beer, premiumisation continues to create a more favorable territory for cork packaging solutions, to the detriment of synthetic closures.

Another issue that continued to be important in 2019 is convenience and ease of opening of packaging. Perception of this trend, clearly felt within the company over recent years, led to the launch of the

innovative Helix twist-to-open solution. For the first time, Helix enables consumers to enjoy the technical, sustainability and premium image advantages of cork stoppers without the need to use a corkscrew. It is expected that this innovation will facilitate consumption of wines intended for rapid consumption, which is the main target of this product, thereby boosting the fractional consumption of wines without loss of quality. This already occurs in important markets such as South Africa and the United States and in 2019 the latter became the largest market for the Helix solution.

In 2019 the NDtech individual screening technology also continued to reinforce the quality perception of wines sealed with Amorim products. This technology remains the only solution available in the market with international scientific validations. This recognition greatly reinforces market expectations regarding Corticeira Amorim's ability to significantly boost production capacity and broaden the framework of the concept of undetectable TCA. As expected, this innovative technology was consolidated in 2019, reinforcing Amorim's position as a leader in the production, sale and distribution of natural cork stoppers that deliver individual non-detectable TCA performance. The solution was supplied to over 2,000 customers around the world during the year.

II. The construction sector - the strong slowdown in the business activity of this sector, both in terms of new construction and renovation of existing buildings, and the postponing of purchase decisions by end consumers, has significantly dampened global demand for products intended for this sector, such as thermal and acoustic insulation and floor and wall coverings.

This global slowdown may be counteracted by taking advantage of identified growth opportunities, either by strengthening the company's presence in markets already identified as having high growth potential, especially emerging markets, or by increasing the market share in more mature markets. These opportunities will be significantly reinforced by the launch of new collections, development of the product portfolio and expansion of the product range.

Growing awareness of sustainability factors amongst end consumers is likely to increase demand for cork coverings, which will be an important driver of growth in sales volume.

Over the long term, Corticeira Amorim's performance may also be influenced by the following factors, which are continuously monitored and evaluated:

I. Exchange rate volatility - a potential erosion factor for business margins. In the short term, the effects of exchange rate volatility have been counteracted by an active policy of replacing billing currencies - in the current year consolidated sales in non-Euro currencies represented 31.5% of billing to Customers outside the Amorim group, and by a hedging policy against exchange rate risk that has been consistently adopted (whether natural hedging or by contracting appropriate financial instruments). Over the long term, Corticeira Amorim has been committed to the development of new products / solutions with greater added value, in order to achieve a product mix that will be capable of overcoming these constraints. An organisational model has therefore been adopted that is orientated towards the creation of value for the business - moving up the value chain, and thereby overcoming this risk.

II. Climate change - a potential factor that may reduce availability of the raw material, to the extent that climate change may lead to an imbalance in the ecosystem of the cork oak forest, in particular due to the occurrence of severe droughts, which would hinder the propagation and growth of cork oak trees.

The ability of the cork oak tree and cork itself (in the form of raw material and products) to sequester carbon is very important since this helps mitigate greenhouse gas emissions, the underlying cause of climate change. In this regard, the conclusions of a group of researchers from the Instituto Superior de Agronomia (ISA) left no doubt about the important role of the cork oak tree and its surrounding ecosystem: for each ton of cork produced, the cork oak forest sequesters up to 73 tons of carbon dioxide.

The cork oak tree is the basis of a unique ecological system in the world, which ensures the survival of many species of indigenous fauna and helps safeguard the environment. Cork oak forests only exist in seven countries in the Western Mediterranean Basin - Portugal, Spain, France, Italy, Morocco, Algeria and Tunisia, where they act as a barrier to the advance of the desert, because they can prosper in climates with low rainfall, and make a positive contribution to fixation of the soil and organic matter, reducing erosion and increasing water retention.

Corticeira Amorim's products are also important carbon sinks, throughout their useful life. This was noted by the researchers and authors of the study coordinated by the University of Aveiro, released in 2016, which quantified the carbon footprint of the cork sector: "the use of cork products help mitigate climate change, whether due to their capacity to retain carbon or by substituting more energy-intensive alternative products".

Industrial valorisation of cork extracted from cork oak trees is the greatest guarantee of the preservation and development of the cork oak forests, ensuring their economic viability. Today, the cork oak forest is a key concern, and has specific legislation to protect it, as well as several programmes by non-governmental organizations that seek to preserve the forest, by improving and certifying forest management practices. It is essential that there is development of subculture which is capable of promoting the crucial role played by the cork oak forest while simultaneously, stimulating market growth for cork products.

In this manner the aforementioned factors will provide an opportunity to differentiate cork products (due to their CO₂ retention) thereby increasing their use in thermal insulation allied to the development of eco construction.

III. Development of alternative closures - as in previous years, in 2019 there was a continued trend of decreasing use of alternative closures by wine producers, especially in the case of plastic stoppers that have lost market share in key countries. The growth rate of screwcaps continued to decline in many markets, but at a more stable rate in 2019. This scenario is underpinned by market studies published over recent years by several international market research companies, which reinforce the role played by cork stoppers in the growth and profitability of the brands that use cork stoppers in the world's biggest wine markets.

In the United States, 72% of the top 100 premium brands are sealed with cork (Nielsen USA, June 2017) and 97% of consumers say that cork is an indicator of high quality wine (Wine Opinions, July 2017). US wine consumers are willing to pay a premium of \$3.87 for a wine

sealed with cork. Sales of cork-sealed wines increased by 43% between 2010-2017, while sales of wines with other types of closures registered 16% growth (Nielsen USA, June 2017).

In the UK, surveys conducted by Nielsen UK (October 2017) analysed the top 1500 wine brands and concluded that, on average, wine bottles sealed with natural cork sold at a premium of £1.52 per bottle compared to screwcap-sealed wines. In the case of red wines, the average price of a bottle sealed with a natural stopper is £7.15, compared to £5.26 for a bottle sealed with a screwcap - a price differential of over 36%. Cork-sealed wines enjoy strong annual growth (+ 6.1%) which is even more expressive for red wines (+ 11.3%). Surveys carried out by CGA (October 2017) on the UK's 30 largest wine brands revealed 17% annual growth for cork-sealed wines, compared to 9% growth for wines sealed with artificial closures. The data revealed that the price of cork wines has increased by more than 11% since 2015, compared to +6% for wines sealed with artificial closures. The volume of cork-sealed wines cork has increased by 48% since 2015, compared to just 10% growth in volume of wines sealed with artificial closures.

This clear preference for cork doesn't just exist in the USA and the United Kingdom. It is also mirrored in other important wine markets, such as China, France, Italy and Spain.

Manufacturers of artificial closures are also trying to develop formulae that are more in line with the micro-oxygenation needs of the wines produced by different wine producers in different countries. If these attempts continue to fail to deliver significant results, manufacturers of plastic stoppers will continue to search for alternative sources to petroleum as a raw material. Despite these efforts, plastic stoppers continue to be associated with low-end wines and with lower profitability levels for producers and distributors.

Screwcaps continue to be conditioned by the following factors:

- the phenomenon of reduction continues to be a relevant technical issue, but we are witnessing the launch of liners for screwcaps that try to resolve issues related to the inflow of oxygen;
- in terms of market share gains, the pace of growth of screwcaps seems to have stabilised, with a complete absence of structured communication for the market. Therefore, demand for use of screwcaps will continue to be primarily a question of cost, rather than image or performance.
- after several multi-annual campaigns to promote cork and good results achieved in markets such as the United States, China, France, Spain, Italy and the United Kingdom, in 2019 APCOR stated that it was interested in submitting a new application dossier for public funding, which took place at the end of 2019. In this manner, the sector aims to continue the path that began almost a decade ago and which has made an essential contribution to growth of Portuguese cork exports, which in 2019 were close to the record level of €1 billion.

IV. The emergence of new materials - Corticeira Amorim accompanies the technical development of competing materials, with regard to compliance with certifications, requirements, formats, price competitiveness and performance, which is only possible in the world of cork through the development of:

- new composites: that play a fundamental role in making it possible to differentiate cork, and also make it possible to overcome technological barriers and leverage cork's attributes;
- new technologies: capable of producing composite materials with cork, using prime or recycled raw materials and in formats required by the market, both for final consumption and for industrial processes.

Corticeira Amorim is convinced that the valorisation of cork and the recognition of its technical and environmental properties will enable its continuous and progressive global affirmation. In this context there should be continued communication of the added values of cork, taking into account long-term concerted strategies currently underway, especially in the Composite Cork BU, which will make it possible to implement this vision:

- circular economy programme, aiming to collect and reuse industrial by-products;
- technological development programme: using new technologies, developing knowledge and new composites from prime raw materials;
- partnerships and joint ventures: with several entities that will make it possible to leverage and accelerate the growth of previous programmes, both from the perspective of production-related knowledge and validation by the market.

Corticeira Amorim's activities are exposed to a variety of financial risks: market risks (including exchange rate and interest rate risks), credit risks, liquidity risks and capital risks. According to the terms of line e) of number 5, of article 508-C of the Commercial Company Code, the Company's objectives and policies in terms of managing these risks, including the coverage policies for each of the main forecast transaction categories for which coverage accounting is applied, and the exposure to pricing, credit, liquidity and cash flow risks are duly set out in the Note on "Managing Financial Risks" included in the Notes to the Consolidated Accounts.

[15] Treasury Stocks

There were no transactions involving Corticeira Amorim's own shares, so at the end of the year Corticeira Amorim held no treasury stock.

[16] Proposed Appropriation of Profit

Considering that, based on the individual financial statements for the year ended 31 December 2019, the Company registered a net profit for the year of € 45,141,744.16 (forty-five million, one hundred and forty-five thousand, seven hundred and forty-four euros and sixteen cents), the Board of Directors of Corticeira Amorim, S.G.P.S., S.A.

proposes

that the Shareholders consider and approve a resolution that the above net profit for the year in the amount of € 45,141,744.16 be appropriated as follows:

- € 2,128,593.00 to be transferred to the Legal Reserve;
- € 24,605,000.00 to be paid out as dividends to shareholders, corresponding to a dividend of € 0.185 per share; and
- a sum of € 18,408,151.16 to be transferred to Free Reserves.

[17] Annual Performance Assessment

As part of the annual assessment of the Company's performance in terms of corporate governance, the Board of Directors recognises and underlines the professional, diligent, judicious and proactive work of all the members of Corticeira Amorim's Board of Directors and Executive Board and their non-executive members towards:

- defining, implementing and complying with Company strategy;
- defining, implementing and monitoring risk management policies and practices for anticipating, preventing and mitigating risks;
- maintaining a close and collaborative relationship between the members of the different boards and between the Company's other bodies and functional areas;
- ensuring the sustainable development of the Company and the creation of shareholder value.

[18] Statement of Responsibility

In accordance with line c) of number 1 of article 245 of the Portuguese Securities Code, the members of the Board of Directors state that, to the best of their knowledge, the annual accounts and other documents included in the statement of accounts were drawn up in accordance with the applicable accounting standards, giving a true and accurate account of assets and debts, of the financial situation and profits/losses of Corticeira Amorim, S.G.P.S., S.A. and the companies that are consolidated by the group. They also state that the management report faithfully expresses the business evolution, performance and position of Corticeira Amorim, S.G.P.S., S.A. and the companies that are consolidated by the group and that the report includes a special chapter describing the main risks and uncertainties of the company's businesses.

[19] Subsequent Events

The worldwide Covid-19 pandemic, and the impact of the containment measures subsequently taken by the various public authorities, are expected to cause a sharp deterioration in global economic growth in 2020.

Corticeira Amorim is an international company (more than 90% of its sales come from outside Portugal, as detailed in note 9.3 of the management report) and, as such, it is exposed to the global economy, in particular to private consumption. If the spread of the Covid-19 outbreak significantly affects consumption, this will impact customers and, consequently, the value chain, and therefore, it could have an effect on the company's business activity. The scale, dimension and duration of the current moment of uncertainty, makes it difficult to assess the extent of the respective direct and indirect impacts, and, as such it is currently difficult to estimate its value. However, it is important to highlight the following considerations:

Impacts on business activity:

- a possible global economic slowdown and / or changes in behaviour patterns may affect or postpone levels of consumption of wine and other products;
- the market's behaviour is not homogeneous and varies in different countries. Corticeira Amorim aims to be prepared to respond to the different market needs;
- an example of this situation is the resumption of the Cognac market in China, which means that clients in the sector have to reopen in order to respond to demand from China. Another example is that, despite California's shutdown, the wine and agricultural products sector was considered to be essential to farmers' livelihoods. As a result, Corticeira Amorim keeps its business activity open because it is part of the supply chain;
- commercial activity is being affected by the cancellation of trade fairs and other events, as well as travel restrictions to / from customers, which may have an impact on the Group's sales;
- there are still no blockages in the movement of products for export, but there are difficulties in contracting some types of transport, which have been resolved but with some increases in costs;
- up to now, there have been no relevant difficulties with clients in terms of payments or requesting any type of assistance to deal with cash flow difficulties.

Impacts on the value chain:

- production stoppages will only occur if Corticeira Amorim is required by law or due to the closure of clients. Corticeira Amorim has strong responsibilities in maintaining its supply chain for the wine sector and will do everything it can to continue to serve its customers;
- cork represents the largest component of production costs; this raw material is mainly supplied in Portugal and Spain (around 80% of world production);
- there is exposure to some Chinese manufacturers of other components, but levels of internal inventories and the existence of other supply alternatives should minimize the risk of disruption of production processes.

Impacts on staff:

- Corticeira Amorim assumes the priority of ensuring the permanent well-being of all Employees, their families and communities, in the current context of the covid-19 pandemic;
- implementation of a set of preventive actions to protect our Employees' health and safety, based on the recommendations issued by the Direção Geral de Saúde (Directorate General of Health);
- conducting continuous monitoring of the evolution of the disease in different countries and observance of the recommendations issued by the competent health organizations, re-evaluating the need for new measures whenever this is justified by other specific data.

Between December 31, 2019 and the publication date of this report, there were no other relevant facts that could materially affect the financial position and future results of Corticeira Amorim and the group of subsidiary companies included within the consolidation perimeter.

[20] Final Words

The Board of Directors would like to take this opportunity to express its gratitude to:

- the Company's shareholders and investors for their unfailing trust;
- the credit institutions with which the Group works for their invaluable cooperation; and
- the Supervisory Board and the Statutory Auditor for the rigour and quality of their work.

To all our Employees, whose professionalism, willingness and commitment have contributed so much to the development and growth of the companies belonging to the Corticeira Amorim Group, we express our sincere appreciation.

Mozelos, 23rd March 2020

The Board of Directors
of Corticeira Amorim, S.G.P.S., S.A.



03

[←] 100% natural, recyclable and renewable, cork is extremely light, impermeable to liquids and gases, elastic, compressible and resilient.

Corporate Governance Report

Corticeira Amorim has been reviewing its corporate governance since 1999, the date on which the Portuguese Securities Market Commission (CMVM) published the first recommendations on the governance of listed companies, aiming at the improvement of mechanisms for the protection of investors in securities markets. The Company compares it with, on the one hand, what are considered best practices, and on the other, with the circumstances of its activity and the challenges it has to meet. As a result, it has been implementing a set of measures which, overall, have the main objectives of strengthening the internal systems of control and supervision, enhancing transparency, fostering the participation of shareholders in the life of the company and ensuring the sustained creation of shareholder value.

This document describes corporate governance policies and practices adopted by the Company, while also providing a qualitative assessment of them compared with the best practices listed in the CMVM corporate governance code of the Portuguese Institute of Corporate Governance (IPCG).

Section 8 of this report also includes the information referred to in article 447 of the Portuguese Companies' Code (CSC), in article 3 of Law No. 28/2009, of 19 July (Remuneration Policy), in article 245-A(1)(r) of the Portuguese Securities' Code (diversity in management and supervisory bodies) and in article 5 of Law no. 62/2017 of 1 August (balanced representation of women and men in management and supervisory bodies).

PART I

Mandatory information on Shareholder structure, organisation and corporate governance

[A.] Shareholder structure

I. CAPITAL STRUCTURE

1. The capital structure (share capital, number of shares, distribution of capital by shareholders, etc.), including an indication of shares that are not admitted to trading, different classes of shares, rights and duties of same and the capital percentage that each class represents (Article 245-A/1/a).

Corticeira Amorim's share capital amounts to EUR 133 million and is represented by 133 million ordinary registered shares for a nominal value of one euro each, and which grant the right to dividends.

All shares issued by the Company are listed on Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A.

Distribution of capital among shareholders:

Shareholder	No. of shares owned (quantity)	Stake (%)	Voting rights (%)
Qualifying interests:			
Amorim Investimentos e Participações, SGPS, S.A.	67,830.000	51.000%	51.000%
Great Prime, S.A.	13,725.157	10.320%	10.320%
Amorim Soc. Gestora de Participações Sociais, S.A.	13,414.387	10.086%	10.086%
Freefloat*	38,030.456	28.194%	28.594%
Total	133,000.000	100.000%	100.000%

* includes 3,045,823 shares (2.29%) held by fund managed by Santander Asset Management, SA, SGIIC (communication received by the company on 6 June 2019)

2. Restrictions on the transfer of shares, such as clauses on consent for disposal, or limits on the ownership of shares (Article 245-A/1/b).

There are no restrictions on the transfer of shares.

3. Number of treasury shares, the percentage of share capital that it represents and corresponding percentage of voting rights that corresponded to treasury shares (Article 245-A/1/a).

As at 31 December 2018 Corticeira Amorim held no treasury shares and it did not engage in transactions during 2019, reason why as at 31 of December 2019 the company did not own treasury shares.

4. The disclosures of important agreements to which the company is a party and that come into effect, amend or terminated in cases such as a change in the control of the company after a takeover bid, and the respective effects, except where due to their nature, would be seriously detrimental to the company; this exception does not apply where the company is specifically required to disclose said information pursuant to other legal requirements (Article 245-A/1/j).

The company has not entered into any agreements as described in this paragraph except for the normal “change of ownership” clauses included in certain loan agreements entered into during the normal course of operations and which, on a case-by-case basis, have been analysed and their contractualisation considered appropriate for the company’s interests. At 31 December 2019 there were covenants requiring the maintenance of Corticeira Amorim’s controlling interest in contracts regarding loans totalling sixty million euros (31-12-2018: forty-five million euros). In the case of change of shareholder control, the contracts provide the possibility - but not the obligation - of early repayment of the amounts loaned. This circumstance is not likely to impair the free assessment by shareholders of the performance of the members of the Board of Directors.

5. A system that is subject to the renewal or withdrawal of countermeasures, particularly those that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

The Articles of Association of the Company do not include measures of this type and, to the best knowledge of Corticeira Amorim, there are no other arrangements and/or measures with that same goal.

6. Shareholders’ agreements that the company is aware of and that may result in restrictions on the transfer of securities or voting rights (Article 245-A/1/g).

Corticeira Amorim has no knowledge of the existence of any shareholders’ agreements that might lead to the aforementioned restrictions.

II. SHAREHOLDINGS AND BONDS HELD

7. Identificação das pessoas singulares ou coletivas que, direta ou indiretamente, são titulares de participações qualificadas (art. 245.º-A, n.º 1, als. c) e d) e art. 16.º), com indicação detalhada da percentagem de capital e de votos imputável e da fonte e causas de imputação.

Shareholder Amorim Investimentos e Participações, SGPS, S.A. (a)	No. of shares	% of share capital with voting rights
Directly	67,830,000	51.000%
Attributable total	67,830,000	51.000%

(a) The shares with voting rights in Amorim Investimentos e Participações, SGPS, S.A. are wholly owned by three companies, Amorim Holding Financeira, SGPS, S.A. (11.392%), Amorim Holding II, SGPS, S.A. (38.608%) and Amorim - Sociedade Gestora de Participações Sociais, S.A. (50%) without any of them having a controlling stake in the company, thereby ending the imputation chain, under the terms of Article 20 of the Portuguese Securities Code. The share capital and voting rights of these three companies, in turn, are held, respectively in the case of the first two, directly and indirectly (through Imoeuro SGPS, S.A. and Oil Investment, B.V.) by Ms. Maria Fernanda Oliveira Ramos Amorim and daughters, and in the third case by Mr. António Ferreira de Amorim, wife and children.

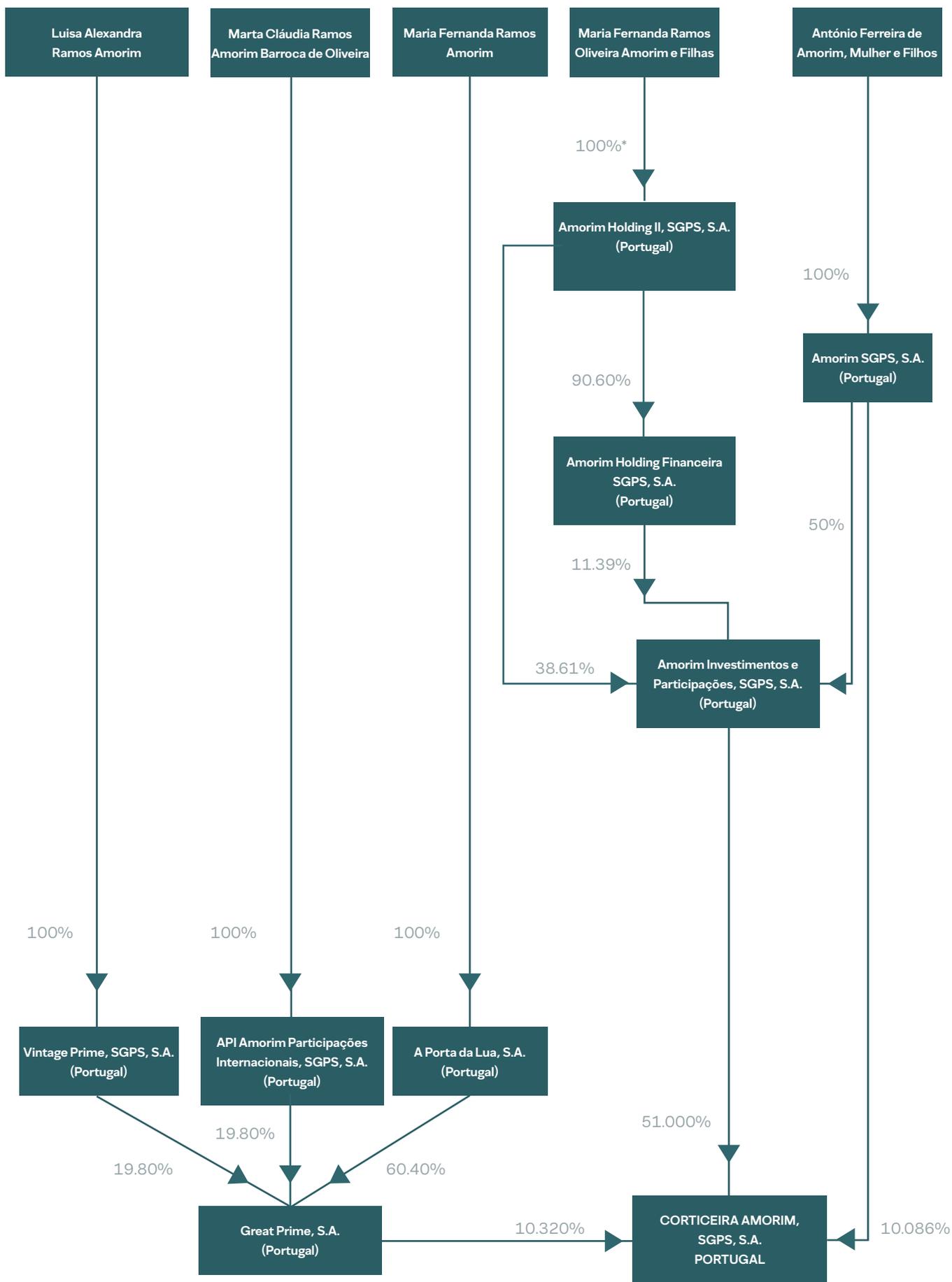
Shareholder Great Prime S.A. (b)	No. of shares	% of share capital with voting rights
Directly	13,725,157	10.320%
Attributable total	13,725,157	10.320%

Shareholder Maria Fernanda Oliveira Ramos Amorim	No. of shares	% of share capital with voting rights
Directly	-	-
Through the shareholder Great Prime, S.A. (b)	13,725,157	10.320%
Attributable total	13,725,157	10.320%

(b) The share capital of Great Prime, S.A. is wholly owned by three Companies: API Amorim Participações Internacionais, SGPS, S.A. (19.80%), Vintage Prime, SGPS, S.A. (19.80%) and A Porta da Lua, S.A. (60.40%), this latter wholly owned by Maria Fernanda Oliveira Ramos Amorim.

Shareholder Amorim, Sociedade Gestora de Participações Sociais, S.A. (c)	No. of shares	% of share capital with voting rights
Directly	13,414,387	10.086%
Attributable total	13,414,387	10.086%

(c) The capital of Amorim, Sociedade Gestora de Participações Sociais, S.A. is held by António Ferreira de Amorim, by his wife and children, but none of them holds a controlling interest in the company.



(*) Held directly and indirectly through the companies Imoeuro, SGPS, S.A. and Oil Investments, B.V.

8. A list of the number of shares and bonds held by members of the management and supervisory boards.

a) Corticeira Amorim shares held and/or traded directly by members of the governing bodies of the Company:

- The members of the governing bodies did not trade any shares representing the share capital of the Company during the 2019 financial year. At 31 December 2019, they did not hold any shares in Corticeira Amorim.

b) Corticeira Amorim shares traded by companies in which the members of the Company's governing bodies exercise management or supervisory responsibility:

- On 5 June 2019, following the successful conclusion of the Public Offering, Investmark Holdings, B.V. sold 4,600,000 shares representing 3.46% of Corticeira Amorim's share capital and voting rights, at a price of 9.50 euros/share. The settlement of the offer was on 7 June 2019. Luisa Alexandra Ramos Amorim (Member of the Board of Directors of Corticeira Amorim) held, at the time of this transaction, the position of Director of the Investmark Holdings, B.V. company.

c) Other changes in direct ownership of Corticeira Amorim shares in companies in which the members of the Company's governing bodies exercise management or supervisory responsibility:

- On 30 July 2019, following the completion of the cross-border merger of Investmark Holdings, B.V. and Great Prime, S.A., Investmark Holdings, B.V. ceased to exist, transferring its rights and obligations to Great Prime, S.A. and, as a result, the 13,725,157 shares representing 10.320% of the share capital and voting rights of Corticeira Amorim, previously held by Investmark Holdings, B.V., were transferred to Great Prime, S.A. Luisa Alexandra Ramos Amorim (Member of the Board of Directors of Corticeira Amorim) held, at the time of this transaction, the position of Director of the Investmark Holdings, B.V. Company and Member of the Board of Directors of Great Prime, S.A. Nuno Filipe Vilela Barroca de Oliveira (Vice-Chairman of the Board of Directors of Corticeira Amorim) is married to Marta Cláudia Ramos Amorim Barroca de Oliveira who, at the time, held the position of Director of Great Prime, S.A.
- On 18 December 2019, following the completion of the cross-border merger of Amorim International Participations, B.V. and Amorim – Sociedade Gestora de Participações Sociais, S.A., Amorim International Participations, B.V. ceased to exist, transferring its rights and obligations to Amorim – Sociedade Gestora de Participações Sociais, S.A. and, as a result, the 13,414,387 shares representing 10.086% of the share capital and voting rights of Corticeira Amorim, previously held by Amorim International Participations, B.V., were transferred to Amorim – Sociedade Gestora de Participações Sociais, S.A. António Rios de Amorim and Cristina Rios de Amorim

Baptista (respectively, Chairman and Member of the Board of Directors of Corticeira Amorim) held, at the time, the position of Directors of the company Amorim – Sociedade Gestora de Participações Sociais, S.A.

d) Corticeira Amorim shares held by companies in which the members of the Company's governing bodies exercise management or supervisory responsibility:

- Amorim Investimentos e Participações, SGPS, S.A. is the holder of 67,830,000 shares, representing 51% of the share capital and voting rights of Corticeira Amorim. António Rios de Amorim (Chairman of the Board of Directors of Corticeira Amorim), Nuno Filipe Vilela Barroca de Oliveira (Vice-Chairman of the Board of Directors of Corticeira Amorim), Cristina Rios de Amorim Baptista e Luisa Alexandra Ramos Amorim (members of the Board of Directors of Corticeira Amorim) are, respectively, member, member, Vice-Chairwoman and member of the Board of Directors of Amorim Investimentos e Participações, SGPS, S.A.
- The company Great Prime, S.A., in which Luisa Alexandra Ramos de Amorim, Member of the Board of Directors of Corticeira Amorim, holds the position of Director, is the holder of 13,725,157 shares representing 10.320% of the share capital, which corresponds to 10.320% of the voting rights of Corticeira Amorim, SGPS, S.A.
- Amorim – Sociedade Gestora de Participações Sociais, S.A. is the holder of 13,414,387 shares, representing 10.086% of the share capital and voting rights of Corticeira Amorim. António Rios de Amorim and Cristina Rios de Amorim Baptista (respectively, Chairman and Member of the Board of Directors of Corticeira Amorim) hold the position of Directors of Amorim – Sociedade Gestora de Participações Sociais, S.A.

The ownership recorded on 31 December 2019, referred to in sections i., ii. and iii. remains unchanged at the issue date of this report.

e) Transactions of Directors:

According to notices received from persons/entities covered by this regulation, it is hereby reported that, in 2019, transactions involving the Corticeira Amorim's shares were not carried out by entities related to the company's Directors and Officer, with the exception of those mentioned in sub-paragraphs b) and c).

No company which controls Corticeira Amorim or any of Corticeira Amorim's directors or officers or any person closely related to such directors or officers carried out transactions involving Corticeira Amorim's financial instruments.

f) List of Shareholders holding at least one-tenth of the Company's share capital:

- Amorim Investimentos e Participações, S.A. holds 67,830,000 shares of Corticeira Amorim, corresponding to 51% of the share capital and 51% of the voting rights;
- Great Prime, S.A. holds 13,725,157 shares in Corticeira Amorim, representing 10.320% of this Company's share capital and 10.320% of voting rights;
- Amorim – Sociedade Gestora de Participações Sociais, S.A. holds 13,414,387 shares of Corticeira Amorim, corresponding to 10.086% of the share capital and 10.086% of the voting rights;

The share ownership referred to in paragraphs i., ii. and iii. refers to 31 December 2019, remaining unchanged at the date of publication of this report.

9. Special powers of the Board of Directors, especially as regards resolutions on the capital increase (Article 245-A/1/i) with an indication as to the allocation date, time period within which said powers may be carried out, the upper ceiling for the capital increase, the amount already issued pursuant to the allocation of powers and mode of implementing the powers assigned.

It is the responsibility of Corticeira Amorim's Board of Directors to maintain effective control over the activities of the Company. It is the highest strategic decision making body and also the body responsible for monitoring the most important and relevant aspects of the Company's business and affairs, including significant matters decided on or simply examined by the Executive Committee, therefore ensuring that all members of the Board of Directors are aware of the measures adopted as a response to Board decisions and can monitor their implementation and effectiveness.

As provided for in the Portuguese Companies' Code, the role of the Board of Directors is to manage the Company's business and affairs and decide on any matter relating to its management while abiding by the resolutions adopted by the General Meeting or the decisions made by the Supervisory Board whenever required by law or the Articles of Association.

These duties include, among others:

- a) choosing its Chairman;
- b) co-opting Directors;
- c) requesting the convening of General Meetings;
- d) preparing annual reports and financial statements;
- e) acquisition, disposal and encumbrance of real estate; provision of guarantees and furnishing collateral and security on behalf of the company;
- f) opening or closing establishments or important component parts thereof;
- g) significantly expanding or reducing the Company's activity;
- h) making major changes in the Company's organisation;
- i) establishing or terminating important and long-lasting cooperation projects with other companies;
- j) change of head office;

- k) merging, de-merging or changing the legal status of the Company;
- l) deciding on any matters put forward at the request of any director for resolution of the Board of Directors.

The Company's Articles of Association¹ give the Board of Directors the following powers: the exercise of all powers of direction, management, administration and representation of the company; transfer the head office of the company to any other location permitted by law; create in any part of the national territory or abroad, delegations, agencies, subsidiaries, branches, offices or other forms of representation of the company; acquire, dispose of or encumber in any way the company's own shares and debt instruments and any rights, as well as perform the operations on those securities deemed appropriate; acquire, sell, exchange and lease real estate by any acts or contracts as well as encumber them, even if through the pledging of assets; exercise and promote the exercise of rights of the company in the companies in which it holds interests; acquire, sell, exchange, lease or encumber in any manner movable property; negotiate with credit institutions financing operations; carry out transactions in bank accounts, deposit and withdraw money, issue, accept, sign and endorse cheques, bills of exchange, promissory notes, invoice statements and other negotiable instruments; admit fault, give up or settle any legal action, as well as enter into arbitration and approve the resulting rulings; perform any other duties envisaged herein and in law.

The Board of Directors may delegate any of their powers² as follows:

- in one or more Directors or an Executive Committee the day-to-day management of the Company, establishing the limits of delegation and/or engaging any or some directors to handle certain administration matters - in this context, the matters described in sub-paragraphs a) to k) are not delegable;
- the implementation of the decisions made by the Board of Directors, the management of the Company's ordinary course of business, the authority and power to implement certain management duties as well as the determination of the modus operandi of the Executive Committee may be delegated to any director or to an Executive Committee - However, the duties described in sub-paragraphs a), b), c), d), f), j) and k) are non-delegable.

As far as increases in the share capital are concerned and in accordance with article 8 of the Company's Articles of Association the Board may, by unanimous decision of its members, increase the share capital, one or more times, in accordance with the law, up to EUR 250 million. It is the Board of Directors' responsibility to fix the terms and conditions for share capital increases as well as the share subscription period and payment procedures.

In the financial year under review, the Board of Directors has not decided to undertake any increase of the share capital of the Company.

10. Information on any significant business relationships between the holders of qualifying interests and the company.

The Company did not conduct any business operation or deal with holders of qualifying interests or the entities with which they are in any relationship in accordance with Article 20 of the Portuguese Securities' Code outside normal market conditions. Any business that occurred fell under the current activity of the contracting parties. The procedures applicable to these transactions are described in paragraphs 89 to 91 below.

[1] The company's Articles of Association provide that, by unanimous decision of its members, the Board of Directors may pass resolutions about capital increases, once or more times, in accordance with the law, up to EUR 250 million. It is also responsible for deciding on the respective terms, conditions method and length of the subscription and payment period. However, according to the general law such discretion is not currently in force:

- The last assignment of powers to the Board of Directors was given by the General Meeting of 2 October 2000, with the resolution to amend article 8, paragraph 1, of the Memorandum of Association and consequent public deed of 16 October 2000; Article 8, paragraph 1 of the Memorandum of Association does not indicate the term for the exercise of the powers;
- Article 456, paragraph 1 (b) of the Portuguese Companies' Code states that the Memorandum of Association should establish the period, not exceeding five years, during which the powers may be exercised. It also states that in the absence of any indication, the period shall be five years; paragraph 4 of the same article 456 states that the General Meeting, deciding with the majority required for amendment of the Memorandum of Association, may renew the powers of the Board of Directors;
- These powers have not been renewed since October 2005.

Additional information: in October 2000 no capital increases were issued under the powers of the Board of Directors.

[2] Regarding the current term of office (2017-2019), the Board of Directors decided to delegate powers to an Executive Committee as follows:

Powers delegated to Executive Committee: the implementation of the decisions made by the Board of Directors and the management of the Company's ordinary course of business, and through the issue of binding instructions, the management of the ordinary course of companies directly and indirectly controlled by the Company, setting the limits of delegation as set out below:

The following powers are not delegated to the Executive Committee: to choose the chairman of the executive committee; to co-opt directors; to request the calling of general meetings of the Company; to approve management reports and annual accounts; to provide bonds and personal or real guarantees by the Company; to change the registered office and increase the capital, in accordance with the articles of association; merger, de-merger and transformation projects of the Company;

For the purposes of this delegation, the following are not considered to be management powers of ordinary course of the Company, and are therefore not delegated to the Executive Committee: approval of investments/disinvestments by the Company and companies controlled directly or indirectly by the Company in an amount exceeding EUR 1,500,000.00 (one million five hundred thousand euros); acquisition, sale or encumbrance of real estate of the Company and companies controlled directly or indirectly by the Company in an amount exceeding EUR 500,000.00 (five hundred thousand euros); constitution or holding, namely through the direct or indirect acquisition of shareholdings, in companies in excess of 500,000.00 euros (five hundred thousand euros); **approval and change of strategic plans and annual targets of the Company and the group;** transactions of the company, or of companies controlled directly or indirectly by the company, with related entities or with any shareholders of the Company in excess of EUR 1,500,000.00 (one million five hundred thousand euros); definition or modification of the organisational structure of the company and the group; issue of bonds or other Company debt instruments in excess of EUR 5,000,000.00 (five million euros); amendments to the articles of the companies controlled by the Company; de-merger, merger, winding-up projects of any companies controlled by the Company; conclusion by the companies controlled by the Company of subordination contracts and parity group contracts; proposal and exercise of voting rights by the Company with regard to the appropriation of profits/distribution of dividends by companies directly held by the Company.

[B.] Corporate Boards and Committees

Corticeira Amorim is the holding company of an economic group based in Portugal, solidly established internationally, through subsidiaries, associate companies and joint ventures. The vast portfolio of products and solutions it continually develops responds to diverse markets and consumers.

The governance of Corticeira Amorim addressing the challenges arising from this framework, advocates a policy of diversity in the composition of its corporate bodies, in particular the Board of Directors and the Supervisory Board, as a way to:

- promote diversity in the composition of the respective body;
- enhance the performance of each member and, jointly, of each body;
- stimulate comprehensive, balanced and innovative analysis and, consequently, allow informed and agile decision-making and control processes;
- contribute to the increase of innovation and self-renewal of the Company, for its sustainable development and creation of value for the Shareholders and other Stakeholders in the long term.

Corticeira Amorim therefore acknowledges the need to continually promote diversity in its corporate bodies and other management bodies, particularly the Board of Directors and the Supervisory Board, especially in the following areas:

- adequate academic qualifications and professional experience relevant to the performance of the specific corporate position which, in the respective corporate body as a whole, gather together the necessary competences to ensure the capable performance of the role of that body;
- inclusion of members from different age groups, combining the know-how and experience of older members with the innovation and creativity of younger members, so as to enable the respective body to steer towards an innovative business vision and prudent management of risks;
- the promotion of gender diversity and, consequently, an adequate balance of sensitivities and style of decision-making within the respective body.

As regards the Board of Directors and the Supervisory Board, with the composition remaining unchanged, compliance is verified with the policy indicated in section 19 (Board of Directors) and 33 (Supervisory Board) of this report. It is to be noted, in particular, that in both cases the body includes 33.3% of people of the under-represented gender.

As better detailed in section 15 of this report, the Company has adopted a system of corporate governance commonly known as the "strengthened Latin" model, which is based on a clear separation between management and supervisory bodies as well as double supervision through a supervisory board and a statutory auditor.

I. GENERAL MEETING

a) Composition of the Presiding Board of the General Meeting

1.1. Details and position of the members of the Presiding Board of the General Meeting and respective term of office (beginning and end).

The Presiding Board of the General Meeting consists of a chairman and a secretary. These posts were held in the current term of office (2017 to 2019) by:

Chairman: Augusto Fernando Correia de Aguiar-Branco
Secretary: Rita Jorge Rocha e Silva

Beginning of first term of office: 24 May 2014
Date of first renewal of term of office: 07 April 2017
End of current term of office: 31 December 2019, remaining in office until a new election pursuant to law.

No changes in the composition of the Presiding Board of the General Meeting took place during 2019.

Professional qualifications and other relevant information of the curriculum of the members of the Board of the General Meeting:

Augusto Fernando Correia de Aguiar-Branco (Chairman):

Graduate in law from the Faculty of Law of the University of Coimbra. He is a lawyer, registered with the Portuguese Bar Association since 1975. He is the executive chairman of the law firm Aguiar-Branco & Associados and legal advisor to private and public companies, connected to financial, industrial and sales activities. He has held important positions in associations of a professional nature, namely in the Portuguese Association of Young Lawyers and in the Portuguese Bar Association. He is an arbitrator of the Commercial Arbitration Centre of the Commercial Associations of Lisbon and Porto. He is the delegate for North Portugal of the European Lawyers' Union (UAE).

He combines his professional activity with some cultural associations, such as the Fundação Eng.º António de Almeida foundation (Director) and the Instituto para a Cooperação e Desenvolvimento Portugal-Oriente institute (member of the Advisory Council).

Gender: Male

Age: 69

Rita Jorge Rocha e Silva (Secretary):

Graduate in law from the Faculty of Law of the University of Porto; is a lawyer, registered with the Portuguese Bar Association since 2008. She is a lawyer and legal consultant for public and private companies, connected to the financial, industrial and sales activities.

Gender: Female

Age: 37

b) Exercising the right to vote

1.2. Any restrictions on the right to vote, such as restrictions on voting rights subject to holding a number or percentage of shares, deadlines for exercising voting rights, or systems whereby the financial rights attaching to securities are separated from the holding of securities (Article 245-A/1/f).

There are no statutory guidelines providing for the existence of shares that do not carry voting rights or determining that voting rights exceeding a certain threshold shall not be counted if such votes are cast by only one shareholder or by a shareholder who is related to that shareholder. The Articles of Association do not envisage mechanisms that aim to cause a time lag between the entitlement to receive dividends or subscribe for new securities and the voting rights of each ordinary share.

Each share is entitled to one vote.

The blocking of shares to attend the General Meeting must be made at least five business days before the date designated for the respective meeting. The same rule applies when a General Meeting is scheduled for a later date, when the initial session of the General Meeting is suspended.

The Articles of Association provide for the possibility of shareholders voting by mail, provided that the ballots reach the Company at least three business days before the General Meeting. Postal ballot forms must reach the registered office of the Company not less than three business days (by 6.00 p.m.) before the Annual General Meeting. Votes sent by mail are equivalent to negative votes for proposals submitted after the date on which such votes were cast. The presence of the shareholder at the General Meeting revokes the vote it may have sent by mail.

Corticeira Amorim's Articles of Association allow electronic voting, provided that there are adequate technical resources available to enable checking the validity of electronic votes and ensuring their data integrity and confidentiality. Votes sent by electronic means must be received by the Company by the third business day prior to the General Meeting. The Chairman of the General Meeting must check prior to the convening of the General Meeting, the existence of technical means and communication to ensure the safety and reliability of the votes cast. If the Chairman of the Board of the General Meeting decides that the technical requirements for voting by electronic means are met, such information shall be included in the Notice calling the meeting. Such requirements were not met in 2018. Votes sent by electronic means are equivalent to negative votes for proposals submitted after the date on which such votes were cast. The presence of the shareholder at the General Meeting revokes the vote it may have sent by mail or by electronic means.

Postal ballot forms are available from Corticeira Amorim's registered office (Rua de Meladas, no. 380 – 4536-902 Mozelos - Portugal) and from the Company's website (www.corticeiraamorim.com). At the request of a shareholder, such postal ballot forms may be provided by e-mail.

1.3. Details of the maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in Article 20/1.

The Articles of Association do not provide for any limit on the number of votes that each shareholder (either separately or jointly with other shareholders) is entitled to cast or exercise.

1.4. Details of shareholders' resolutions that, imposed by the Articles of Association, may only be taken with a qualified majority, in addition to those legally provided, and details of said majority.

The Company's Articles of Association establish specific requirements for convening/decision-making quorums, for the following situations:

- a) Identical to those of general law:
- removal from office of a director elected under the special rules set out in article 392 of the Portuguese Companies' Code - the removal from office will not become effective if shareholders accounting for at least 20 per cent of the share capital have voted against the removal of such director, irrespective of the just cause invoked for such removal from office;
- b) Higher than those of general law:
- restriction or withdrawal of pre-emption rights in share capital increases – the Company's Articles of Association require that the Annual General Meeting be attended by shareholders accounting for at least 50 per cent of the paid-up share capital;
 - exercising the right to vote – the need to own at least one share of the Company's stock at least five business days prior to the date scheduled for holding the General Meeting;
 - in order that a General Meeting requisitioned by shareholders may pass resolutions – it is required that the General Meeting be attended by shareholders owning shares representing at least the minimum amount of share capital required by law to legitimise the reason for calling such meeting;
 - change in Board composition – such resolution requires the approval of shareholders who represent not less than 2/3 of the total share capital;
 - winding-up the Company – such resolution requires the approval of shareholders representing at least 85 per cent of the paid-up share capital.

II. MANAGEMENT AND SUPERVISION

a) Composition

1.5. Details of corporate governance model adopted.

The Company has adopted a system of corporate governance commonly known as the "strengthened Latin" model, which is

based on a clear separation between management and supervisory bodies as well as double supervision through a supervisory board and a statutory auditor.

The Board of Directors considers that the adoption of this model has resulted in the constitution of a supervisory body with stronger and effective supervisory powers composed entirely of members subject to an incompatibility regime and broader independence regulations. It also considers that attributing these powers to an autonomous body – the Supervisory Board – helps create an efficient corporate governance model because it establishes a clear division between the management and supervisory bodies, avoiding the granting of supervisory powers to individual members of the Board of Directors, which by law is a collegial body.

As a consequence, the Board of Directors is confident that the corporate governance model adopted is suitable for the specific circumstances of Corticeira Amorim for the following reasons:

- it embodies a framework of principles of corporate governance and good practices designed to promote greater transparency and a high level of professionalism and competence;
- it ensures the alignment of interests across the organisation, specifically among shareholders, members of the governing bodies, directors and officers and other employees of the Company;
- it encourages shareholder participation in the life of the Company;
- it fosters the efficiency and competitiveness of Corticeira Amorim.

Corticeira Amorim encourages an internal reflection on corporate governance structures and practices adopted by the Company by comparing their efficiency with the potential benefits to be gained from implementing other practices and/or measures established as a reference in the Portuguese Institute of Corporate Governance (IPCG) Corporate Governance Act or by other organisations.

This matter – as well as Corticeira Amorim's organisational development issues – has been reviewed by the Executive Committee. Reflection on the corporate governance structure itself has been conducted by the Executive Committee and by the Board of Directors.

1.6. Articles of association rules on the procedural and material requirements governing the appointment and replacement of members of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable (Article 245-A/1/h).

The rules governing the **appointment and replacement** of members to the board of directors are those provided for in law, in addition to a number of specific features set out in the Company's Articles of Association:

The election of members to the board shall be done on the basis of lists specifying the office to be filled by each Director. The voting shall be carried out in the following manner:

First: one Director shall be elected separately from among the people proposed on the lists subscribed by the groups of shareholders who own between 10% and 20% of the share capital. Each list must propose at least two eligible persons for each office to be filled, but the same shareholder may not subscribe to more than one list. If, on a first poll, there are lists submitted by more than one group of shareholders, then a poll shall be first taken among all such lists and, thereafter, among the names of the candidates listed in the winning list. The lists of candidates may be submitted to the General Meeting before the business on the agenda relating to the election of Directors starts to be discussed;

Second: the General Meeting shall elect the remaining directors. All shareholders present may take part in the respective resolution, regardless of whether or not they signed or voted on any of the lists of the first phase. The General Meeting cannot elect the remaining Directors until it has elected one of the nominees on the lists of the first phase, unless no list has been proposed.

The term of office of the Board members is three calendar years. At the end of the Directors' term, the shareholders must elect new directors or re-elect - one or more times - current Directors.

At the time of voting the management report, the annual financial statements and the proposal for appropriation of profit, the Annual General Meeting may decide to remove any or all directors from the Board. This will not imply the payment of any compensation to any Director so removed from office regardless of whether a Director's discharge from employment has been for cause or without cause. However, this provision will not apply to a Board member elected under special election procedures on a first poll if members holding at least a 20% stake in the share capital of the Company resolve against removing any such Director from office regardless of the cause for a Director's discharge from employment.

When a Director is declared to be definitively absent, and there are no substitutes, he/she shall be replaced by co-option, unless the directors in office are not sufficient in number for the board to function. If there is no co-option within 60 days of the absence, the supervisory board appoints a replacement. The co-option and appointment by the supervisory board shall be subject to ratification at the next general meeting.

If a director elected under the special rules of the first stage is absent permanently, and there is no respective substitute, a new election shall be held, at which the special rules of the first phase apply, with necessary adaptation.

17. Composition of the Board of Directors, with details of the Articles of Association's minimum and maximum number of members, duration of term of office, number of effective members, date when first appointed and end of the term of office of each member.

According to the Articles of Association, the company is administered by a Board of Directors composed of a Chairman, a Vice-Chairman and one to nine other members. In the current term, the Board of Directors consists of a Chairman, a Vice-Chairman and four members, all incumbent members.

The duration of the term of office of the Board of Directors is three calendar years.

The Board of Directors was composed of six effective members over 2019:

Chairman: António Rios de Amorim

Date of first appointment to the Board of Directors: 29 March 1990

First appointment as Chairman of the Board of Directors: 31 March 2001

End of term of current office: 31 December 2019, remaining in office until a new election pursuant to law.

Vice-Chairman: Nuno Filipe Vilela Barroca de Oliveira

Date of first appointment to the Board of Directors: 28 March 2003

End of term of current office: 31 December 2019, remaining in office until a new election pursuant to law.

Board Member: Fernando José de Araújo dos Santos Almeida

Date of first appointment to the Board of Directors: 31 July 2009

End of term of current office: 31 December 2019, remaining in office until a new election pursuant to law.

Board Member: Cristina Rios de Amorim Baptista

Date of first appointment to the Board of Directors: 20 July 2012

End of term of current office: 31 December 2019, remaining in office until a new election pursuant to law.

Board Member: Luisa Alexandra Ramos Amorim

Date of first appointment to the Board of Directors: 28 March 2003

Elected as member of the Board of Directors at the General Meeting of Shareholders of 4 April 2013

End of term of current office: 31 December 2019, remaining in office until a new election pursuant to law.

Board Member: Juan Ginesta Viñas

Date of first appointment to the Board of Directors: 20 July 2012

End of term of current office: 31 December 2019, remaining in office until a new election pursuant to law.

18. Distinction to be drawn between executive and non-executive directors and, as regards non-executive members, details of members that may be considered independent.

Considering the composition of Corticeira Amorim's Board of Directors mentioned in the preceding paragraph (six effective members), this body delegated the executive management to an

Executive Committee composed of three members, i.e., in a number equal to the non-executive directors:

Executive Members:

Chairman: António Rios de Amorim
Vice-Chairman: Nuno Filipe Vilela Barroca de Oliveira
Board Member: Fernando José de Araújo dos Santos Almeida

Non-Executive Members:

Board Member: Cristina Rios de Amorim Baptista
Board Member: Luisa Alexandra Ramos Amorim
Board Member: Juan Ginesta Viñas

The Board of Directors considers that this delegation of powers is in the interests of the company, in particular the agility of its decision-making, maintaining a number of non-executive members that it considers appropriate to the functions they perform and the size of the company.

None of the non-executive members are independent.

1.9. Professional qualifications and other relevant curricular information of each member of the Board of Directors.

António Rios de Amorim (Chairman):

Chairman of the Board and CEO of Corticeira Amorim since March 2001. He was CEO of Amorim & Irmãos (1996-2001), Director of Sociedade Figueira-Praia (1993-2006), operational manager at Amorim - Empreendimentos Imobiliários, promoter of the Lisbon Towers and Arrábida Shopping projects (1993-1995), and Executive Director of Amorim Hotéis, SA, in charge of the development of the Ibis and Novotel chains in Portugal. Degree of Commerce – Faculty of Commerce and Social Sciences – University of Birmingham (1989) and attended The Executive Program in Business Administration: Managing the Enterprise – Columbia University Graduate School of Business (1992), Managerial Skills for International Business – INSEAD (2001) and Executive Program in Strategy and Organization – Graduate School of Business Stanford University (2007). He was a member of the European Round Table of Industrialists - the only Portuguese corporate group to belong to this association (1991-1995). Chairman of the Portuguese Cork Association (2002-2012) and the Confédération Européenne du Liège (since 2003). In February 2006, he was awarded the Commendation of Grand Officer of the Order of Agricultural, Commercial and Industrial Merit by the Portuguese President.

Gender: Male | Age: 52

Nuno Filipe Vilela Barroca de Oliveira (Vice-Chairman):

Graduate in business administration from Portuguese Catholic University. He served as a Non-Executive Director of Corticeira Amorim, from March 2003 to September 2005; he then proceeded to carry out executive functions from that date and is currently Vice-Chairman of the Board of Directors.

Non-executive director of various companies in the Amorim Group (since 2000).

Executive director of Barrancarnes (2000-2005).

After a year in the commercial area of Møre Codfish (Norway), he took part in the Comett programme and held an internship in Merrill Lynch

(London), then began his professional activity in the Banco Comercial Português Group, where, for three years, he collaborated in the areas of Studies and Planning, International Area and Investment Funds.

Gender: Male | Age: 49

Fernando José de Araújo dos Santos Almeida (Member)

Graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics (1983/84). He joined Corticeira Amorim in 1991 and held various positions in several of the Group's member companies. In 2002, he took over as Manager of Organisational Development and Business Management Planning and Control at Corticeira Amorim.

Gender: Male | Age: 58

Cristina Rios de Amorim Baptista (Member):

She graduated in Economics from the Faculty of Economics of Porto, in 1991. She completed an MBA in International Banking and Finance from the University of Birmingham (UK) in 1992. In 2001, she took a postgraduate degree in International Management at the Universidade Católica Portuguesa.

She began working in 1992, for international institutions such as S.G. Warburg España (Corporate Finance) in Madrid (1992), N.M. Rothschild & Sons Limited (Corporate Finance) in London (1993), Rothschild Asset Management Limited (Asset Management) in London (1993), and Soserfin, S.A. (management of economic studies and research) in 1994. She was a Member of the Board of Directors of Fundação Casa da Música (2006 to March 2013) and of Fundação AEP (from 2009 to April 2013).

She joined the upper management of Amorim Investimentos e Participações, SGPS, S.A. (holding company of the Amorim Group) in 1994 and is currently Vice-Chairman and CFO of the Group. In 1997 she took office as Investor Relations Officer at Corticeira Amorim, SGPS, SA. (position held until the end of 2017) and, in July 2012, as member of the Board of Directors of the same company.

In April 2017 she was elected a non-executive member of the Board of Directors of Banco BPI, S.A.

Gender: Female | Age: 51

Luisa Alexandra Ramos Amorim (Member):

With a degree in Marketing from ISAG and Hospitality from EHTP and EHTEP, completing several areas of training in Hospitality at the Centre International de Glion, in Marketing from UCI Communication - US and Management at EGP Porto. Director of Amorim – Investimentos e Participações (since 2002), of Quinta Nova – Nossa Senhora do Carmo (since 2006) and, more recently, of Amorim Negócios Internacionais (since 2016). Was the CEO of Natureza, S.G.P.S (2002-2006), Director of Marketing for JW Burmester (2000-2002) and Member of the Hospitality Management in Amorim Hotéis e Serviços and Sociedade Figueira Praia (1996-1997), when she began her role with the Amorim Group. Worked in Management consulting sector at Deloitte & Touche, Porto (1998-2000).

In addition to the business activity, she is the founder and president of the Associação Bagos d'Ouro (since 2010) and Member of the Board of Directors of the Fundação Museu do Douro (2006-2011).
Gender: Female | Age: 46

Juan Ginesta Viñas (Member):

With a wide and extensive professional experience in managing businesses, he has played relevant roles in several international companies such as International Harvester (sales manager), DEMAG EO (sales manager), Hunter Douglas (General Manager and the person responsible for the industrial firms located in Brazil, Argentina and Chile) and Torras Domenech (Managing Director and CEO). He has been a director of Trefinos, SL since 1996.
Gender: Male | Age: 78

20. Customary and meaningful family, professional or business relationships of members of the Board of Directors, with shareholders that are assigned qualifying holdings that are greater than 2% of the voting rights.

Companies holding or to which qualifying holdings exceeding 2% of the voting rights of Corticeira Amorim are attributable, which have directors of Corticeira Amorim on their Board of Directors:

- António Rios de Amorim, Nuno Filipe Vilela Barroca de Oliveira, Cristina Rios de Amorim Baptista and Luisa Alexandra Ramos Amorim are members of the Board of Directors of Amorim Investimentos e Participações, SGPS, S.A.;
- Luisa Alexandra Ramos Amorim is a member of the Board of Directors of Great Prime, S.A.;
- Luisa Alexandra Ramos Amorim was a member of the management body of Investmark Holdings, B.V. (ceased to exist following the cross-border merger with Great Prime, S.A. on 30 July 2019);
- António Rios de Amorim and Cristina Rios de Amorim Baptista are members of the Board of Directors of Amorim – Sociedade Gestora de Participações Sociais, S.A.

Maria Fernanda Oliveira Ramos Amorim is Luisa Alexandra Ramos Amorim's mother, and Nuno Filipe Vilela Barroca de Oliveira's mother-in-law.

António Ferreira de Amorim is the father of António Rios de Amorim and Cristina Rios de Amorim Baptista.

There are no customary and meaningful commercial relations between the members of the Board of Directors and shareholders to whom a qualifying interest is imputed.

21. Organisational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly as regards the delegation of the company's daily management.

As provided for in Corticeira Amorim's articles of association, the committee members currently in office are:

Presiding Board of the General Meeting

Composition and term of office as described in section 11 herein.

The Chairman of the Presiding Board of the General Meeting is responsible for:

- calling the General Meetings - preparing the notice and fostering its publication;
- receiving requests for the inclusion of items on the agenda and, in the event they are approved, publish the matters included on the agenda in the same manner used for the notice;
- in the case of virtual general meetings (cyber-meetings, online meetings and meetings by conference call), ensuring the authenticity and security of communications;
- choosing the location for the general meeting within the national territory, provided that the head office does not allow the meeting to be held on satisfactory terms;
- chairing the general meeting, direct and guide the work, in particular, check those attending and the quorum, organise the attendance list, call the meeting to order, allow, limit or deny the floor to speak, present postal votes, calculate total votes and announce the results;
- authorising the presence in the general meeting of 3rd parties from outside the company; the general meeting may revoke this authorisation;
- adjourning the general meeting, immediately setting its restart date at no more than 90 days; the same session cannot be suspended twice;
- ending the session, ensuring the minutes are drafted and signing them.

The Secretary of the Presiding Board of the General Meeting is responsible for:

- assisting the Chairman of the Presiding Board in conducting the work, including checking attendance and quorum, organising the attendance list;
- reading the agenda stated on the notice and the documents referred to the presiding board during the session;
- taking notes for drawing up the minutes;
- counting the votes;
- drawing up the minutes and signing them.

Board of Directors³

Composition and term of office as described in section 17 of this report; duties as described in section 9 of this report.

Executive Committee

Composition and term of office as described in section 28 of this report; duties as described in section 29 of this report.

Supervisory Board

Composition and term of office as described in section 31 of this report; duties as described in sections 37 and 38 of this report.

Statutory Auditor

Composition, term of office and duties as described in section 39 herein.

Remuneration Committee

Composition, term of office and duties as described in section 67 herein.

Organisational Structure of the Company

As detailed in section 9, the role of the Board of Directors is to manage the Company's business and affairs and decide on any matter relating to its management while abiding by the resolutions adopted by the Annual General Meeting or the decisions made by the Supervisory Board whenever required by law or the articles of association. As provided for in law and the articles of association, the Board of Directors has delegated the day to day management to an Executive Committee, as described in sections 28 and 29 of this report.

The non-executive members of the Board of Directors regularly attend the monthly meetings of the Board of Directors, which analyse and decide on the evolution of all non-delegable matters and all issues whose relevance, materiality and / or criticality becomes pertinent to their inclusion in the agenda of the Board.

The organisation of meetings allows all Directors – both executive and non-executive directors – to adequately prepare themselves in advance in order to participate fully in the meeting and to assess and devise measures to improve meeting productivity and organisation efficiency. The calendar of regular Board meetings is agreed upon at the beginning of every financial year so that all members may be able to be present. Any Director, including non-executive directors, may request the inclusion of items / topics in the agenda to be considered by the directors, up to the second business day prior to any board meeting.

Whenever matters are examined and / or decided in which one or more members of the Board of Directors have particular interests which conflict with the interests of the company, the member(s) in conflict shall inform the Board of this circumstance, providing all necessary information but abstaining from voting on such matters.

A reporting system between the Executive Committee and the Board of Directors has been implemented across the organisation with a view to ensuring alignment of their activities and that the Directors are informed of the activities of the Executive Committee in a timely

fashion. The Executive Committee provides in good time and an appropriate manner to the request, all information requested by other Board Members and which are necessary in accordance with their respective duties.

In the scope of its powers, the Board of Directors has timely access to all information, documents and employees, both from the company and its main subsidiaries, with a view to monitoring the business, evaluating performance and development prospects, and seeking the full explanation of any matter that it deems pertinent.

Thus, in addition to matters which by law or the articles of association fall to be considered exclusively by the Board of Directors, non-executive directors are aware of and monitor:

- the progress of the operating activities and the main economic and financial key performance indicators of each BU which forms part of Corticeira Amorim;
- relevant consolidated financial information: financing, investment, equity to total assets ratio and off-balance sheet liabilities;
- the business carried on by the various support divisions and their impact on the organisation;
- the progress in Research, Development and Innovation (RDI) activities;
- the calendar of the major events of Corticeira Amorim and its BUs. The Organisation is often represented by one or more non-executive directors at international events, such as trade missions.

Corticeira Amorim's operating structure is divided into five Business Units (BUs)

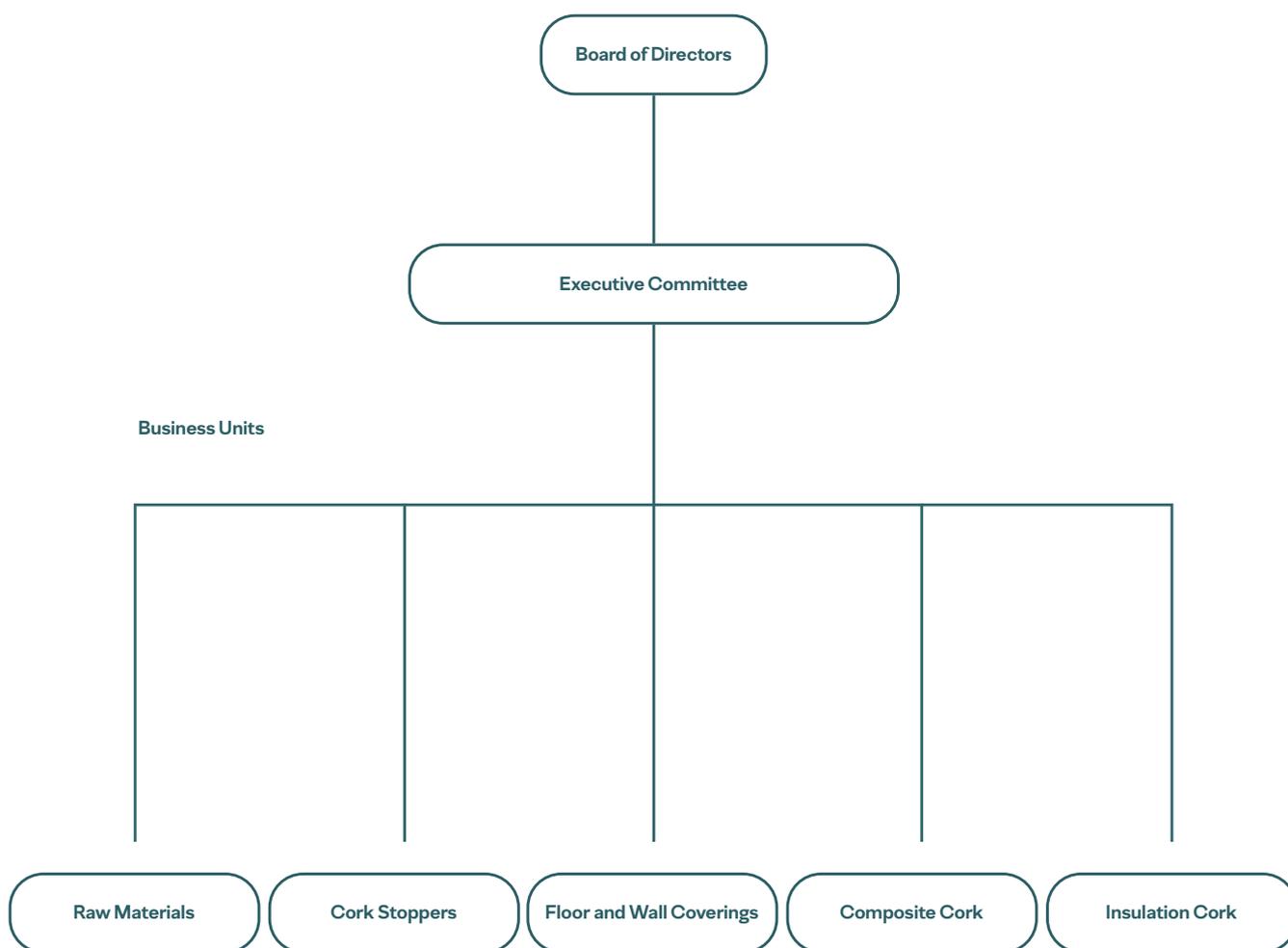
Adopting a management model based on a strategic-operational holding concept, the BUs are coordinated by the Executive Board of Corticeira Amorim.

Each BU has a Board of Directors composed of non-executive and executive members. This body is the authority responsible for deciding on all matters deemed relevant. Each BU has an Executive Management, which is composed of highly qualified, independent executives who have the adequate technical and professional competences to conduct the business and to manage the specific challenges of the business activity developed and foreseen. The executive management in the BU is exclusively the responsibility of independent professional managers, i.e. the Chairman of the Board of Directors does not conduct the executive management of the same, which is the responsibility of the CEO of that BU. In the case of the Cork Stoppers BU, given the complexity of the business, there are two independent Co-CEOs.

The strategic alignment of the entire organisation is enhanced through the use of a balanced scorecard approach by Corticeira Amorim and its BUs. In this regard, Corticeira Amorim's Board of Directors is responsible for approving strategic initiatives and goals (i) for the organisation as a whole, (ii) specifically for Corticeira Amorim, and

(iii) for each BU, in close cooperation with the respective Executive Management.

The diagram below shows how the management structure of the business is currently organised:



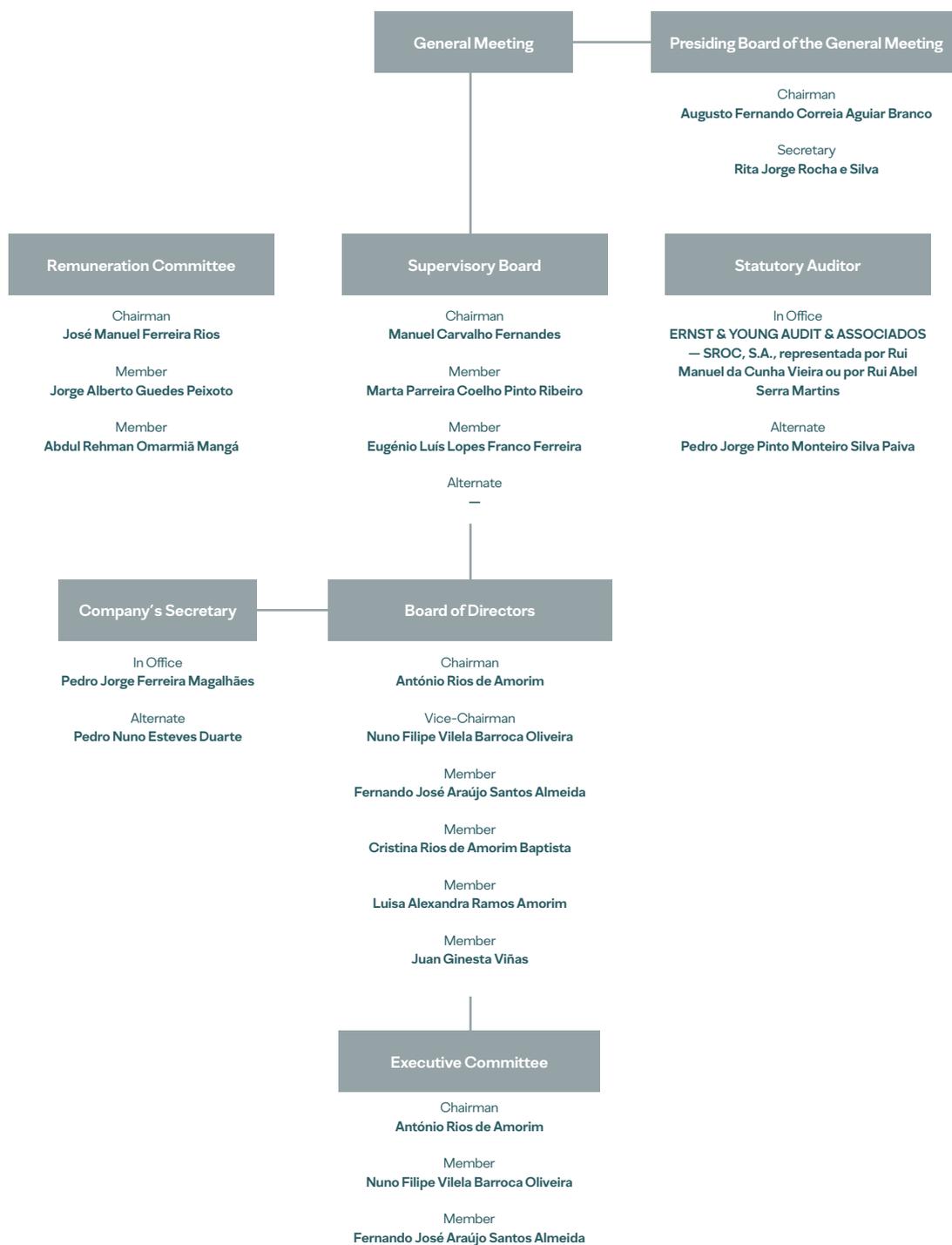
The **Support Divisions** are responsible for monitoring and coordinating the operation of the BUs and their functional areas, under the coordination of the members of the Executive Committee, as shown in the diagram below:

The activities of the support areas are periodically reported to the Executive Committee, and its activity is accompanied by an Executive Director. In the year being analysed, Nuno Barroca monitored Internal Audit; Fernando Almeida: Strategic Planning, Organisational Development, Information Systems and Technology and Management Control; the remaining financial sections were monitored by António Amorim.

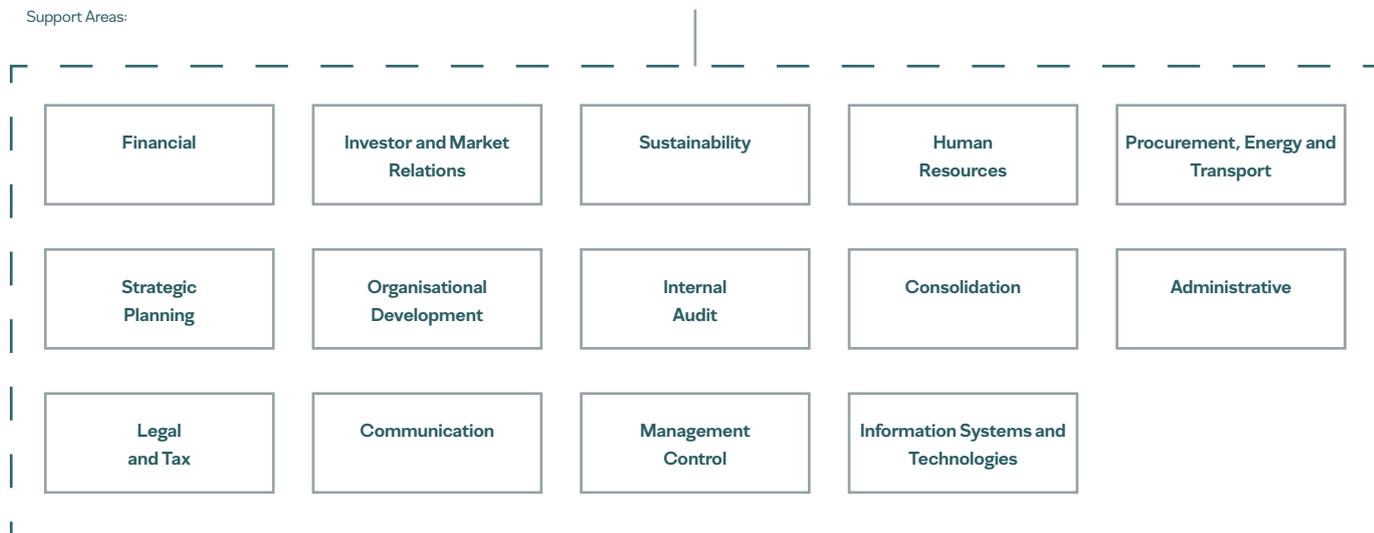
At intervals deemed appropriate, the managing director of the relevant support division or the Executive Committee or even the Board of Directors may request a review (and they effectively do so) of the activity carried out by the different support divisions in order that the need or opportunity to create new positions or implement new strategies may be considered by the Board of Directors.

[3] The Company's Articles of Association provide for the possibility of the Board of Directors being advised by one to three Advisors, to be appointed by it from among persons of recognised merit and experience, with terms of office coinciding with those of the Directors. The Advisors to the Board of Directors are people who advise the Board of Directors about the various issues addressed at board meetings, but they don't have the right to vote on resolutions passed at meetings.

The Board of Directors elected on 7 April 2017 for the 2017-2019 term did not appoint Advisors to the Board of Directors.



Support Areas:



b) Functioning

22. Availability and place where rules on the functioning of the Board of Directors may be viewed.

The modus operandi of the Board of Directors of Corticeira Amorim scrupulously complies with all applicable rules of procedure regarding the Board of Directors, specifically those set out in the Portuguese Companies' Code, in the Company's Articles of Association and in the regulations issued by the CMVM. This already constitutes real rules of procedure, that are adequate to and foster its efficient operation to safeguard the performance of this collegiate body in the efficient pursuit of the interests of the Company and all its shareholders.

Hence, although no formal Internal Rules as referred in this section do actually exist, Corticeira Amorim believes that the principles of good business practice are part of the core values upheld by both the members of this governing body and the other staff who assist and/or advise them.

Given that these internal rules have not yet been formalised, they are not available on the Company's website. However, the Board of Directors complies with all rules of procedure prescribed by law (Portuguese Companies' Code, Portuguese Securities' Code, regulations and instructions issued by the CMVM) or by the Company's articles of association, which are available at the CMVM's website (www.cmvm.pt) or at the Company's website (www.corticeiraamorim.com), respectively.

23. The number of meetings held and the attendance report for each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable.

Pursuant to the Articles of Association, the Board of Directors shall meet when and where corporate interest requires. Ten meetings of the Board of Directors were held throughout 2019 (2018: 10 meetings), and all the members of the Board in office attended the meetings. The individual and global attendance was of 100%.

24. Details of competent corporate boards undertaking the performance appraisal of executive directors.

Pursuant to the articles of association, the General Meeting or a Committee it elects shall decide on the assessment of the performance of the directors, including executive directors.

As stated in section 67 of this report, there is a Remuneration Committee (term of office of three years, 2017 to 2019), which is responsible for carrying out the assessment referred to in this point, and it effectively did so.

25. Predefined criteria for assessing executive directors' performance.

Pursuant to the statement on the policy for remunerations awarded to the Board of Directors approved at the Shareholders' General Meeting of 12 April 2019, as proposed by the company's Remuneration Committee (Section 69), whenever such is adequate and feasible, such remuneration shall primarily consist of a fixed pay (for executive and non-executive directors) plus a variable pay (for executive directors only) as performance-based premium. The award of the variable pay component of remuneration referred to in the preceding paragraph shall be a bonus resulting from short term performance evaluation and from the contribution of the annual performance to medium / long term economic, environmental and social sustainability of the Organisation. The actual amount of the variable pay shall depend on the appraisal to be carried out every year by the Remuneration Committee on the performance of the Board members, examining the contribution of each individual executive director to both the Company's profit in the relevant financial year and compliance with the Company's targets and implementation of the medium/long-term strategies adopted by the Company; the development of the results and the level of compliance with the following strategic objectives: innovation, organisational development and safety, competitiveness, growth, financial soundness and value creation. The payment of the variable pay component, if any, may be made wholly or in part after determination of the profit (or loss) in respect of a three-year period. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway.

26. The availability of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year.

António Rios de Amorim (Chairman):

Company	Position Held
CORTICEIRA AMORIM Group	
Amorim, S.A.	Chairman of the Board of Directors
Amorim Cork, S.A.	Chairman of the Board of Directors
Amorim Cork, S.G.P.S., S.A.	Chairman of the Board of Directors
Amorim Bartop – Investimentos e Participações, S.A.	Chairman of the Board of Directors
Amorim Champcork, S.A.	Chairman of the Board of Directors
Amorim Cork Composites, S.A.	Chairman of the Board of Directors
Amorim Cork Research, Lda.	Director
Amorim Cork Services, Lda.	Director
Amorim Florestal España, S.L.	Chairman of the Board of Directors
Amorim Florestal, S.A.	Chairman of the Board of Directors
Amorim Florestal II, S.A.	Chairman of the Board of Directors
Amorim Florestal III, S.A.	Chairman of the Board of Directors
Amorim Industrial Solutions – Imobiliária, S.A.	Chairman of the Board of Directors
Amorim Cork Insulation, S.A.	Chairman of the Board of Directors
Amorim Natural Cork, S.A.	Chairman of the Board of Directors
Amorim Cork Flooring, S.A.	Chairman of the Board of Directors
Amorim Tops Series, S.A.	Chairman of the Board of Directors
Chapius, S.L.	Chairman of the Board of Directors
Comatral – Compagnie Marocaine de Transformation du Liège, S.A.	Chairman of the Board and Chairman of the Presiding Board of the General Meeting
Compruss – Investimentos e Participações, Lda.	Director
Cosabe – Companhia Silco-Agrícola da Beira, S.A.	Chairman of the Board of Directors
Dom Korkowy, Sp. Zo.o	Member of the Board of Directors
Equipar – Participações Integradas, SGPS, Lda.	Director
ETS Christian Bourrassé, S.A.	Chairman of the Board of Directors
Francisco Oller, S.A.	Chairman of the Board of Directors
Korke Schiesser GmbH	Chairman of the Board of Directors
Olimpiadas Barcelona 92, S.L.	Chairman of the Board of Directors
SIBL – Société Industrielle Bois Liège, S.A.R.L.	Director
Société Nouvelle des Bouchons Trescasses, S.A.	Director
TKCork – Advanced Cork Technology, S.A.	Chairman of the Board of Directors
Vinolock, A.S.	Director
OTHER COMPANIES	
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Serviços e Gestão, S.A.	Chairman of the Board of Directors
Amorim – Sociedade Gestora de Participações Sociais, S.A.	Member of the Board of Directors
Amorim – Viagens e Turismo, Lda.	Director
Amorim Desenvolvimento – Investimentos e Serviços, S.A.	Chairman of the Board of Directors
Amorim Global Investors, SGPS, S.A.	Chairman of the Board of Directors
Amorim II, SGPS, S.A.	Director
Gierlings Velpor – Veludo Português, S.A.	Member of the Board of Directors
Montinho das Ferrarias de Baixo – Sociedade Agroflorestal, S.A.	Director
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Director
QM1609 – Investimentos Imobiliários, S.A.	Chairman of the Board of Directors
Quinta Nova de Nossa Senhora do Carmo, S.A.	Member of the Board of Directors

Nuno Filipe Vilela Barroca de Oliveira (Vice-Chairman):

Company	Position Held
CORTICEIRA AMORIM Group	
Amorim Cork, S.A.	Vice-Chairman of the Board of Directors
Amorim Cork, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Cork Composites, S.A.	Member of the Board of Directors
Corecochik – Corking Shoes Investments, Lda	Director
Amorim Florestal, S.A.	Member of the Board of Directors
Amorim Florestal II, S.A.	Member of the Board of Directors
Amorim Florestal III, S.A.	Member of the Board of Directors
Amorim Industrial Solutions – Imobiliária, S.A.	Member of the Board of Directors
Amorim Cork Insulation, S.A.	Member of the Board of Directors
Amorim Natural Cork, S.A.	Member of the Board of Directors
Amorim Cork Flooring, S.A.	Member of the Board of Directors
Cosaabe – Companhia Silvo-Agrícola da Beira, S.A.	Member of the Board of Directors
OTHER COMPANIES	
Ahorro Corporación Financiera h, SL	Advisor
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Board of Directors
Amaroka – Lda.	Director
Atitlan Real Estates Porto Imóveis, S.A.	Member of the Board of Directors
Atitlan Porto Investments, S.A.	Member of the Board of Directors
API – Amorim Participações Internacionais, S.G.P.S., S.A.	Member of the Board of Directors
Casa das Heras – Empreendimentos Turísticos, S.A.	Member of the Board of Directors
Imobis – Empreendimentos Imobiliários Amorim, S.A.	Member of the Board of Directors
Mosteiro de Grijó – Empreendimentos Turísticos e Imobiliários, S.A.	Member of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Director
Paisagem de Alqueva, S.A.	Member of the Board of Directors
Quinta Nova de Nossa Senhora do Carmo, S.A.	Member of the Board of Directors
TB Vinhos, S.A.	Member of the Board of Directors

Fernando José de Araújo dos Santos Almeida (Member):

Company	Position Held
CORTICEIRA AMORIM Group	
Amorim Cork Services, Lda.	Director
Amorim Cork Flooring, S.A.	Member of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Director
Vatrya – Consultoria e Marketing, Lda.	Director

Cristina Rios de Amorim Baptista (Member):

Company	Position Held
OTHER COMPANIES	
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Amorim – Sociedade Gestora de Participações Sociais, S.A.	Member of the Board of Directors
Banco BPI, S.A.	Member of the Board of Directors
OTHER INSTITUTIONS:	
AEP – Associação Empresarial de Portugal	Member of the General Board, representing Amorim Cork, S.A.
BCSD Portugal – Conselho Empresarial para o Desenvolvimento Sustentável	Member of the Board
AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado	Member of the General Board, representing Corticeira Amorim, SGPS, S.A.

Vogal: Luisa Alexandra Ramos Amorim (Member):

Company	Position Held
OUTRAS SOCIEDADES	
Amorim – Investimentos e Participações, SGPS, S.A.	Member of the Board of Directors
Amorim – Serviços e Gestão, S.A.	Member of the Board of Directors
Amorim – Viagens e Turismo, Lda.	Director
Amorim Desenvolvimento – Investimentos e Serviços, S.A.	Member of the Board of Directors
Amorim Global Investors, SGPS, S.A.	Member of the Board of Directors
Amorim Negócios Internacionais, S.A.	Chairman of the Board of Directors
Amorim Negócios II, SGPS, S.A.	Chairman of the Board of Directors
Bucozal – Investimentos Imobiliários e Turísticos, Lda.	Director
Época Global, SGPS, S.A.	President of the Board of Directors
Great Prime, S.A.	Member of the Board of Directors
LUYNES – Investimentos, S.A.	Chairman of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Director
Quinta Nova de Nossa Senhora do Carmo, S.A.	Chairman of the Board of Directors
Vintage Prime, SGPS, S.A.	Member of the Board of Directors
Taboadella, S.A.	Chairman of the Board of Directors
OTHER INSTITUTIONS:	
Associação Bagos D'Ouro – IPSS	Chairman of the Board

Juan Ginesta Viñas (Member):

Company	Position Held
CORTICEIRA AMORIM Group	
Trefinos, S.A.	Chairman of the Board of Directors
OTHER COMPANIES	
Les Finques, S.A.	Director



c) Committees within the Board of Directors or Supervisory Board and Board Delegates

27. Details of the committees created within the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and the place where the rules on the functioning thereof is available.

There is an Executive Committee, created by delegation of powers by the Board of Directors. Although there are no formal rules of procedure available for viewing, the functioning of the Executive Committee complies with all the rules governing its work, namely those of the Portuguese Companies' Code, the Articles of Association and the procedures adopted internally. This constitutes by itself adequate rules of procedure that enable the implementation of the best practices, safeguarding the effectiveness of the Company and creating value for shareholders.

As already referred to regarding the Board of Directors, it should be added that the principles of good business practice are part of the core values upheld by both the members of this committee and the staff members who assist and/or advise them.

28. Composition of the Executive Committee.

The Executive Committee shall consist of three members, i.e., a Chairman and two Members:

Chairman:	António Rios de Amorim
Board Member:	Nuno Filipe Vilela Barroca de Oliveira
Board Member:	Fernando José de Araújo dos Santos Almeida

The term of office of the Executive Committee coincides with that of the Board of Directors.

29. Description of the powers of each of the committees established and a summary of activities undertaken in exercising said powers.

The **Executive Committee** exercises the powers delegated to it by the Board of Directors - in the precise terms provided for in the articles of association and in law, as described in section 9 herein -, with a view to streamlining management practices and making possible closer and continuous monitoring of the Company's different areas (management, operations and support) and its operating and business processes.

According to Corticeira Amorim's articles of association, the Executive Committee is vested with the power to implement the decisions made by the Board of Directors, manage the Company's ordinary course of business and implement certain management duties. The activity of the Executive Committee was conducted in 2019 according to these duties, with the purpose of performing:

- the day-to-day management of the company;
- the implementation of the decisions taken by the Board of Directors;

- the alignment of the activity of the various business units that constitute the Company, and analysis of the respective reporting;
- budget estimates and setting goals and objectives;
- in terms of human resources: analysis of the evolution of indicators, policy and priorities for training, performance assessment, salary policy;
- monitoring the evolution of critical business factors, definition and implementation of management measures concerning those factors (evolution of prices of main inputs, interest rates and exchange rates);
- follow up and decisions on investment, loans and taking on liabilities;
- definition of the internal audit and internal control activities and reporting on the main conclusions;
- policy definition and decision on priority action in the field of Research, Development and Innovation;
- monitoring the Corticeira Amorim share price: transactions, price development, analysts' estimates;
- the analysis and reflection on the corporate governance model and its suitability to the company and respective goals.

Whenever matters are examined and/or decided in which one or more members of the Executive Committee have particular interests which conflict with the interests of the company, the member(s) in conflict shall inform the Board of this circumstance, providing all necessary information but abstaining from voting on such matters.

In the scope of its powers, the Executive Committee has timely access to all information and employees, both from the company and its main subsidiaries, with a view to monitoring the business, evaluating performance and development prospects. Accordingly, the Executive Committee receives notices, work orders and documentation to support all meetings in which it analyses and/or decides on the strategy, implementation and actions and evaluates the results of the various Business Units of Corticeira Amorim; it participates in the management meetings of these Business Units and has broad access to any documents or employees appropriate to the clarifications that it deems pertinent.

With a properly implemented reporting system within the Company, information flows from the members of the Executive Committee to the Directors, thus ensuring that the performance of the members of both the Board and the Committee are aligned and that every director is informed of the work and activities of the Executive Committee in a timely manner.

The Chairman of the Executive Committee, who is also the Chairman of the Board of Directors, provides timely minutes of the Executive Committee meetings to the Chairman of the Supervisory Board.

The Executive Committee met 11 times during 2019. The attendance rate was 100% (in global and individual terms).

III. SUPERVISION

a) Composition

30. Details of the Supervisory Body (Supervisory Board, the Audit Committee or the General and Supervisory Board) representing the model adopted.

The Company has adopted the governance model commonly known as the “reinforced Latin” model, with a double supervisory mechanism consisting of a supervisory board and a statutory auditor.

31. Composition of the Supervisory Board, with details of the articles of association’s minimum and maximum number of members, duration of term of office, number of effective members, date of first appointment, date of end of the term of office for each member.

The articles of association establish that the Supervisory Board consists of three incumbent members and one or several alternate members.

The Supervisory Board was composed exclusively of three members considered independent during the current mandate (2017-2019). During the year under review they exercised the duties of:

Chairman: Manuel Carvalho Fernandes

Date of first appointment to the Supervisory Board: 24 March 2014
Date of first reappointment to the Supervisory Board: 07 April 2017
End of term in office: 31 December 2019, remaining in office until a new election pursuant to law

Member: Marta Parreira Coelho Pinto Ribeiro

Date of appointment to the Supervisory Board, as Alternate: 12 April 2019
Date of appointment to the Supervisory Board as Incumbent Member (following Ana Paula Africano de Sousa e Silva’s departure): 18 June 2019
End of term in office: 31 December 2019, remaining in office until a new election pursuant to law

Member: Eugénio Luís Lopes Franco Ferreira

Eugénio Luís Lopes Franco Ferreira
Date of first appointment to the Supervisory Board: 24 March 2014
Date of first reappointment to the Supervisory Board: 07 April 2017
End of term in office: 31 December 2019, remaining in office until a new election pursuant to law

Member: Ana Paula Africano de Sousa e Silva

Ana Paula Africano de Sousa e Silva
Date of first appointment to the Supervisory Board: 24 March 2014
Date of first reappointment to the Supervisory Board: 07 April 2017
Resigned on 31 May 2019

32. Details of the members of the Supervisory Board, which are considered to be independent pursuant to Article 414 (5) of the Portuguese Companies’ Code.

As far as the Company knows, all members of the Supervisory Board, both incumbent and alternate members, meet the independence criteria set out in Article 414 (5) as well as the incompatibility rules envisaged in Article 414-A(1), both of the Portuguese Companies’ Code.

33. Professional qualifications of each member of the Supervisory Board, and other important curricular information.

Manuel Carvalho Fernandes (Chairman):

Graduated with a Bachelor’s Degree in Economics from the University of Porto, Faculty of Economics. MBA from Katholieke Universiteit Leuven (Leuven, Belgium). Professional career in the financial sector (1979 - 1995) - Banco Português do Atlântico, State Secretary of the Treasury (1986-1988), President of Banco Comercial de Macau (1989-1995), the Insurance Company Bonança (1992-1995) and of the Portuguese Banks’ Union (1993-1995). Director of Banco Mais (1997-2011), Seguros Sagres (2006-2008), Finibanco (2004-2006). CEO of SGAL - Sociedade Gestora Alta de Lisboa (1998-2007).
Gender: Male | Age: 67

Marta Parreira Coelho Pinto Ribeiro (Member):

Graduated with a Bachelor’s Degree in Economics and a Master’s Degree in Economics from the University of Porto, Faculty of Economics. PhD degree in Economics (specialisation in Behavioural Economics) from the London School of Economics and Political Science (LSE), 2004. Since 2004, she has been a staff member of LSE. From 2004 to 2014, she was responsible for the subject of Negotiation, turning it into a reference subject at LSE. Since 2017, she is a staff member of Oxford University, Saïd Business School, at the Negotiation for Executives course. In this course, she holds a teaching role, as well as coaching executives. In terms of research, Marta is essentially devoted to the study of over-optimism and over-confidence of economic agents and the implications of such deviations in economic decision-making (namely decisions related to entrepreneurship). Her research topics are central themes in the field of Behavioural Economics as evidenced by the reference to her work by the Nobel Prize in Economics, Daniel Kahneman, in his book “Thinking Fast and Slow”. In addition to her teaching and research roles, she has played, and still does, an advisory role. Among other advisory roles, namely in the area of negotiation, she participated in studies on price reform in the pharmaceutical industry in Portugal and studies on regional economic development. In order to develop her communication skills, she took a course in this area in September 2019. She has been regularly invited by Oxford University to give presentations on Negotiation styles.
Gender: Female | Age: 50

Eugénio Luís Lopes Franco Ferreira (Member):

Education and professional training: graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics in 1976 where he lectured Financial Mathematics in 1976/1977. Throughout his career he attended numerous training activities in several European countries and the United States; Member of the Ordem dos Economistas and member of the Portuguese Institute of Corporate Governance. In 2016 he voluntarily cancelled his enrolment in the Ordem dos Revisores Oficiais de Contas (Statutory Auditors' Association) and the Ordem dos Contabilistas Certificados (Chartered Accountants' Association). Professional experience: is, since 2009 to date, a Consultant as an independent contractor; 1977-2008: joined the office in Porto of the then Price Waterhouse (PW), currently PricewaterhouseCoopers (PwC). After a brief stint at the Paris office (1986), he was admitted as a Partner in 1991, transferring to the Lisbon office in 1996. He initially joined the Audit department and later the Transaction Services department, having participated in numerous audits and consulting projects, particularly in the area of transactions and corporate reorganisations, in almost all business sectors, including in cork companies, covering the entire manufacturing sector. As an auditor, the scope of responsibilities included, in most cases, the performance of the duties of the Investmark Holdings, B.V. members of the Supervisory Board or the Statutory Auditor; at different times he performed various internal functions at PW / PwC, namely (i) the head of the Porto office (1989-1998); (ii) territorial responsibility for the technical audit function and risk management ("Technical Partner" and "Risk Management Partner"); (iii) responsibility for administrative functions, financial and internal IT ("Finance & Operations Partner"); (iv) in charge of the Audit Department; (v) member of the Executive Committee ("Territory Leadership Team"); 1966-1976: initiated activity in a small company in the automotive sector, interrupted between 1971-1974 for the fulfilment of military service. Management positions held in the last five years: manager of VMR&MR, Lda, since 2019.

Gender: Male | Age: 69

b) Functioning**34. Availability and place where the rules on the functioning of the Supervisory Board may be viewed.**

The **Bylaws of the Supervisory Board of the Company** can be viewed at https://www.amorim.com/xms/files/Investidores/2_Orgaos_Sociais/2016_07_CA_RegCF_EN.pdf

35. The number of meetings held and the attendance report for each member of the Supervisory Board.

The Supervisory Board meets whenever called by the Chairman or by any other two members of the Supervisory Board, and at least every quarter, pursuant to article 10 of the rules of procedure of that body. The Supervisory Board met five times during 2019 with an overall and individual attendance of 100%.

36. The availability of each member of the Supervisory Board, indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of these Boards.**Manuel Carvalho Fernandes (Chairman):**

Company	Position Held
Group AFSA, SGPS, S.A. - management positions:	
AFSA, SGPS, S.A.	Director
COEPAR – Consultoria e Investimentos, S.A.	Director
S2IS – Serviços e Investimentos, SGPS, S.A.	Director
BRASILIMO – Investimentos Imobiliários no Brasil, SGPS, S.A.	Director
SSL – Serviços e Investimentos, S.A.	Director
Other Companies – management positions:	
Faceril – Fábrica de Cerâmica do Ribatejo, S.A.	
Coeprimob – promoção Imobiliária, S.A.	
Quaternaire, S.A.	Director
Group AFSA, SGPS, S.A. – other positions:	
Douro Empreendimentos Imobiliários, Lda.	Advisory Board
Brasilimo Empreendimentos Imobiliários, Lda.	Advisory Board

Marta Parreira Coelho Pinto Ribeiro (Member):

She has a PhD degree in Economics from the London School of Economics and Political Science (LSE), 2004, where she has been a staff member ever since; since 2017, she has also been a staff member of Oxford University, Saïd Business School, at the Negotiation for Executives course. In addition to teaching and coaching roles, she also dedicates herself to research and an advisory role.

She doesn't hold any other company positions in other companies, be it in or out of Corticeira Amorim.

Eugénio Luís Lopes Franco Ferreira (Member):

Company	Position Held
Other companies - management positions:	
VMR&MR, Lda.	Director

He acts professionally as a self-employed consultant.

c) Powers and duties**37. A description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor.**

The Supervisory Board is responsible for monitoring the independence of the Statutory Auditor, especially in relation to the provision of additional services.

It should be noted that the entry into force on 1 January 2016 of Law No. 140/2015 of 7 September, approving the new Regulation of the Portuguese Institute of Statutory Auditors and Law No. 148/2015 of 9 September approving the Legal Regime for Audit Supervision, implied that the provision of services by the Statutory Auditor is substantially limited (a wide range of services are legally prohibited and the rest are limited to 70% of the total fees paid to the Statutory Auditor for statutory audit services) and that the non-prohibited services require the prior approval of the Supervisory Board.

Thus, while always requiring the prior approval by the Supervisory Board, services other than the statutory audit were contracted from the Statutory Auditor. These services essentially comprise work to comply with formalities established by law and work to ensure the reliability of the half-yearly financial statements.

Under such services:

- the Statutory Auditor does not lead the underlying projects. These projects are always headed by the appropriate department of Corticeira Amorim.
- the representatives appointed to the position of Statutory Auditor of Corticeira Amorim do not collaborate on these projects.

There are, therefore, no issues regarding the independence of the work of the Statutory Auditor.

38. Other duties of the supervisory body.

The Supervisory Board is responsible, under the law and respective Rules of Procedure, for the following:

- oversee the management of the company;
- monitor compliance with the law and articles of association;
- check the correctness of the accounting records and documents supporting those records;
- check when deemed convenient and in the manner considered adequate, the extent of cash and stocks of any kind of goods or assets owned by the company or received as collateral, deposit or otherwise;
- check the accuracy of the financial statements;
- check whether the accounting policies and valuation criteria adopted by the company lead to a correct assessment of the assets and profits;
- prepare an annual report on its supervisory action and give an opinion on the report, accounts and proposals submitted by management;
- convene the General Meeting when the Chairman of that Presiding Board does not and should do so;
- monitor the effectiveness of the risk management system, internal control system and internal audit system, if any;

- receive reports of irregularities presented by shareholders, company employees or others, giving them due treatment;
- analyse the reports of irregularities received, requesting from the company's other corporate bodies and structures the necessary explanations for the reported situations;
- suggest, following the analysis referred to in the preceding paragraph, measures to safeguard from the occurrence of such irregularities and give knowledge of them to the Board of Directors and/or to the internal or external entities that each situation warrants, while always guaranteeing the non-disclosure of the identity of those reporting such situation, unless they expressly do not wish such;
- outsource for the provision of expert services to assist one or more of its members in the exercise of their duties; the hiring and remuneration of experts must take into account the importance of the entrusted matters and the financial situation of the company; the scope and conditions of the provision of services to be hired must be communicated in advance to the Board of Directors;
- examine and issue its prior opinion on the transactions with Qualified Shareholders, as set down in specific regulations;
- suspend directors when:
 - a) their health temporarily prevents them from performing their duties;
 - b) other personal circumstances preclude them from carrying out their duties for a period of time presumably greater than sixty days and they ask the Supervisory Board to be temporarily suspended or the Board deems this to be in the interest of the company;
- declare the removal from office of Directors when, following their appointment, there occurs some form of incapacity or incompatibility that poses a barrier to that appointment and the director does not leave that post or does not remove the supervening incompatibility within thirty days;
- comply with all other duties set down by law or the articles of association;
- assess the management report, the annual accounts, the legal certification of accounts or impossibility of certification, as well as the additional report to be prepared by the Statutory Auditor in accordance with article 24 of Law 148/2015;
- if it agrees with the statutory audit certificate or the statement that the issue of such certification is impossible, then it must explicitly state this in its opinion;
- if it does not agree with the statutory audit certificate or the statement that the issue of such certification is impossible, then it must include the reasons for such disapproval in its report;
- send the report and opinion to the Board of Directors within fifteen days of the date on which it received the referred accounting documents;
- Issue in its report and opinion a statement that, relating

to the annual directors' report, the annual accounts, and other accounting documents required by law or CMVM Regulations, to the best of its knowledge, the information was prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and profit/loss of the company and the companies included in the consolidation perimeter, and that the management report faithfully describes the evolution of the business, the company's performance and position and of the companies included in the consolidation perimeter, and it contains a description of the principal risks and uncertainties that they face;

- supervise the process of preparation and disclosure of financial information and submit recommendations or proposals to ensure its integrity;
- select the auditors to propose to the General Assembly and justifiably recommend the preference for one of them;
- monitor the statutory audit of the individual and consolidated annual accounts, in particular the implementation of the same, taking into account any findings and conclusions of the Portuguese Securities Market Commission;
- verify and monitor the independence of the Statutory Auditor pursuant to the law, including the obtaining of formal written confirmations of the statutory auditor provided in Articles 63 and 78 of the Statute of the Statutory Auditors Association and in particular, verify the appropriateness and approve the rendering of services other than audit services;
- check that the published report on the corporate governance structure and practices includes the provisions referred to in article 245-A of the Portuguese Securities' Code.

The Supervisory Board is guaranteed access to all documentation and employees of the company to obtain regular information on the evolution of the activity in general, and the areas that are its special competence in particular. A system of regular reporting is also in place, covering, among others, the minutes of the meetings of the Executive Committee, internal audit reports and the list of transactions with related parties.

IV. STATUTORY AUDITOR

39. Details of the statutory auditor and the partner representing it.

The Statutory Auditor shall consist of one member and one alternate member, any one of which may be a statutory auditor or statutory auditor firm.

The Shareholders' General Meeting, held on 7 April 2017, elected for the current term of office (2017-2019):

Statutory Auditor:

ERNST & YOUNG AUDIT & ASSOCIADOS – SROC, S.A., represented by Rui Manuel da Cunha Vieira or by Rui Abel Serra Martins

Alternate:

Pedro Jorge Pinto Monteiro da Silva e Paiva
End of term of office: 31 December 2019, remaining in office until a new election pursuant to law.

The Statutory Auditor is responsible for the following:

- Undertake all necessary examinations and checks for the audit and issue of the statutory audit certificate of the company's accounts. The following must be checked, in particular:
 - a) the correctness of the accounting records and documents supporting those records;
 - b) when deemed convenient and in the manner considered adequate, the extent of cash and stocks of any kind of goods or assets owned by the company or received as collateral, deposit or otherwise;
 - c) the accuracy of the financial statements;
 - d) whether the accounting policies and valuation criteria adopted by the company lead to a correct assessment of the assets and profits;
- Immediately report by registered letter to the chairman of the board of directors the facts in its possession that it considers indicate serious difficulties in the pursuit of the company's object, including repeated non-payments to suppliers, bad debts, issuing cheques without sufficient funds, failure to pay social security contributions or taxes. Request that the Chairman of the Board of Directors, in the event no reply was made to a letter or request or the reply received was deemed unsatisfactory, the convening of the board of directors to meet, with the statutory auditor present, to appraise the facts and take the appropriate decisions. If the meeting is not held or if the adopted measures are not deemed adequate to safeguard the interests of the company, it must require, by registered letter, that a general meeting is convened to appraise and decide on the facts contained in the mentioned registered letters and the minutes of the above-referred meeting of the board of directors.

40. State the number of years that the statutory auditor consecutively carries out duties with the company and/or group.

ERNST & YOUNG AUDIT & ASSOCIADOS – SROC, S.A. was elected on 7 April 2017, for the current term of office (2017-2019). 2019 was the third year of its term of office and, consequently, its third consecutive year in office.

41. Description of other services that the statutory auditor provides to the company.

During the year under review, ERNST & YOUNG AUDIT & ASSOCIADOS - SROC, S.A., including other entities belonging to the same network, was hired by the Company and its associated companies, to deliver audit and statutory audit services and other services subject to prior examination and approval by the Supervisory Board, such as the review of interim financial information and other reliability assurance services.

Further assurance services include the audit, in accordance with the ISAs, of Amorim Cork Sweden's sales and accounts receivable and cost of sales and inventories, verification of the sustainability report, limited review of the consolidated accounts for the first half of 2019 and assessment of the environmental, social and economic impacts of the Corticeira Amorim group.

The independence of these service providers is not called into question as the leadership of the projects such service providers take on is always assumed by the appropriate department of Corticeira Amorim.

The total amount of those services are stated in section 47.

V. EXTERNAL AUDITOR

42. Details of the external auditor appointed in accordance with Article 8 and the partner that represents same in carrying out these duties, and the respective registration number in the CMVM.

The external audit of Corticeira Amorim is performed by the Statutory Auditor (as identified in section 39).

43. State the number of years that the external auditor and respective partner that represents same in carrying out these duties consecutively carries out duties with the company and/or group.

As set out in section 40 above.

44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties.

As set out in section 40 above.

45. Details of the Board responsible for assessing the external auditor and the regular intervals when said assessment is carried out.

As set out in section 40 above.

46. Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the hiring of such services and a statement on the reasons for said hire.

As set out in section 41 above (identification of work) and in section 37 (internal procedures).

47. Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the services:

Type of service			Audit and certification of accounts	The review of interim financial information and other reliability assurance services	Other services	TOTAL
EY SROC	Corticeira Amorim	Value	22,200	15,000	0	37,200
		%	60%	40%	0%	100%
	Group companies	Value	147,950	0	58,000	205,950
		%	72%	0%	28%	100%
	Total	Value	170,150	15,000	58,000	243,150
		%	70%	6%	24%	100%
Companies of EY's Network	Corticeira Amorim	Value	0	0	0	0
		%	0%	0%	0%	0%
	Group companies	Value	69,040	0	0	69,040
		%	100%	0%	0%	100%
	Total	Value	69,040	0	0	69,040
		%	100%	0%	0%	100%
Total	Corticeira Amorim	Value	22,200	15,000	0	37,200
		%	60%	40%	0%	100%
	Group companies	Value	216,990	0	58,000	274,990
		%	79%	0%	21%	100%
	Total	Value	239,190	15,000	58,000	312,190
		%	77%	5%	19%	100%



Year after year, we work together, with unconditional enthusiasm and extraordinary commitment, reinforcing our desire to building a more sustainable future.

[C.] Internal Organisation

I. ARTICLES OF ASSOCIATION

48. The rules governing amendment to the articles of association (Article 245-A/1/h).

The rules governing the amendment of the Articles of Association of the Company are those provided for by law, with the addition of the following specific provisions set out in the aforementioned articles: the Company is managed by a Board of Directors consisting of a Chairman, a Vice-Chairman and from one to nine other Members. This statutory provision may be amended only with the approval by a majority of shareholders representing at least two-thirds of the Company's share capital.

II. REPORTING OF IRREGULARITIES

49. Reporting means and policy on the reporting of irregularities in the company.

It is the responsibility of Corticeira Amorim's Supervisory Board - in accordance with its rules of procedure - to receive the information on wrongful acts reported by shareholders, employees or other individuals or bodies and to treat such whistle-blowing reports appropriately.

Such reports shall be addressed to:

Supervisory Board of Corticeira Amorim, SGPS, S.A.
Address - Registered office of the company: Rua de Meladas,
n.º 380 - Apartado 20 - 4536-902 MOZELLOS
Telephone: 22 747 54 00

The Company ensures that the Supervisory Board will be the first to be made aware of the contents of such whistle-blowing reports (no employee of the Company is authorised to open mail specifically addressed to this corporate body or any of its individual members).

It is the Supervisory Board's responsibility to review any such reports and ask the Company's other governing bodies and officers for any explanations on the disclosed events and the circumstances surrounding the situation. In dealing with concrete situations, the Supervisory Board is entitled to:

- suggest measures to prevent such irregularities occurring;
- report any identified and confirmed irregularities to the Board of Directors and relevant authorities, both internal and external, in accordance with each specific situation.

The Company guarantees that the identity of whistle-blowers will not be disclosed throughout the process, unless they expressly choose to disclose their identity.

Corticeira Amorim believes that there are a number of measures, i.e. (i) the assignment of such responsibilities to the Supervisory Board - a body composed entirely of independent members, thus ensuring the impartial handling and consideration of irregularities reported to the Company; (ii) the non-imposition of the use of a specific format for such reports and the fact that the whistle-blower may use the channels it deems most suitable to make the report; (iii) the obligation to ensure protection of personal data (scrupulously following the instructions given by whistle-blowers regarding confidentiality) that safeguard the rights of both whistle-blowers and other staff members involved, while ensuring that the reporting process remains simple, and contribute effectively to promoting the impartial investigation and clarification of the situations reported.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems.

The Internal Audit Department has powers over such matters.

51. Details, even including organisational structure, of hierarchical and/or functional dependency in relation to other boards or committees of the company.

These departments work under the command of the Board of Directors, closely directed by the Executive Committee.

52. Other functional areas responsible for risk control.

The main aim of the Board of Directors and the Executive Committee is to establish an integrated overview of critical success factors in terms of profitability and/or associated risks with a view to creating sustainable value for both the Company and its shareholders.

Because of Corticeira Amorim's specific business characteristics, two critical factors have been identified at the operational level: (i) market risk and business risk and (ii) raw materials (cork) risk. The management of such risks is the responsibility of the relevant BU.

53. Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.

Raw materials (cork) risk:

The management of the procurement, storage and preparation of the single variable common to all business activities of Corticeira Amorim, i.e. the raw material (cork) is centralised in the Raw Materials BU, an autonomous BU with professional and independent management. This allows to:

- form a specialised team exclusively focused on raw materials;
- make the most of synergies and integrate all raw materials (cork) manufactured by other BUs in the relevant BU's

production process;

- improve the management of raw materials from a multinational perspective;
- strengthen its presence in cork-producing countries;
- keep an updated historical record of production status by cork-producing forest unit;
- strengthen relationships with producers, promote forest certification, improve the technical quality of products and enter into research and development partnerships with forestry-related partners;
- ensure that an optimal mix of raw materials is used to meet market demand for finished products;
- ensure the supply stability of cork, a critical variable for Corticeira Amorim's operations, over the long term;
- prepare and propose to the Board of Directors the multi-annual purchasing policy to be implemented.

Market risk and operational business risk:

In the first instance, market risk and business risk are managed by the four BUs – Cork Stoppers, Floor and Wall Coverings, Cork Composites and Insulation Cork – that are involved in the markets that deal in Corticeira Amorim's finished products.

In devising a strategic plan for these BUs – a strategic plan based on balanced scorecard methodology – a number of key factors for value creation are identified by using a multifaceted approach that encompasses the outlook for finance, market/customers, processes and infrastructures. Using this approach, strategic objectives and goals are defined as well as the actions required to achieve them.

The adopted method strengthens alignment between the defined strategy and operational planning where such are defined, for a shorter time horizon, the priority actions to develop to reduce risk and ensure sustained value creation. The Executive Management of each BU is responsible for pursuing the executive processes that allow the systematic monitoring of the actions, which are subject to periodic monitoring and monthly evaluation by the Board of Directors of the BU.

Legal Risk:

As far as legal risks are concerned, the main risk to the business of Corticeira Amorim and its subsidiaries relates to the potential for loss arising from amendments made to legislation – in particular, labour legislation, environmental regulations and similar –, which could have an impact on Corticeira Amorim's operations and affect its business' performance and profitability.

The Legal Department in cooperation with the Organisational Development and Strategic Planning area seek to anticipate such amendments and adapt corporate governance practices accordingly. The numerous certification processes (food safety, quality, environmental management, human resources, etc.), as described in more detail in Chapter 5 of the Management Report, are based on procedures designed, implemented and regularly and strictly audited by certifying organisations, thus guaranteeing the

minimisation of such risks. Wherever possible and practicable, the Organisation takes out insurance to mitigate the effects of uncertain but potentially unfavourable events.

Financial Risk:

As Corticeira Amorim is one of Portugal's most international companies, it pays special attention to managing exchange rate risk as well as liquidity and interest rate risk.

In addition to the responsibilities of the finance department regarding identification, monitoring and management of the above risks, the main objectives of this department are to assist with the definition and implementation of global financial strategies and with the coordination of the financial management of the group's BUs. It is structured as follows:

- a Financial Board, which coordinates the financial function at a central level. The FB is responsible for developing policies and measures (to be approved by the Executive Committee) and implementing them, for conducting global dealings with financial counterparts, for monitoring progress and preparing regular reports (to the director responsible for the financial section and to the Executive Committee and the Board of Directors);
- financial Managers who, at the company level, follow the progress of business deals managing their financial component in accordance with the advocated policies and guidelines, articulating their work performance with the FB.

The financial organisational structure is coordinated as follows:

- daily and weekly reports and fortnightly debates on financial markets and economic developments that may have an impact on the companies' business;
- regular (monthly) reports on globally agreed conditions;
- quarterly meetings of finance managers with a view to reviewing the current specific state of affairs and defining measures to be implemented;
- on the basis of reports submitted to the Board of Directors, the most important aspects of the financial operations (debt, investments, liabilities) shall be discussed.

Under the direction of the Board of Directors and assisted by an Executive Committee or an Executive Director, Corticeira Amorim's support divisions play an important role in managing critical risk factors, including risk identification. The finance department, the organisational development department, the management planning and control department and the internal audit department play an essential role in this regard.

54. Description of the procedure for identification, assessment, monitoring, control and risk management.

The system of internal control, risk management and detection/prevention of irregularities currently implemented in the company stems from an in-depth and continuous process of improvement and adaptation of internal reflection in the company, involving both

the Board of Directors, in particular its Executive Committee, and the different support areas - in particular the area of Organisational Development and Strategic Planning - or the support of external specialised consultants, where appropriate.

Also noteworthy is the Internal Audit area, whose work has significant impact on reducing the organisation's operational risks and detection/prevention of irregularities and non-conformities. The main tasks are to assess and review internal control systems with a view to optimising resources and safeguarding assets as well as monitoring activities carried out in order to provide the management bodies with a reasonable degree of certainty that business goals will be achieved.

The reporting system implemented in the Company – either at regular intervals or on demand of the Board of Directors, the Executive Committee or officers responsible for the Management – includes both measurement and objective evaluation of such risks which – after being discussed by the Board of Directors or the Executive Committee – will, if appropriate, give rise to the determination of additional or corrective measures whose implementation and impact will be followed up by the governing body that approved such measures.

The growing complexity of the business environment triggers off a close monitoring of the systems implemented in the Company. Such monitoring includes contributions and opinions from both the Supervisory Board and the Statutory Auditor and this leads to the adoption of more effective procedures when it is deemed advisable.

Under the Bylaws of the Supervisory Board, it is this Board's responsibility to monitor the effectiveness of the risk management system, the internal control system and the internal auditing system.

55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (Article 245-A/1/m).

In regard to the **preparation and disclosure of financial information - including the consolidated**, the Company promotes close cooperation among all those involved in the process to ensure that:

Disclosure complies with all applicable legal requirements and best practices in terms of transparency, relevance and reliability;

The information has been properly checked both internally and by the appropriate supervisory bodies;

The information has been approved by the appropriate governing body;

Its public disclosure complies with all relevant legal requirements and recommendations, specifically those of the CMVM and is made in the following order: first, via the data dissemination system of the Portuguese Securities Market Commission (www.cmvm.pt); second, via the Company's website (www.corticeiraamorim.com); third, by means of a long list of Portuguese and foreign media contacts; and fourth, to Corticeira Amorim's staff and to shareholders, investors, analysts and other stakeholders, whose contacts are stored in a database.

The process of preparation of financial information, including consolidated information, is dependent on the process of registration of the operations and the support systems. There is an Internal Controls Procedures Manual and an Accounting Manual implemented at the Group level. These manuals contain a set of policies, rules and procedures to (i) ensure that the process of preparation of financial information follows homogeneous principles and (ii) the quality and reliability of the financial information is ensured.

The implementation of accounting policies and internal control procedures relating to the preparation of financial information is subject to evaluation by the internal and external auditors.

The consolidated financial information by Business Unit is assessed, validated and approved by the management of the respective Business Unit, every quarter. This procedure has been consistently adopted by all the Corticeira Amorim's business units.

The consolidated financial information of Corticeira Amorim is approved by the Board of Directors and presented to the Supervisory Board, before its publication.

It is also to be emphasized that the referred Internal Control Procedures Manual contains a set of rules intended to ensure that the process of disclosure of financial information, including consolidated information, guarantees the quality, transparency and fairness in the dissemination of information.

IV. INVESTOR ASSISTANCE

56. Department responsible for investor assistance, composition, functions, the information made available by said department and contact details.

Corticeira Amorim ensures, through the Investor Relations Officer, the existence of permanent contact with the Capital Markets, promoting the communication of relevant and up-to-date information to the financial community. Its activity is based on the principles of transparency, rigour and integrity, respecting the principle of equality of Shareholders and preventing asymmetries in access to information by Investors, Financial Analysts and Regulatory Entities.

The Investor Relations Officer brings together and coordinates the work of professionals from other departments (Consolidation, Management Control, Legal and tax, Administrative, Financial, Communication) of Corticeira Amorim in order to provide impartial and timely replies to all requests from investors (whether shareholder or not).

Role:

The Investor Relations Officer of Corticeira Amorim has the following responsibilities:

- regular publication of the Company's operation performance evaluation reviews and financial results, including co-ordination and preparation of their twice-yearly public presentation delivered at the Company's registered office (either in person or via conference call);

- disclosure of privileged information;
- disclosure of information on qualifying interests;
- receipt and centralisation of all questions and queries raised by investors and answers to such questions;
- participation in conferences, roadshows and meetings with investors and analysts.

The following **measures carried out in 2019** in the context of contact with investors are especially noteworthy:

- presentation of annual and biannual business activity and results via audio-conferencing, thereby promoting interaction in the disclosure of that information;
- one-on-one meetings with investors and financial analysts;
- participation in road shows, both in Portugal and abroad;
- meetings held on the Company's premises with investors and analysts, to whom the major industrial facilities were presented;
- participation in Conferences, both in Portugal and in the main European financial centres.

The management team, whenever possible and appropriate, were involved in the actions described above, both those of Corticeira Amorim and of the various BUs.

Corticeira Amorim has been using its information technology to regularly disclose and disseminate its economic and financial information, including the Company's operation performance evaluation reports and financial results as well as its answers to specific questions and queries raised by investors.

Type of information made available (in Portuguese and English):

- the name of the Company, its public company status, registered office and other information set out in article 171 of the Portuguese Companies' Code;
- articles of Association;
- identification of the members of the Company's governing bodies and the investor relations officer;
- the Office of Investor Assistance, its functions and means of accessing this Office;
- financial statements, including an annual report on the corporate governance structure and practices;
- six-month calendar of corporate events released at the beginning of each half-year;
- notices to members of Annual General Meetings to be given during a 21-day period prior to the date fixed for each meeting;
- motions submitted for discussion and vote at a General

Meeting during a 21-day period prior to the date fixed for the meeting;

- absentee voting form;
- proxy form for Annual General Meetings;
- disclosure of annual, biannual and quarterly information on the Company's business affairs;
- main financial and activity indicators;
- price development;
- press releases: financial results, confidential information, qualifying interests in the share capital of the Company;
- business presentations to investors and market analysts.

From the beginning of 2009 onwards, the minutes of the General Meetings and statistical information on the attendance of shareholders at the General Meetings are also made available for consultation within five working days of the holding of the Annual General Meeting.

Contact information:

This Department can be reached by telephone at +351 22 747 54 00, by fax +351 22 747 54 07 or by e-mail at corticeira.amorim@amorim.com.

57. Investor Relations Officer.

The Investor Relations Officer of Corticeira Amorim is Ana Negrais de Matos.

58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years.

The response rate to requests for information is 100%. The reply is provided, on average, within 24 hours (working days), except for highly complex cases (average response time of five working days) that require consultation with external resources to the Company and are, therefore, dependent on the deadlines for the reply from such resources. These cases accounted for less than 5% of total requests for information in 2019. There were no pending replies at the end of the year.

V. WEBSITE

59. Address.

Corticeira Amorim provides a vast range of information on its website www.corticeiraamorim.com about its corporate structure, business activity and the development of its business.

60. Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies' Code is available.

<https://www.amorim.com/en/for-investors/institutional-informations/legal-structure/>

61. Place where the articles of association and rules of procedure of the boards and/or committees are available.

Articles of Association:

<https://www.amorim.com/en/for-investors/institutional-informations/legal-structure/>

Rules of procedure of the Supervisory Board:

<https://www.amorim.com/en/for-investors/institutional-informations/board-members/>

62. Place where information is available on the names of the corporate boards' members, the Investor Relations Officer, the Office of Investor Assistance or comparable structure, respective functions and contact details.

Holders of corporate positions:

<https://www.amorim.com/en/for-investors/institutional-informations/board-members/>

Investor Relations Officer:

<https://www.amorim.com/en/for-investors/institutional-informations/>

The Office of Investor Assistance, its duties and means of accessing this Office:

<https://www.amorim.com/en/for-investors/institutional-informations/>

63. Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements.

Accounting reports:

<https://www.amorim.com/en/for-investors/annual-report/>
<https://www.amorim.com/en/for-investors/annual-report/>

Half-yearly calendar of company events:

<https://www.amorim.com/en/for-investors/calendar-of-events/>

64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed.

<https://www.amorim.com/en/for-investors/institutional-informations/general-annual-meeting/>

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available.

<https://www.amorim.com/en/for-investors/institutional-informations/general-annual-meeting/>

I. POWER TO ESTABLISH

[D.] Remuneration

66. Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executive and directors of the company.

It is the responsibility of the Annual General Meeting to appoint a Remuneration Committee. The ability and capacity of the members of the Committee to perform the duties assigned to them in an independent manner for their entire term of office, i.e. to determine the remuneration policy of the members of the governing bodies that shall foster over the medium and long-term the alignment of the interests with those of the Company.

The adoption of the balanced scorecard methodology, which assesses performance using both financial and non-financial measures, enables the Remuneration Committee to evaluate every financial year, whether or not goals are achieved and to what degree. The balanced scorecard serves also as the basis for preparation of the reports of the Remuneration Committee and the Board of Directors on the remuneration policy for members of the Board and the supervisory board as well as on the remuneration policy for other senior executives and officers, respectively, to be submitted every year to the Annual General Meeting for approval.

Thus,

- the Remuneration Committee of Corticeira Amorim is responsible for setting the fixed and variable remuneration to be awarded to members of the Board of Directors, and also setting the remuneration to be awarded to members of the remaining governing bodies;
- the Board of Directors of Corticeira Amorim is responsible for setting the fixed and variable remuneration to be awarded to its officers.

II. REMUNERATION COMMITTEE

67. Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to said committee and a statement on the independence of each member and advisor.

Pursuant to the Articles of Association, the Remuneration Committee has three members, who will choose the respective President.

The Shareholders' General Meeting, held on 7 April 2017, elected the Remuneration Committee for the current term of office (2017-2019):

Chairman: José Manuel Ferreira Rios
Board Member: Jorge Alberto Guedes Peixoto
Board Member: Abdul Rehman Omarmiã Mangá

End of term in office: 31 December 2019, remaining in office until a new election pursuant to law.

The Remuneration Committee may decide to hire consulting services that it deems appropriate and suitable for the full exercise of its functions, and must ensure that the selection of the respective providers obeys criteria of competence and independence. In the financial year under review no natural or legal person was hired to assist the Remuneration Committee.

The Remuneration Committee met five times in 2019. The global attendance rate was 100%.

It is the responsibility of this Committee to present the Remuneration Policy to be submitted to the Shareholders' General Meeting regarding the remuneration to be paid to members of the Presiding Board of General Meeting, for the Supervisory Board and for the Statutory Auditor. It is also responsible for deciding on the remuneration of each director, which directors' remuneration consists of profit sharing as well as the percentage attributable to each of these.

The members of Corticeira Amorim's Remuneration Committee should not be formally considered independent from the Board of Directors. However, it is generally believed – particularly by the Annual General Meeting which elected the Committee members – that they have adequate technical skills, practical experience and balanced personality to enable them to fully and effectively discharge their role.

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee.

Members of the Remuneration Committee were selected on the basis of their wide experience in managing human resources, monitoring and benchmarking other companies' remuneration policies and their knowledge in terms of best remuneration practices and labour law.

Professional qualifications of each member of the Remuneration Committee and other important curricular information:

José Manuel Ferreira Rios (Chairman):

Graduated with a Bachelor's Degree in Economics from the Faculty of Economics of Porto. Property Damage Claims Specialist Course (2016) and frequents various courses on Safety and Human Resources. Has performed since 1975 Management positions in various companies, including, among others, leadership in human resources departments, with extensive experience in human resource management, definition of analysis metrics and performance evaluation.

Currently also holds the titles of Chairman of the General Meeting of the Portuguese Cork Association (APCOR); member of the Supervisory Committee of the Cork Technology Centre (CINCORK) and member of the Board of Directors of the Fundação Terras de Santa Maria.

Gender: Male | Age: 70

Jorge Alberto Guedes Peixoto (Member):

Graduated with a Bachelor's Degree in Economics from the Faculty of Economics of Porto.

Started working in 1969, as an accountant. He has worked at the Amorim Group since 1970, as an accountant, CFO, general BU manager and director at several companies.

Experience in the management of human resources and remuneration practices, which comes from the numerous positions held.

Gender: Male | Age: 68

Abdul Rehman Omarmiã Mangá (Member):

Bachelor of Accounting from the Commercial Institute of Lourenço Marques, Mozambique. He worked as the managing director of the Cervejeiro Moçambicano Group and general director of the Footwear Units after the independence of Mozambique, with direct responsibility for the management of Human Resources. Managing Director of Ormac – Organização, Máquinas e Artigos para Calçado, SA, also in charge of Human Resources.

Since June 1988, he has been the administrative director and person in charge of human resources at Amorim Investimentos e Participações, SGPS SA.

Gender: Male | Age: 71

III. REMUNERATION STRUCTURE

69. Description of the remuneration policy of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June.

Under the proposal submitted by the Company's Remuneration Committee, the Shareholders' General Meeting held on 12 April 2019 approved the following remuneration policy:

1. The remuneration of the **Members of the Presiding Board of the General Meeting and of the Supervisory Board** is in the form of an attendance fee. This is established for the entire term of office, considering the characteristics of the Company and market practices;
2. The remuneration of the **Statutory Auditor** is in the form of a provision of services. This is established annually, considering the characteristics of the Company and market practices;
3. The **Members of the Board of Directors** shall be paid adequate remuneration taking into account:
 - the individual remuneration package agreed upon between the Company and each Director;
 - observance of the principles of internal equity and external competitiveness, taking into account relevant information disclosed by the main Portuguese economic groups on their remuneration policies and practices;
 - whenever such is adequate and feasible, such remuneration shall primarily consist of a fixed pay (for executive and non-executive directors) plus a variable pay (for executive directors only) as performance-based premium;

- The award of the variable pay component of remuneration referred to in the preceding paragraph shall be a bonus resulting from short term performance evaluation and from the contribution of the annual performance to medium / long term economic, environmental and social sustainability of the Organisation;
- the actual amount of the variable pay shall depend on the appraisal to be carried out every year by the Remuneration Committee on the performance of the Board members, examining the contribution of each individual executive director to both the Company's profit in the relevant financial year and compliance with the Company's targets and implementation of the medium/long-term strategies adopted by the Company; the development of the results and the level of compliance with the following strategic objectives: innovation, organisational development and safety, competitiveness, growth, financial soundness and value creation;
- the payment of the variable pay component, if any, may be made wholly or in part after determination of the profit (or loss) in respect of a three-year period. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway;
- the members of the Board of Directors are prohibited from concluding contracts with the Company or with its subsidiaries and/or companies in which it holds an interest, which may mitigate the risk inherent to the variability of the remuneration as determined by the Company.

4. It is the Company's policy to assign the following duties to the members of its governing bodies:

- the allotment of shares and/or options to acquire shares or based on share price variation; or
- any retirement benefit scheme to members of the governing bodies.

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the Board of Directors with the company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking.

The remuneration policy approved by the General Meeting and described in section 69 is fully adopted.

71. Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component.

The remuneration policy approved by the General Meeting and described in section 69 is fully adopted. The executive members of the Board of Directors earn a variable remuneration component

which depends on the evaluation of their performance, in particular the respective contribution either to the profit obtained in the financial year in question or to comply with goals and implementation of the strategies defined by the Company for the medium/long term (results, innovation, sustainability, financial soundness, value creation, competitiveness and growth).

72. The deferred payment of the remuneration's variable component and specify the relevant deferral period.

The remuneration policy approved by the General Meeting and described in section 69 is fully adopted. In those terms, the payment of the variable pay component, if any, may be made wholly or in part after determination of the profit (or loss) for the years in respect of the whole term of office. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway.

In the financial year under review there were no deferred payments of part of variable component of remuneration as the deterioration referred to in the previous paragraph did not occur.

73. The criteria whereon the allocation of variable remuneration as shares is based, and also on maintaining company shares that the executive directors have had access to, on the possible share contracts, including hedging or risk transfer contracts, the corresponding limit and its relation to the total annual remuneration value.

Variable remuneration in the form of shares as described in this section does not exist.

74. The criteria whereon the allocation of variable remuneration as stock options is based and details of the deferral period and the exercise price.

Variable remuneration in the form of stock options as described in this section does not exist.

75. The key factors and grounds for any annual bonus scheme and any additional non-financial benefits.

There are no other systems of annual bonus or other non-cash benefits besides those identified in the previous sections.

76. Key characteristics of the supplementary pensions or early retirement schemes for Directors and state date when said schemes were approved at the general meeting, on an individual basis.

There are no supplementary pensions or early retirement schemes.

As mentioned in section 69, the Remuneration Committee of Corticeira Amorim submitted to the General Meeting held on 12 April 2019 the remuneration policy for the members of the Board of Directors. This proposal, which was approved, expressly stated

that the award of the benefits referred to in this note is not the remuneration policy.

Although no retirement benefit systems similar to the ones described in this subsection were in place in the Company on the date hereof, should their implementation be proposed, the General Assembly shall assess the characteristics of the systems adopted and in force in the respective financial year (just as it assessed the non-assignment).

IV. REMUNERATION DISCLOSURE

77. Details on the amount relating to the annual remuneration paid as a whole and individually to members of the company's Board of Directors, including fixed and variable remuneration and as regards the latter, reference to the different components that gave rise to same.

In the 2019 financial year, all the members of the **Board of Directors** earned remunerations from Corticeira Amorim amounting to EUR 800,384.80:

- the executive members earned fixed remunerations amounting to EUR 552,734.80 (António Rios de Amorim: EUR 239,274.90; Nuno Filipe Vilela Barroca de Oliveira: EUR 169,274.95; Fernando José de Araújo dos Santos Almeida: EUR 144,184.95) and variable remuneration – corresponding to a performance bonus arising from the appraisal of the development of the results and compliance with the following strategic objectives: innovation, sustainability, financial soundness, value creation, competitiveness and growth - which amounted to EUR 247,650.00 (António Rios de Amorim: EUR 120,400.00; Nuno Filipe Vilela Barroca de Oliveira: EUR 60,400.00; Fernando José de Araújo dos Santos Almeida: EUR 66,850.00);
- the non-executive members of this Board did not receive any remuneration for the performance of their roles on the Board of Directors of Corticeira Amorim.

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control.

In the 2019 financial year none of the members of the Board of Directors earned remunerations from other associate or subsidiary companies included in the consolidated accounts of Corticeira Amorim.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

The variable component of the remuneration package for Directors is similar to a performance bonus and is contingent on the degree of compliance with the Company's strategic targets, goals and initiatives and its three-year priority action plan and annual variations. Of note for this purpose were, among others, the analysis

of the development of the results and the level of compliance with the following strategic objectives: innovation, sustainability, financial soundness, value creation, competitiveness and growth.

The amounts paid to the members of the Board of Directors pursuant to this section are broken down in section 77.

80. Compensation paid or owed to former executive Directors concerning contract termination during the financial year.

No compensation was paid or is owed to former Directors regarding the termination of their duties in 2019.

81. Details of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory board for the purposes of Law No. 28/2009 of 19 June.

The members of the **Supervisory Board** earned as a whole remuneration amounting to EUR 33,600 (Manuel Carvalho Fernandes: EUR 12,000; Ana Paula Africano de Sousa e Silva: EUR 4,800; Marta Parreira Coelho Pinto Ribeiro: EUR 7,200; Eugénio Luís Lopes Franco Ferreira: EUR 9,600). Under the remuneration policy set out herein, the members of the Supervisory Board did not earn any variable remuneration.

82. Details of the remuneration in said year of the Chairman of the Presiding Board to the General Meeting.

The Chairman and the Secretary of the Board of the General Meeting earned total remuneration EUR 10,000 and EUR 3000, respectively.

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

83. The envisaged contractual restraints for compensation payable for the unfair dismissal of Directors and the relevance thereof to the remunerations' variable component.

No contractual restraints are envisaged in accordance with this section.

84. Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the Board of Directors and managers, pursuant to Article 248-B/3 of the Securities' Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid. (art. 245-A/1/I).

There are no agreements according to the terms set out in this section. No agreements providing for the payment of compensations to the Company's directors and officers (other than where required by law) have been entered into by and between the Company and its Directors or Officers.

VI. SHARE AWARD AND/OR STOCK OPTION PLANS

85. Details of the plan and the number of persons included therein.

No share award or stock option plans exist in the Company.

86. Characteristics of the plan (award conditions, non-transfer of share clauses, criteria on share pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares or options to be awarded, the existence of incentives to purchase and/or exercise options).

Pursuant to the remuneration policy approved at the General Meeting and as described in section 85, there are no share award or stock option plans in the Company.

The Company believes that if plans of this type are to be implemented, the General Meeting should consider the characteristics of the plans to adopt, as well as their achievement in each financial year.

87. Option rights to acquire shares (“stock options”) granted to company workers and employees.

Option rights of this type do not exist in the Company.

88. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by said employees (Article 245-A/1/e).

Control mechanisms of this type do not exist in the Company.

[E.] Related Party Transactions

I. CONTROL MECHANISMS AND PROCEDURES

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties.

All business conducted by the Company with related parties respects the interests of the Company and its subsidiaries, it is examined by the competent body of the Business Unit that is a counterparty in the transaction and undertaken in normal market conditions. Business of significant value (transaction greater than EUR 1 million) or, by their nature, of particular relevance to the Company, is analysed by the Executive Committee and/or Board of Directors.

In accordance with the regulation on transactions with holders of qualifying holdings approved and in force since 1 August 2014, conducting transactions with holders of qualifying holdings⁴ and/or related entities should be subject to prior opinion of the Supervisory Board in the following cases:

- i) Transactions whose value per transaction exceeds one million euros or where the value accumulated during the year exceeds three million euros. The prior opinion of the Supervisory Board will not be necessary for continuous implementation contracts or renovations in terms substantially similar to those of the contract previously in force;
- ii) transactions with a significant impact on the business activity of Corticeira Amorim and/or its subsidiaries due to their nature or strategic importance, regardless of the original value;
- iii) transactions exceptionally undertaken, outside of normal market conditions, regardless of the respective value.

[4] In spite of the fact the approved rules on transactions with holders of qualifying holdings and in force from 1 August 2014, are not available to the public, the relevant content of the same is reported in this note 89, which governs any transfer of resources, services or obligations between, on the one hand, Corticeira Amorim or a company in which it has a holding of more than 50% and/or management control (“Subsidiary”) and, on the other hand, any holder of a qualified holding under the terms of Article 16 of the Portuguese Securities’ Code and/or an entity with which it is in one of the situations set out in Article 20 of the same law (“Related Entity”).

PART II

Corporate Governance Assessment

The assessment to be made under the authorisation procedures and prior opinion applicable to transactions with holders of qualifying holdings and/or related entities shall take into account, among other relevant aspects and according to the specific case, the principle of equal treatment of shareholders and other stakeholders, the pursuit of the interests of the Company, as well as the impact, materiality, nature and justification of each transaction.

The value of these transactions is disclosed annually in the Consolidated Annual Report and Accounts of Corticeira Amorim (section 92 herein).

90. Details of transactions that were subject to control in the referred year.

In the year under review there were no transactions subject to the prior opinion of the Supervisory Board.

91. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying interests or entity-relationships with the former, as envisaged in Article 20 of the Securities' Code.

As set out in section 89 above.

II. DATA ON BUSINESS DEALS

92. Details of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24, or alternatively a copy of said data.

The transactions of Corticeira Amorim with related parties are, in general, due to the provision of services by the subsidiaries of Amorim – Investimentos e Participações, S.G.P.S., S.A., (Amorim Serviços e Gestão, S.A., Amorim Viagens e Turismo, Lda., OSI – Sistemas Informáticos e Electrotécnicos, Lda.). The total of services provided by these companies to the companies of Corticeira Amorim was EUR 11.107 million (2018: EUR 10.346 million). The transactions in the opposite direction amounted to EUR 98 thousand (2018: EUR 138,000).

The sales of Quinta Nova, S.A., a subsidiary of Amorim – Investimentos e Participações, S.G.P.S., S.A., to the companies of the universe of Corticeira Amorim totalled EUR 46 thousand (2018: EUR 48 thousand). The transactions in the opposite direction amounted to EUR 318 thousand (2018: EUR 161,000).

Purchases of reproduction cork during the year from companies owned by the major indirect shareholders of Corticeira Amorim amounted to EUR 444 thousand (2018: EUR 1124 thousand) corresponding to less than 2% of total purchases of the cork raw material.

[1.] Details of the Corporate Governance Code implemented

In matters of corporate governance Corticeira Amorim is governed by: (i) current Portuguese legislation, in particular the Portuguese Companies' Code, Portuguese Securities' Code and the regulations issued by the Portuguese Securities Market Commission (CMVM), which may all be accessed on the CMVM's website: www.cmvm.pt; (ii) its own articles of association, which are available on the Company's website at: <https://www.amorim.com/en/for-investors/institutional-informations/legal-structure/>. It also welcomes the Corporate Governance Code issued by the Portuguese Institute of Corporate Governance (IPCG) and, although it is only a recommendatory framework, it is an important reference point of good practice, which is also available at www.cgov.pt.

In this report, Corticeira Amorim assesses its practices in relation to the aforementioned Corporate Governance Code on a 'comply or explain' basis. This report on Corticeira Amorim's corporate governance structures and practices is benchmarked against all legislation, regulations and recommendations to which our Company is subject.

2. Analysis of compliance with the Corporate Governance Code implemented

CHAPTER I - GENERAL

I.1. Company Relations with Investors and Information

I.1.1. The company must establish mechanisms that adequately and precisely ensure the production, treatment and timely disclosure of information to its corporate bodies, shareholders, investors and other stakeholders, financial analysts and the market in general.

Complies. Sections 55, 56, 57 and 58.

I.2. Diversity in the composition and functioning of corporate bodies

I.2.1. Companies must establish criteria and requirements related to the profile of new members of the corporate bodies appropriate to the function to be performed. In addition to individual attributes (such as competence, independence, integrity, availability and experience), these profiles should consider diversity requirements, particularly to gender, which can contribute to improving the performance of the body and to the balance in its composition.

Complies. Part I - introduction to Chapter B., sections 19 and 26. (Board of Directors), and sections 33 and 36 (Supervisory Board), section 11. (Board of the General Meeting); sections 67 and 68. (Remuneration Committee).

Corticeira Amorim adopts policies and practices aimed at promoting diversity in governing bodies (<https://www.amorim.com/en/for-investors/institutional-informations/board-members/>)

Corticeira Amorim is the holding company of an economic group based in Portugal, solidly established internationally, through subsidiaries, associate companies and joint ventures. The vast portfolio of products and solutions it continually develops responds to diverse markets and consumers.

The governance of Corticeira Amorim addressing the challenges arising from this framework, advocates a policy of diversity in the composition of its corporate bodies, in particular the Board of Directors and the Supervisory Board, as a way to:

- promote diversity in the composition of the respective body;
- enhance the performance of each member and, jointly, of each body;
- stimulate comprehensive, balanced and innovative analysis and, consequently, allow informed and agile decision-making and control processes;
- contribute to the increase of innovation and self-renewal of the Company, for its sustainable development and creation of value for the Shareholders and other Stakeholders in the long term.

Corticeira Amorim thus recognises the need to continuously promote diversity in its corporate bodies, particularly in the Board of Directors and the Supervisory Board, particularly in the following areas:

- adequate academic qualifications and professional experience relevant to the performance of the specific corporate position which, in the respective corporate body as a whole, gather together the necessary competences to ensure the capable performance of the role of that body;
- inclusion of members from different age groups, combining the know-how and experience of older members with the innovation and creativity of younger members, so as to enable the respective body to steer towards an innovative business vision and prudent management of risks;
- the promotion of gender diversity and, consequently, an adequate balance of sensitivities and style of decision-making within the respective body.

The result of the adoption of these policies is reflected in the composition of the members of their governing bodies, in particular those who are particularly covered by this recommendation.

1.2.2. The management and supervisory bodies and their internal committees must have internal regulations - in particular for the exercise of their duties, chairmanship, frequency of meetings, operation and framework of duties of their members - and detailed minutes of the respective meetings must be drawn up.

Complies partially.

As explained in sections 22 and 27, there are no formalised internal rules for the Board of Directors or the Executive Committee established from it, which becomes limited by the scope of the resolution of delegation that gave rise to it. As referred to in these sections, these two bodies act in a legal, statutory and procedural framework which, as a whole, already establishes appropriate functioning rules conducive to the adoption of best practices, in order to safeguard the efficiency of the company and the creation of value for the shareholder.

The internal rules of the Supervisory Board exist and are available on the Company's website.

Detailed minutes of the meetings of these bodies are drawn up.

1.2.3. The internal rules of management and supervisory bodies and their internal committees must be fully disclosed on the website.

Adopted for the Supervisory Board (sections 22, 34 and 61). There are no formalised internal rules for the other bodies, so they are not disclosed on the company's website.

1.2.4. The composition, number of annual meetings of the management and supervisory bodies and their internal committees shall be made public through the company's website.

Complies. Sections 17 and 23 (Board of Directors); sections 28 and 29 (Executive Committee); and sections 31 and 35 (Supervisory Board).

1.2.5. The company's internal rules must provide for the existence and operation of mechanisms for the detection and prevention of irregularities, as well as the adoption of a whistleblowing policy that guarantees adequate means for the communication and treatment of the same safeguarding the confidentiality of the information transmitted and the identity of the person who provided it, when this is requested.

Complies. Section 49 and Section III - Internal Control and Risk Management of Chapter C - Internal Organisation.

1.3. Relations between the company bodies

1.3.1. The articles of association or other equivalent means adopted by the company must establish mechanisms to ensure that, within the limits of applicable legislation, the members of the management and supervisory bodies are permanently assured access to all information and employees of the company for performance evaluation, the status and the prospects for the development of the company including, in particular, the minutes, supporting documents for the decisions taken, notices and archives of meetings of the executive management body, without prejudice to access to any other documents or persons who may be asked to provide explanations.

Does not formally comply. Although not provided for in the statutes or other equivalent means, access to all the information and other elements referred to in this recommendation is fully and permanently ensured. Sections 21, 29 and 38.

1.3.2. Each body and committee of the company must ensure, in a timely and adequate manner, the flow of information, starting with the respective notices and minutes, necessary for the performance of the legal and statutory powers of each of the remaining bodies and committees.

Complies. Sections 21, 29 and 38.

1.4. Conflicts of Interest

1.4.1. The obligation for members of corporate bodies and committees to inform the respective body or committee in a timely manner of the facts that may constitute or cause a conflict between their interests and those of the company.

Complies. Sections 21 and 29.

I.4.2. Procedures must be adopted to ensure that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and clarifications requested by the body, the committee or its members.

Complies. Sections 21 and 29.

I.5. Related party transactions

I.5.1. The management body must define, with the prior and binding opinion of the supervisory body, the type, scope and minimum value, individual or aggregate, of related party transactions that: (i) require the prior approval of the management body (ii) and those that, because they are of a higher value, still require a prior favourable opinion from the supervisory body.

Partially adopted. Section 38, 89, 90 and 91.

I.5.2. The management body must report to the supervisory board at least every six months on all the business covered by Recommendation I.5.1.

The businesses covered by Recommendation I.5.1. are communicated to the Supervisory Board on a quarterly basis. The value of these transactions is disclosed annually in the Corporate Governance Report (section 92).

CHAPTER II - SHAREHOLDERS AND GENERAL MEETING

II.1. The company must not set an excessively large number of shares necessary to confer the right to a vote, and should state in the governance report its option whenever it implies a deviation from the principle that each share corresponds to one vote.

Complies. Section 12.

II.2. The company 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. This practice is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests. Section 14.

As detailed in section 14, the **Articles of Association** of Corticeira Amorim enshrine a quorum for calling meetings to order/taking decisions that is greater than that established in law **in the following situations:**

- Restriction or withdrawal of pre-emption rights in share capital increases – the Company’s articles of association require that the Annual General Meeting be attended by shareholders accounting for at least 50 per cent of the paid-up share capital (article 7);

- removal of a director elected under the special provisions set out in article 392 of the Portuguese Companies’ Code – in order that a resolution on this issue may be adopted, it is necessary that shareholders accounting for at least 20 per cent of the share capital shall not vote against the resolution to remove a Director from office (article 17);
- in order that resolutions may be passed at an Annual General Meeting convened by shareholders, the meeting shall be attended by members holding shares equivalent to the minimum amount required by law to justify the calling of such a meeting (article 22);
- change in the composition of the Board of Directors – this resolution must be approved by shareholders accounting for at least two-thirds of the share capital (article 24);
- winding-up of the Company – this resolution must be approved by shareholders accounting for at least 85 per cent of the paid-up share capital (article 33).

Therefore, non-compliance with this Recommendation and the requirement of a higher quorum than that provided for by the Portuguese Companies’ Code gives shareholders - particularly small or minority shareholders - an important role in a number of decisions that can have significant impact on corporate life (winding-up), corporate governance model (removal of a Director proposed by minority shareholders and change in the composition of the Board of Directors), ownership rights of shareholders (restriction or abolition of shareholders’ pre-emptive subscription rights in share capital increases) and an appropriate participation in Annual General Meetings convened by shareholders.

Thus, we are of the opinion that keeping these conditions will contribute to enhance and protect shareholders’ rights and role in respect of significant corporate governance matters – values that the Corporate Governance Code seeks to protect.

II.3. The company must implement adequate means to exercise the right to vote by mail, including by electronic means.

This practice is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests. Section 12.

Voting by mail (postal ballot) is permitted. The votes, addressed to the Chairman of the Board of the General Meeting must be received at the Company’s headquarters on or before six pm of the third business day prior to the day set for the General Meeting and under the other conditions expressly announced in each Notice of General Meeting. The presence of the shareholder at the General Meeting revokes any vote it may have sent by mail.

Corticeira Amorim’s Articles of Association allow electronic voting, provided that there are adequate technical resources available to enable checking the validity of electronic votes and ensuring their data integrity and confidentiality. If the Chairman of the Board of the General Meeting decides that the technical requirements for voting by electronic means are met, such information shall be included in the Notice calling the meeting.

Such requirements were not met in 2019.

For Corticeira Amorim, the Shareholders' General Meeting is an event of special relevance to the company and its Shareholders, as a privileged forum for communication between the company (via the members of its statutory bodies) and its shareholders, encouraging transparency, joint reflection, the exchange of ideas and arguments and the alignment of interests. Thus, the high active participation of Corticeira Amorim's Shareholders in the General Meetings motivates the company to maintain the current system of participation and voting (in person and vote by mail) ensuring, on the one hand, the participation of all those who cannot or do not intend to participate in person and, on the other hand, enhancing the traditional participation in person which largely exceeds 80% of the total shares issued.

In addition, it is considered that (i) for the Shareholder, the complexity associated with secure electronic voting is disproportionate to the vote by mail, which also allows for non-presential participation, which can even be revoked by the presence of the Shareholder, (ii) both for the Shareholder and for the company, the resulting costs are materially relevant.

II.4. The company must implement adequate means for the participation of shareholders in the meeting by telematic means.

This practice is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests. The Articles of Association of Corticeira Amorim do not allow taking part in the Shareholders' General Meeting by telematic means.

As mentioned in the preceding paragraph, Corticeira Amorim favours the attendance in person of the Shareholder at the General Meetings for the reasons given. The very high levels of Shareholder participation indicate that this is also the favoured method of Shareholders in their interaction with the company and with the members of their governing bodies.

Therefore, taking this reality as a basis and taking into account the complexity associated with holding general meetings by telematic means (in particular material resources and technical means, control system and verification of shareholder status) as well as the risks of computer tampering and the associated costs for both parties to avoid these risks, Corticeira Amorim believes that it is appropriate to maintain current practice with regard to holding and participating in Shareholders' General Meetings.

II.5. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or jointly with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.

Not applicable. Section 5. Section 13.

The articles of Corticeira Amorim do not provide for the limit on the number of votes that each shareholder (either separately or jointly with other shareholders) is entitled to cast or exercise.

II.6. Measures that determine the payment or assumption of fees 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 financial interests in the free transfer of shares and free assessment by shareholders of the performance of the directors shall not be adopted.

Complies. The Company has not entered into any agreements that determine payments or the assumption of charges by the Company in the event of a change of control or change in the composition of the Board of Directors, except for the normal "change of ownership" clauses included in certain financing agreements entered into in the ordinary financing of operations and which, on a case-by-case basis, have been analysed and their acceptance considered the most appropriate for the company's interests. This information is disclosed annually in the accounts of the Company, reason why the hiring/maintenance of these clauses is not likely to impair the free assessment by shareholders of the performance of the members of the Board of Directors.

No measures have been implemented specifically targeting the effects described in this recommendation. **Sections 4 and 84.**

CHAPTER III - NON-EXECUTIVE MANAGEMENT AND SUPERVISION

III.1. Without prejudice to the legal duties of the chairman of the board of directors, if he/she is not independent, the independent directors must designate a lead independent director from among them, namely: (i) acting as liaison with the chairman of the board of directors and other managers, (ii) ensure that they have all the necessary conditions and means to carry out their duties; and (iii) coordinate them in the evaluation of performance by the management body provided for in recommendation V.1.1.

This practice is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests. There are no independent directors, which prevents the adoption of the practice in the precise terms in which it is advocated.

However, it is considered that the objectives are fully taken care of (i) by the careful and collegial performance of the Board of Directors, both in its monthly meetings where all relevant issues for company are discussed with the presence of its chairman (attendance record: 100%); (ii) the implemented system ensures, on the one hand, the timely reporting of the Executive Committee to all members of the Board of Directors and, on the other hand, the preparation of meetings of the Board of Directors, scheduling them in advance and circulating the agenda of the same and respective supporting documents with the necessary advance for study and questions; (iii) the evaluation is done collegially, by all the members that make up the Board of Directors.

III.2. The number of non-executive members of the management body as well as the number of members of the supervisory board and the number of members of the committee for financial matters should be appropriate to the size of the company and the complexity of the risks inherent in its activity, but sufficient to efficiently ensure the tasks entrusted to them.

Complies. Section 18 (Board of Directors), and section 31 (Supervisory Board).

III.3. In any case, the number of non-executive directors must be higher than that of executive directors.

This practice is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests.

Section 18. Although the number of non-executive directors is equal to the number of executive directors, they are considered to perform their responsibilities fully and efficiently – as described in a separate chapter of the Director's Report "Activity by non-executive members of the Board of Directors of Corticeira Amorim" – and it may also block any resolution of the Board of Directors.

III.4. Each company must include a number not less than one-third but always plural, of non-executive directors who meet the requirements of independence. For the purposes of this recommendation, a person who is not associated with any specific interest group in the company nor is it likely under any circumstance to affect his or her exemption in terms of analysis or decision-making, shall be considered independent, in particular by virtue of:

- (i) Having exercised for more than twelve years, on a continuous or interim basis, roles in any corporate body;**
- (ii) Having been a worker of the company or company with which it is in a control or group relationship in the last three years;**
- (iii) Having, in the past three years, provided services or established a significant business relationship with the company or company with which it is in a control or group relationship, whether directly or as a shareholder, director, manager or leader of a legal person;**
- (iv) Being the beneficiary of remuneration paid by the company or company with which it is in a control or group relationship, beyond the remuneration resulting from the exercise of the role of director;**
- (v) Living in a common-law union or being the spouse, relative or similar relationship in a straight line and up to the 3rd degree, inclusive, in a collateral line, of directors of the company, of directors of legal persons directly or indirectly holding qualifying holdings, or of directors of natural persons directly or indirectly holding qualifying holdings;**
- (vi) Being the holder of a qualifying holding or representative of a shareholder having qualifying holdings.**

This practice is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests. Sections 18 and 20.

Although there are no independent directors, non-executive directors have a wide and diversified academic and professional experience, as well as high standards of ethics and professional conduct that give added guarantees of performance in the pursuit of the greater interest of the company and shareholders in general, to the detriment of private interests.

The existence of clear and mandatory internal rules governing transactions between related parties as well as the obligation to abstain from decisions in which they may have a particular interest, make it impossible for them to act for their own benefit, thus ensuring impartial professional activity.

III.5. The provisions of paragraph (i) of recommendation III.4 shall not preclude the qualification of a new director as independent if at least three years have elapsed between the termination of duties in any company body and the appointment to the new role (cooling-off period).

Not applicable.

III.6. Non-executive directors must participate in the definition by the management body of the strategy, main policies, corporate structure and decisions that should be considered strategic to the company by virtue of their amount or risk, as well as in evaluating their compliance.

Complies. Chapter 12 of the Consolidated Management Report (Activity by non-executive members of the Board of Directors of Corticeira Amorim); sections 9 (Non-delegable duties and powers of the Board of Directors) and 21 (Structure and business management).

III.7. The general and supervisory board must, within the framework of its legal and statutory powers, collaborate with the executive board of directors in defining the strategy, main policies, corporate structure and decisions that should be considered strategic for the company, due to the amounts or risk, as well as assessing compliance with these.

Not applicable. The model adopted by Corticeira Amorim does not include this body, as described in section 15; the powers to define policy and strategies under this recommendation are powers that cannot be delegated by the Board of Directors. The Supervisory

Board and the Statutory Auditor have supervisory powers, with the specific nature arising from the scope of the respective activity.

III.8. In compliance with the powers conferred upon it by law, the supervisory body shall, in particular, monitor, evaluate and issue its decision on the strategic guidelines and risk policy defined by the management body.

Does not comply. Section 38.

III.9. The companies must establish specialised internal committees that are appropriate to their size and complexity, covering, separately or cumulatively, matters of corporate governance, remuneration and performance appraisal, and appointments.

Does not comply. There are no internal committees, consisting mainly of members of the company bodies, specialized in matters of corporate governance, appointments, performance appraisal and remuneration which, given the size of the company, are dealt with at the Board of Directors and Executive Committee level. Sections 27 and 29, with the exception of the matters of performance appraisal and remuneration for which the Remuneration Committee, elected by the Shareholders, is responsible.

III.10. The risk management, internal control and internal audit systems must be structured in terms appropriate to the size of the company and the complexity of the risks inherent to its activity.

Complies. Section III - Internal Control and Risk Management of Chapter C - Internal Organisation.

III.11. The supervisory body and the financial matters committees must oversee the effectiveness of systems and risk management, internal control and internal audit, and propose any adjustments that may prove necessary.

Complies. Sections 38 and 54.

III.12. The supervisory body must issue its opinion on the work plans and resources concerning the internal control services, including control of compliance with the standards applying to the company (compliance services) and internal audit services, and shall be the addressees of the reports made by such services, at least in the case of matters relating to the rendering of accounts, the identification of or settling of conflicts of interest and the detection of potential irregularities.

Complies. Sections 37 and 38.

CHAPTER IV - EXECUTIVE MANAGEMENT

IV.1. The management body must approve, through internal regulations or through equivalent means, the performance scheme for executives and the exercise by them of executive duties in entities outside the group.

This practice is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests.

Although there are no internal rules formalised in the terms foreseen in this recommendation: (i) there is the formal delegation of duties of the Board of Directors to the Executive Committee which, together with the legislation in force, already establish a scheme for performance of the members of the Executive Committee, and (ii) there are clear and generally observed internal rules for the Board of Directors to have information on possible corporate positions, executive or not, in entities not related to the Corticeira Amorim Group.

IV.2. The management body must ensure that the company acts in accordance with its objectives and must not delegate powers as regards the following: i) definition of the strategy and the general policies of the company, ii) organisation and coordination of the business structure; (iii) matters which are to be considered strategic in view of their amount, risk or special characteristics.

Complies. Section 21.

IV.3. The management body must set risk-taking objectives and ensure that they are pursued.

Complies.

IV.4. The supervisory body must be internally organised, implementing periodic control mechanisms and procedures to ensure that the risks effectively incurred by the company are consistent with the objectives set by the management body.

Complies. The Supervisory Board regularly monitors the company's activity, meeting among themselves and/or with the participation of members of other governing bodies (in particular the Executive Committee) or heads of functional areas related to these matters, namely Planning, Internal Control, Internal Audit. This monitoring and these meetings take place whenever the Supervisory Board deems it appropriate and convenient for the full and diligent performance of the duties that, by law, the operating regulations of this body or implemented practice, are assigned to it.

CHAPTER V - PERFORMANCE ASSESSMENT, REMUNERATION AND APPOINTMENTS

V.1 Annual Performance Assessment

V.1.1. The management body must annually assess its performance, as well as the performance of its committees and delegated directors, taking into account compliance with the company's strategic plan and budget, risk management, internal operations and the contribution of each member to that end, and the relationship between the bodies and committees of the company.

Complies. Chapter 17 of the Consolidated Management Report.

V.1.2. The supervisory body must supervise the management of the company and, in particular, annually assess compliance with the company's strategic plan and budget, risk management, the internal functioning of the management body and its committees, as well as the relationship between the company's bodies and committees.

Complies. Section 24, 25 and Section 38.

V.2 Remunerations

V.2.1. The remunerations shall be determined by a committee whose composition ensures its independence from the management.

Partially adopted. Sections 66, 67 and 68.

V.2.2. The Remuneration Committee shall, at the beginning of each term of office, annually approve and confirm the remuneration policy for the members of the company's corporate bodies and committees. Accordingly, it shall establish the fixed components and, for executive directors or directors who sporadically conduct executive duties, and if there is a variable component of remuneration, the respective allocation and measurement criteria, the mechanisms of limitation, the mechanisms for deferring payment of the remuneration and the remuneration mechanisms based on the company's own options or shares.

Complies. Sections 69, 70, 71, 72, 77 and 79.

V.2.3. The statement on the remuneration policy for the members of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June, shall also contain:

- (i) The total remuneration broken down by the different components, the relative proportion of fixed remuneration and variable remuneration, an explanation of how total remuneration complies with the remuneration policy adopted, including how it contributes to the long-term performance of the company, and information on how the performance criteria have been applied;**
- (ii) Remuneration from companies belonging to the same group;**
- (iii) The number of shares and stock options granted or offered, and the main conditions for the exercise of rights, including the price and date of such exercise and any change in those conditions;**
- (iv) Information on the possibility of requesting the re-establishment of variable remuneration;**
- (v) information on any departure from the procedure for the implementation of the approved remuneration policy, including an explanation of the nature of the exceptional circumstances and an indication of the specific elements subject to derogation;**
- (vi) Information regarding the enforceability or unenforceability of payments for the termination of appointment of board members.**

Complies. The statement on the remuneration policy for the members of the Board of Directors and Supervisory Boards presented and approved at the Shareholders' General Meeting held

on 12 April 2019 contains all the information referred to in this recommendation.

V.2.4. For each term of office, the remuneration committee shall also approve the pension scheme of directors if the articles of association permit such, and the maximum amount of any compensation to be paid to the member of any body or committee of the company by virtue of the termination of their duties.

Not applicable. Pursuant to the statement on remuneration policy approved at the Shareholders' General Meeting, based on proposal of the Remuneration Committee, it is not the Company's policy to assign retirement benefit systems to the members of its corporate bodies.

This practice is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests. The maximum amount of compensation in the event of termination of duties: the maximum amount of all compensation to be paid to the member of any company body or committee due to termination of duties from the general law applicable to each situation, with no amount allocated that is defined in a contract, agreement or resolution, nor any intervention by the Remuneration Committee.

V.2.5. In order to provide information or clarification to the shareholders, the chairman or, in his/her absence, another member of the remuneration committee, shall be present at the annual general meeting and any other meetings if the respective agenda includes matters concerning the remuneration of the members of the corporate bodies and committees, or if such presence has been requested by shareholders.

Complies. It is standard practice for the Remuneration Committee to be present or represented at the General Meetings. A Member of this Committee was present at the Shareholders' General Meeting referred to in V.2.3., both on his/her own behalf and on behalf of the other members of this Committee, including its Chairman. In the year under review, the aforementioned General Meeting was the only one whose agenda included matters related to the remuneration of the members of the bodies and committees. No request was received from shareholders requesting the presence of members of the Remuneration Committee at the General Meetings held in 2019.

V.2.6. The remuneration committee must be free to decide, within the budgetary constraints of the company, on the contracting by the company of the consultancy services necessary or convenient for the performance of its duties. The Remuneration Committee shall ensure that the services are provided independently and that the respective providers will not be hired for the provision of any other services to the company itself or to other companies that are in a control or group relationship without the express authorisation of that Committee.

Complies. Section 67.

V.3 Remuneration of Directors

V.3.1. In view of the alignment of interests between the company and executive directors, a portion of their remuneration should be of a variable nature that reflects the sustained performance of the company and does not encourage excessive risk-taking.

Complies. Sections 69, 70 and 71.

V.3.2. A significant part of the variable component must be partially deferred over time for a period of not less than three years, associating it with the confirmation of the sustainability of the performance, in the terms defined in the company's internal rules.

Complies. Sections 69 and 72.

V.3.4. When the variable remuneration includes options or other instruments directly or indirectly dependent on the value of shares, the beginning of the exercise period shall be deferred for a period not less than three years.

Not applicable. Pursuant to the statement on remuneration policy approved at the Shareholders' General Meeting, based on proposal of the Remuneration Committee, it is not the Company's policy to assign shares and/or stock option systems to the members of its corporate bodies, based on stock price changes.

V.3.5. The remuneration of non-executive directors shall not include any component whose value depends on the performance of the company or its value.

Complies. Sections 77 and 78.

V.3.6. The company must be equipped with the appropriate legal instruments so that the termination of duties before the term of office does not directly or indirectly give rise to the payment to the director of any amounts other than those provided by law. It must explain the legal instruments adopted in the company's governance report.

Complies. Sections 83 and 84 and The mandate contracts and/or resolutions for the election of members of the Board of Directors do not provide for any amount to be allocated as compensation in addition to the payments provided for by law.

V.4. Nomeações

V.4.1. The company must, under such terms as it deems appropriate, but perfectly demonstrable, ensure that proposals for the election of members of corporate bodies are accompanied by a statement of the adequacy of the profile, knowledge and curriculum of each candidate for the role.

Complies. Sections 83 and 84 and The mandate contracts and/or resolutions for the election of members of the Board of Directors do not provide for any amount to be allocated as compensation in addition to the payments provided for by law.

V.4.2. Unless the size of the company does not justify it, the role of monitoring and supporting appointments of senior management must be attributed to an appointments committee.

This practice is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests. Given the organisation of the Company's activity (i) in specialised Business Units, with integrated but autonomous activities, which respond to markets, challenges and promote non-homogeneous strategies, and also (ii) the size of the Company, the function of monitoring and supporting the appointment of managers is carried out by the Human Resources Department of the respective Business Unit or by the Human Resources Department of Corticeira Amorim (holding company).

V.4.3. This committee includes a majority of independent non-executive members.

Not applicable. There is no Appointments Committee.

V.4.4. The Appointments Committee shall make its terms of reference available and shall, to the extent of its competences, induce transparent selection procedures that include effective mechanisms for identifying potential candidates, and that those proposed have the greatest merit, are most adequate to the demands of the function and promote, within the organisation, adequate diversity including in terms of gender.

Although there is no Appointments Committee as stated in V.4.2., in Corticeira Amorim the Human Resources Departments act in accordance to a set of internally established procedures that advocate and enable:

- the timely and adequate identification of the profiles required/compatible with a given management role;
- the conduct of the selection processes is based on the adequacy of the profile with a view to the function to be performed and criteria of professional merit;
- the appointment of senior management abides by the diversity policy of Corticeira Amorim (Introduction to Section B. Part I of this report).

CHAPTER VI - RISK MANAGEMENT

VI.1. The management body must discuss and approve the company's strategic plan and risk policy, including the definition of acceptable levels of risk.

Complies. Section 54.

VI.2. The company must establish a risk management system based on its risk policy, identifying

- (i) the main risks to which it is subject in the performance of its business activity,**
- (ii) the probability of their occurrence and the respective impact,**

- (iii) the instruments and measures to be adopted with a view to their mitigation,
- (iv) the monitoring procedures, with a view to their monitoring and
- (v) the oversight procedure, periodic evaluation and adjustment of the system.

Complies. Section 54.

VI.3. The company must annually evaluate the degree of internal compliance and the performance of the risk management system, as well as the perspective of changing the previously defined risk framework.

Complies. Section 54.

CHAPTER VII – FINANCIAL INFORMATION

VII.1 Financial information

VII.1.1. The internal rules of the supervisory body must establish that it supervises the adequacy of the preparation and disclosure of financial information by the management body, including the adequacy of accounting policies, estimates, judgements, relevant disclosures and their consistent application between financial periods, duly documented and communicated.

Complies. Section 38.

VII.2 Statutory audit and supervision

VII.2.1. The supervisory body must define the following by means of internal rules:

- (i) The criteria and selection process of the statutory auditor;
- (ii) The company's communication methodology with the statutory auditor;
- (iii) Supervisory procedures designed to ensure the independence of the statutory auditor;
- (iv) Non-audit services that cannot be provided by the statutory auditor.

Complies. The Supervisory Board has established an internal procedure that covers these matters.

VII.2.2. The supervisory body must be the main liaison with the statutory auditor of the company's accounts and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.

Complies.

It is the responsibility of the Supervisory Board to propose the Statutory Auditor and the respective remuneration, within the framework of the Remuneration Policy approved at the Shareholders' Meeting.

VII.2.3. The supervisory board must annually assess the work performed by the statutory auditor, its independence and suitability for the performance of the functions and propose to the competent body its dismissal or termination of the contract as to the provision of the services when there is a valid basis for said dismissal.

Complies. Section 38.

VII.2.4. The statutory auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body.

Not applicable (no. 8 of IPCG's Interpretative Note).

VII.2.5. The statutory auditor must cooperate with the supervisory body and must immediately provide it with information on any significant irregularities concerning the performance of the role of the supervisory body which it has detected, and any difficulties encountered in the performance of its duties.

Not applicable (no. 8 of IPCG's Interpretative Note).

Mozelos, March 23 2020

The Board of Directors
of Corticeira Amorim, S.G.P.S., S.A.



04

[←] Part of one of the world's biodiversity hotspots, cork oak forests have recognized protection status, contribute to climate regulation, are a driving force for sustainable development and play a crucial role in the world's ecological balance.

Sustainability Report

INTRODUCTORY NOTE

Corticeira Amorim places great emphasis on strengthening its vision and commitment to sustainability through various initiatives and strategies. The good practices of regular reporting, in place since 2006, promote transparency and encourage the adoption of sustainability principles, both in the value chain and from its main stakeholders.

This Sustainability Report, included in the Consolidated Annual Report, reflects Corticeira Amorim's commitment and approach to sustainability issues, and has been prepared in accordance with the guidelines of the Global Reporting Initiative (GRI), GRI Standards 2016, for the Core level, whilst satisfying the legal requirements introduced by Portugal's Decree-Law no. 89/2017 of July 28, being, under Article 508-G of the Commercial Companies Code, a consolidated Non-Financial Statement of Corticeira Amorim, SGPS, S.A..

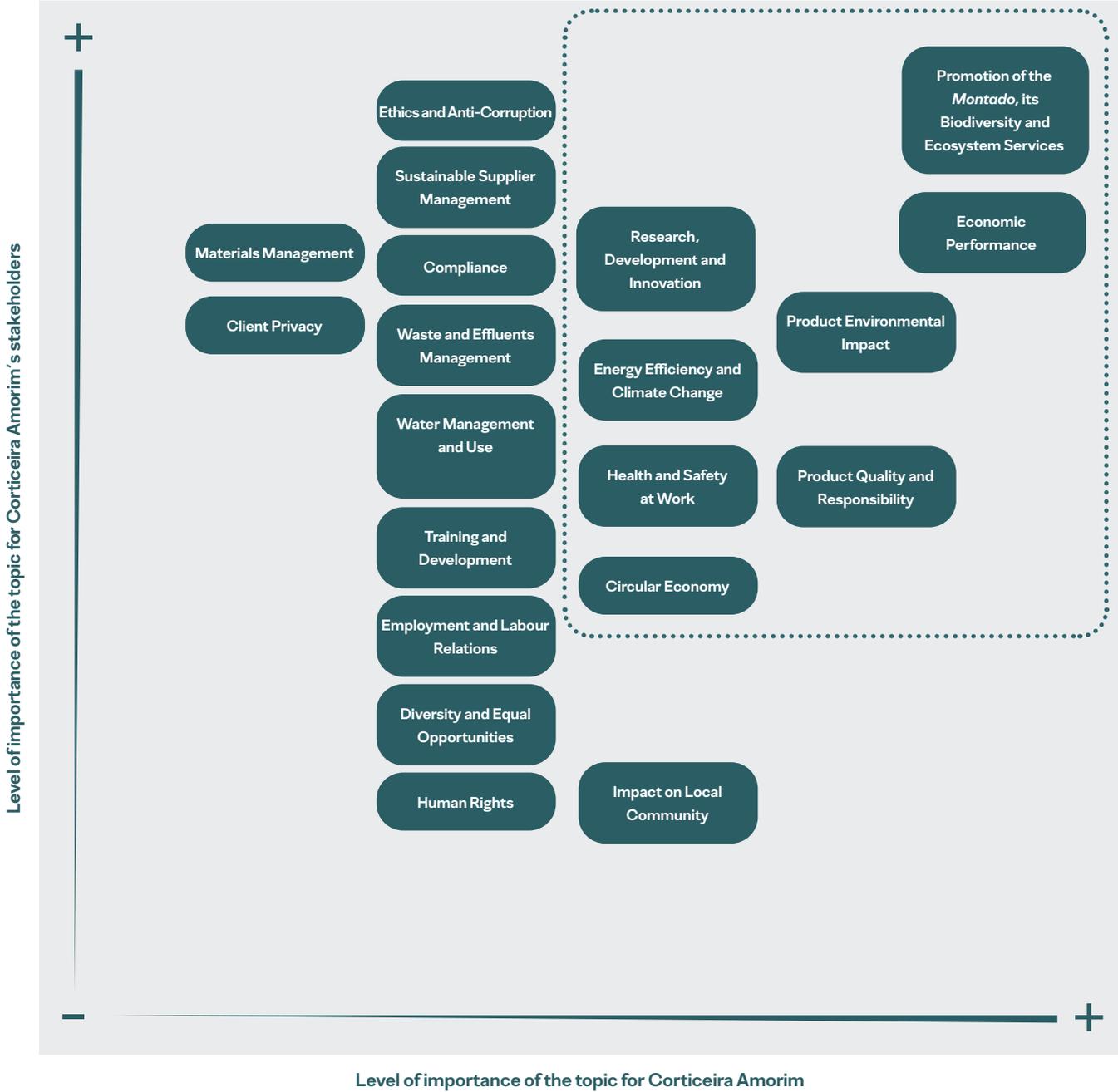
Throughout the report, we highlight the material issues for Corticeira Amorim: Promotion of the *Montado*, its Biodiversity and Ecosystems Services; Economic Performance, Research, Development and Innovation; Energy Efficiency and Climate Change; Health and Safety at Work; Circular Economy; Product Environmental Impact (including the topic of Product Quality and Responsibility). In view of its importance for the Organisation, the topic of Training and Development was also considered to be relevant for the purpose of this report.

Since Corticeira Amorim is a group of companies and given the difficulty in implementing sustainability systems in smaller companies, the scope of the report does not include all the companies in the Corticeira Amorim Group. This report accounts for 90% of the industrial units which employ 82% of all employees of the company and corresponds to 82% of consolidated sales for 2019.

The information contained in this report has been audited by Ernst & Young Audit & Associados, SROC, SA.

This document is available at www.amorim.com/en/sustainability/sustainability-reports/, and any clarification be sought from Corticeira Amorim by email at natural.choice@amorim.com.





Message from the Director of Sustainability



Dear Stakeholder,

Sustainability and innovation are intrinsic pillars of the Corticeira Amorim culture and strategy. Our goal is simple, to combine technology with nature and promote a sustainable balance between the two.

As a leader in one of the most sustainable industries globally, Corticeira Amorim has, year on year, maintained and strengthened its commitment to the future and to maintaining a strong, cohesive and dynamic brand, with sustainability at the heart of its identity.

A deep-set ambition to push the boundaries has driven Corticeira Amorim to invest in ongoing projects with a strong focus on research and innovation that result in products and solutions with unparalleled advantages, including reducing the carbon footprint of the end product, saving energy or water, cleaning the environment, improving indoor air quality and promoting well-being and comfort.

The vision, entrepreneurship, work and passion of the entire Corticeira Amorim team have contributed to the company's objectives, which are intrinsically linked with the Sustainable Development Goals set by the United Nations in 2015. These goals include, inter alia, the will to support research, development and innovation, boost economic growth, promote training and welfare for all, ensure health and safety of employees, apply the principles of circular economy, develop green products, reduce the environmental impact of operations and preserve the cork oak forests and ecosystem services.

In order to achieve these goals, we promote various initiatives which we present in this report, initiatives that enable growth towards sustainable leadership.

During this last year, conscious of the fact that nature is always the starting point for a better future, our group has brought several studies to shine light on the environmental, economic and social impact of Corticeira Amorim in Portugal and assess the cork oak forest ecosystem services.

In 2019, our efforts to manufacture products with a positive impact on climate regulation did not go unnoticed once again as our life-cycle evaluation studies of natural cork stoppers and sparkling wine proved the negative carbon footprint of our products, highlighting the differentiating factor of cork.

We have more than 4400 employees working worldwide, and it is through their passion for the business, their desire to go further, that we are able to overcome challenges, led by example and promote the well-being of the communities closest to us and, indeed, society at large.

To one and all, I would like to offer a special word of appreciation for the work and the trust placed in us.

Cordially,

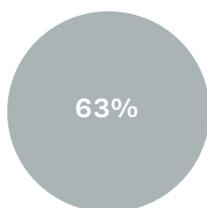
Cristina Rios de Amorim
Board Member and Director of Sustainability

2019 in Figures

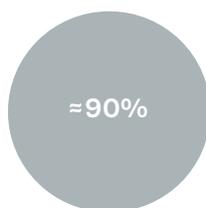
Corticeira Amorim's figures for 2019 exemplify this effort and dedication for a more sustainable business, society and world.



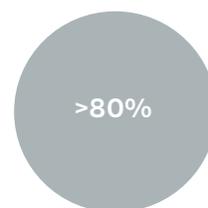
use of cork



energy from renewable sources
(biomass)



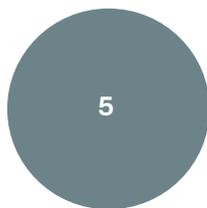
waste recovery rate



consumed materials from renewable
sources



recycled cork



continents with recycling programmes



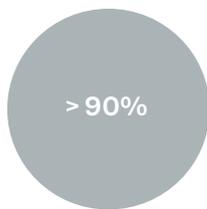
native trees planted in partnership
since 2008



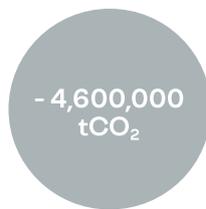
students involved in environmental
education actions



establishments with FSC® chain of
custody certification



cork and cork products purchased
from controlled sources



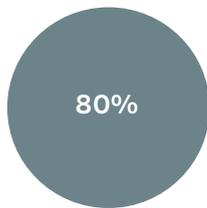
approximate cork oak forest sequestration
promoted by Corticeira Amorim's activity
in 2018 (17 times more than the emissions
generated by the activity and value chain)



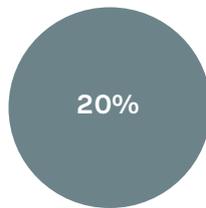
emissions avoided



emissions generated by the activity
and value chain in 2018



emissions associated with the value
chain (scope 3)



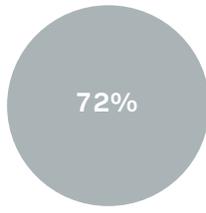
emissions generated by the activity
(scope 1 and 2)



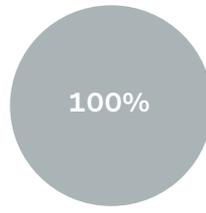
reduction of carbon intensity (scope 1
and 2) in 2011 and 2018



employees in 27 countries



employees in Portugal



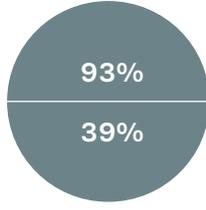
employees covered by collective bargaining agreements in Portugal



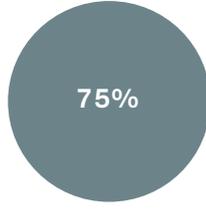
average age of employees



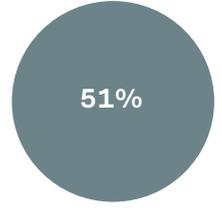
production multiplier in Portuguese economy



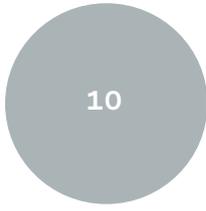
exports to more than 100 countries/
contribution to total exports from the municipality of Santa Maria da Feira



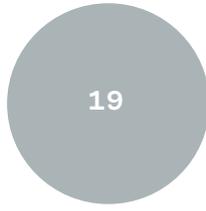
goods and services purchased in Portugal



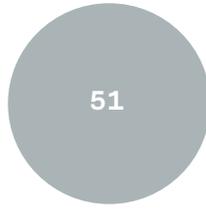
impact in the employment of forestry sector in Ponte de Sor and Coruche



industrial plants raw materials



industrial plants cork solutions



distribution companies



clients

CARBON BALANCE OF THE PRODUCTS



*considering carbon sequestration in the cork oak forest

FORESTRY INTERVENTION PROJECT

+50,000 ha
of new plantations

+7%
of cork oak area
in Portugal

+35%
cork production

-15 years
reduction of the first
extraction cycle of cork
from the current 25 to
10/12 years

+350/ ha
number of cork oaks
planted per hectare

+17,500,000
planted cork oaks

> 1,300€/ha/year

average value estimated of the ecosystem services associated
with a cork oak forest properly managed

CORK OAK FOREST

-73 tCO₂/1t of Cork
maximum recorded carbon
sequestration per ton of cork extracted

1/36 Biodiversity Hotspots
part of one of the world's biodiversity
hotspots, cork oak forests have recognized
protection status, contribute to climate
regulation, are a driving force for sustainable
development and play a crucial role
in the world's ecological balance

100,000 people
depend on the cork oak forests

**Barrier against
fires**

**Regulates the hydrological
balance**

**Protects the soil and decreases
the risk of desertification**

1,175,000,000 €/year

total net value of Corticeira Amorim's contributions to society when considering
ecosystem services induced by the activity (over 7x higher than the estimated direct
gross value added)



[1.] Corticeira Amorim

1.1. WHO WE ARE AND WHAT WE DO

Corticeira Amorim is one of the largest, most entrepreneurial and dynamic multinationals of Portuguese origin. Its origins in the cork business date back to 1870 and today it is the world leader in the sector. Operating under the motto “not just one market, not just one client, not just one currency, not just one product”, the company has been growing and reinventing itself by introducing new products and entering new markets.

MISSION				
To add value to cork, in a competitive, differentiating and innovative manner, in perfect harmony with Nature				
VALUES				
PRIDE	AMBITION	INITIATIVE	SOBRIETY	ATTITUDE

CORTICEIRA AMORIM AROUND THE WORLD

Maintaining the family hallmark, Corticeira Amorim has a presence on five continents, through its operations in the fields of production, distribution, joint ventures or market agency. With its registered office in Portugal, the company is listed on Euronext Lisbon.

Portuguese multinational, with head office in Mozelos, Santa Maria da Feira	27 Countries in which it has a presence	4,424 Employees
1 Main raw material	29 Industrial units	51 Distribution companies

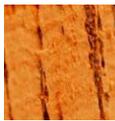
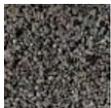
OUR BUSINESS MODEL

Globalization is irreversible and poses a constant challenge for the vision and innovation of Corticeira Amorim. Technological development has been at the forefront of the objectives of the company, which has been diversifying its business model through the various Business Units (BU) and products it offers. The business model it has implemented, based on good management practices, is also founded on an integrated and vertical process that makes use of the principles of circular economy in order to minimise the waste created.

Cork, at the heart of Corticeira Amorim’s operations, comes from several producers with whom the company maintains a close relationship and promotes good forest management practices, thereby ensuring the continued production of a good quality raw material.

OUR BUSINESS UNITS

The Corticeira Amorim Group has a broad portfolio of products made from cork for different markets and applications. This raw material, of enormous importance for the company, has been the focus of continual investment in the area of research, development and innovation in order to promote the use of all its natural properties and to diversify Corticeira Amorim's portfolio. Through its business units, and through anticipating market trends, the company has surpassed the expectations of some of the most demanding industries worldwide.

	BUSINESS UNIT	MAIN FOCUS	KEY ACHIEVEMENTS
	<p>Raw Materials BU</p> <p>Responsible for overall and integrated management of the company's value chain, it plays a key role in promoting synergies between the various units to ensure optimisation of the raw materials flow.</p>	Cork Stoppers BU, Floor & Wall Coverings BU, Composite Cork BU and Cork Insulation BU.	+ 50,000 ha targeted total area of new plantations in partnership with forestry producers.
	<p>Cork Stoppers BU</p> <p>World leader in the production and supply of cork stoppers, this BU has its own distribution network, which puts it in a unique position to provide the ideal stopper for any wine segment, anywhere in the world.</p>	Cork stoppers for wine, sparkling wines and spirits.	5,500,000,000 cork stoppers / year.
	<p>Floor & Wall Coverings BU</p> <p>World leaders in the production and distribution of cork-based floor and wall coverings, this BU uses a multilayer structure that ensures high quality and sustainable products and promotes improved quality of life with unique benefits such as a greater acoustic and thermal insulation.</p>	Flooring and coverings.	10,000,000 m ² /year of installed capacity.
	<p>Composite Cork BU</p> <p>The most technological of the business units in the Corticeira Amorim universe, explores the natural properties of cork to produce granules, aggregate and cork composites in various formats and for various purposes.</p>	Aerospace, panels and composites, automotive, seals and gaskets, electrical, construction, sports surfaces, flooring, household goods, furniture and footwear industries.	200,000 blocks and 40,000 cylinders produced/ year.
	<p>Insulation Cork BU</p> <p>Dedicated to the production of 100% natural insulation materials of exceptional technical performance, this BU manufactures products that combines virtually unlimited durability, low embodied energy, and an indoor air quality rating of A+ with excellent thermal, acoustic and anti-vibration insulation properties.</p>	Sustainable construction and interior design.	60,000 m ³ of insulating cork/ year.



1.2. GLOBAL CHALLENGES AND STRATEGIC DEVELOPMENT

Our ambition to push the boundaries has resulted in ongoing projects that respond to current global challenges and limit adverse impacts on society. Corticeira Amorim is unrelenting in its focus to leave its mark, make a difference and continually challenge itself, in order to solidify a future of sustainable leadership.

CHALLENGES FOR A MORE SUSTAINABLE FUTURE

Challenge 1: To apply the principles of circular economy

CIRCULAR ECONOMY

According to the WBCSD (World Business Council for Sustainable Development), the circular economy has great potential to promote global economic growth and to help accelerate society to a more sustainable future.

THE CHALLENGE

Designing out waste and pollution, keeping products and materials in use and regenerating natural systems are the three principles behind the circular economy (according to the Ellen MacArthur Foundation). This concept poses a constant challenge for business and society to promote the reuse of products and materials and thereby contribute to mitigating climate change and the regeneration of ecosystems.

SUSTAINABLE DEVELOPMENT GOALS

- Corticeira Amorim is committed to applying the principles of circular economy through reducing waste, extending the life of materials and regenerating natural systems.



THE CORTICEIRA AMORIM RESPONSE

Corticeira Amorim bases its production process on the principle of 100% use regarding cork, which means that optimising the use and consumption of cork throughout the production cycle is one of the Group's key strategies. Corticeira Amorim's production process treats even the smallest granules as an important source of energy.

In addition to 100% use of cork, and wherever feasible, the Group uses recycled materials from other industries, saving natural resources on the planet and reducing the problems associated with their disposal. The company supports several initiatives that collect and recycle cork on five continents and, while no trees are cut down throughout the production process, some of these programmes, particularly the Green Cork programme in Portugal, favour a reforestation approach with indigenous trees, including cork oak tree. Corticeira Amorim, through its Composite Cork BU in particular, has a wide range of products that uses by-products from other industries that previously ended up in landfills and that meet the needs of diverse industries such as aerospace, footwear, automotive, sports or construction. This approach centres on the social responsibility of re-using and saving natural resources in order

to generate added value for its business, in some cases by improving the performance of the material and providing more cork to meet the market needs of all business segments.

THE RESULTS

In 2019, 100% of all cork was used in the process, more than 80% of the materials used came from renewable sources, approximately 90% of all waste was recovered, and 485 tonnes of cork was recycled at the end of life.

Challenge 2: To develop the economy and regions impacted by our operations

ENVIRONMENTAL, ECONOMIC AND SOCIAL IMPACTS IN PORTUGAL

Conscious of the impact of its operations on the regions in which it operates and on the Portuguese economy, Corticeira Amorim conducted a study, with the support of EY, to assess this impact.

THE CHALLENGE

Understanding the dynamics of an increasingly complex society is essential for gaining a competitive edge and for generating real value for the communities, people and economy. The companies that are prepared to meet the challenges of an increasingly fast-paced society, are those that transform their earnings into impacts on the regions in which they operate. This value creation can be understood as either an externality or shared value – shared value refers to the exchanges with stakeholders (customers, employees, suppliers and local communities), while externalities refer to an exchange of value with society in general that generate benefits or losses for third parties.

SUSTAINABLE DEVELOPMENT GOALS

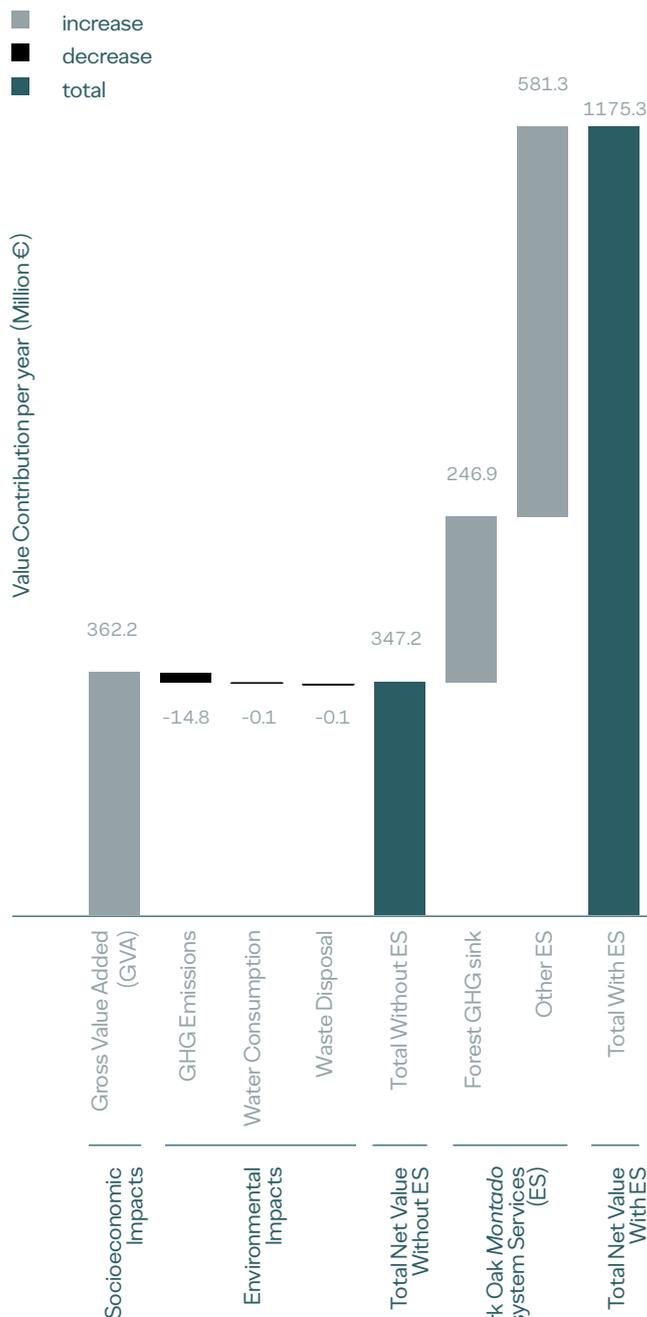
- Corticeira Amorim promotes policies to boost economic growth in a sustainable and inclusive manner, ensuring efficient production and decent work for all.



THE CORTICEIRA AMORIM RESPONSE

Taking four premises as its starting point – the world’s largest company of cork related products, a leader in innovation and diversification of cork products, an example of how to extract economic value from sustainable operations and with a recognized strategic vision of natural resources (in the long run). – EY conducted a study on the environmental, economic and social impacts of Corticeira Amorim’s operations in Portugal. This study enabled an accounting of the Group’s impact on the Portuguese economy relative to the value created and sustained for 2018. Corticeira Amorim is not fully vertical integrated across

TOTAL NET VALUE



the cork value chain (as it does not hold significant areas of cork oak forest) and, as such, their activities have a major impact on other national companies and sectors upstream. In adopting an input-output methodology applied to cross-sectoral data of the Portuguese economy, the study calculated the direct impacts and estimated the indirect and the induced impacts of household consumption, generated by Corticeira Amorim’s operations. The results reinforce the Group’s commitment to maximising its value by creating jobs and opportunities, through innovation and diversification of products and its support in promoting responsible management of the cork oak forests and use of natural resources.

THE RESULTS

The direct, indirect and induced impact of Corticeira Amorim on the Portuguese economy are noteworthy. In numerical terms, Corticeira Amorim makes a total net contribution to society of 1,175 million euros per year, including the environmental impact of their activities and the impact of the cork oak forest ecosystem services it makes possible. This value is more than seven times the direct value added by its business activities in Portugal. The value created by Corticeira Amorim is also translated by its multiplier – every euro of production by Corticeira Amorim generates a total of 2.17 euros in domestic production. With regard to exports, 93% of products are exported, a direct result of operations in Portugal and the leadership position it has secured in various markets. In terms of procurement, approximately 75% of purchases made by the Portuguese subsidiaries are from Portuguese suppliers. It is worth highlighting, inter alia, the local impact of Corticeira Amorim, which is responsible for 39% of exports in the municipality of Santa Maria da Feira, where the company has its headquarters and a significant part of its operations, as well as 51% of the jobs created in the forestry sector in Ponte de Sor and Coruche, the municipalities from which the Company acquires much of the cork raw material.

Challenge 3: To develop sustainable and competitive solutions that stand out

GREEN PRODUCTS

Cork, being a 100% natural, renewable, recyclable and reusable product, is an excellent alternative for reducing global dependence on non-renewable products. Corticeira Amorim's goal is to guarantee quality through continuous improvement of its processes, products and services, whilst striving for innovative solutions supported by technological development, so that it can respond to the client's needs with sustainable, competitive and differentiating solutions. Contributing to the transition to a low-carbon economy is part of the Group's mission.

THE CHALLENGE

Population growth is placing unprecedented pressure on the finite resources of the world, awakening a sense of awareness and need for minimisation of the impacts created by companies. A more efficient use of resources is critical for achieving the Sustainable Development Goals and reducing the environmental impact of human activities on the planet.

Sustainable Development Goals

- Corticeira Amorim aims to maintain a proactive role in developing the already vast scope of application of cork, sustained by the innate properties of the material.



THE CORTICEIRA AMORIM RESPONSE

Conscious of the impact of its activities, Corticeira Amorim develops products and solutions that are efficient in terms of the use of resources, and sponsors studies that enable data to be obtained from the impact of its products on the environment. These studies come at a time where there is increasing awareness among consumers about the product's environmental impact and prefer products with unquestionable sustainability credentials. Two such studies were carried out by EY in 2019 and follows the life cycle of natural cork and sparkling wine stoppers and another study, carried out by PwC in 2018, builds on a carbon footprint assessment of Neutrocork. These studies took the ISO 14040/44 (ISO, 2006) standard as their basis and adopted a cradle to gate approach, in which the product life cycle from raw material extraction to completion of the production process was evaluated and is aligned with the Product Environmental Category Rules (PEFCR) for still and sparkling wines, issued by the European Commission in 2018.

THE RESULTS

The results confirm the negative carbon footprint of Corticeira Amorim cork stoppers and show that the production of natural cork stoppers has a carbon footprint of -5.7 gCO₂eq/stopper. For the sparkling wine stopper, the carbon footprint is -2.5 gCO₂eq/stopper and for the Neutrocork stopper it is -1.8 gCO₂eq/stopper. When considering the sequestration of the cork oak ecosystem, made possible by the cyclical extraction of cork, the conclusions are even more striking and show that the carbon balance can reach:

- -309 gCO₂eq/natural cork stopper
- -392 gCO₂eq/Neutrocork stopper
- -562 gCO₂eq/sparkling wine stopper

For natural cork stoppers, compared to the previous evaluation in 2008 (PwC/Ecobilan, 2008), comparable impacts assessed for the main stages of the industrial and transport processes were reduced from -2.3 gCO₂eq/cork to -4.3 gCO₂eq/cork, illustrating significant improvements in environmental performance due, inter alia, to efficiency brought about by the use of energy-efficiency resources and methods.

These studies highlight the differentiating factor between cork and other forestry products. Given that the cork oak retains the carbon throughout its life (which can exceed 200 years), regardless of the cork extraction, the economic exploitation of the cork oak forest for the production of cork makes it possible to perpetuate a unique ecosystem that maintains ecosystem services that are of inestimable value to Society, including carbon sequestration, thus contributing positively to climate regulation.



Challenge 4: To promote ecosystem services

ECOSYSTEMS

Nature is the starting point for a better future, and biodiversity is fundamental to the proper functioning of the ecosystem – without it, an ecosystem is not healthy. In this context, Corticeira Amorim promotes good management practices for cork oak forests and related ecosystem services.

THE CHALLENGE

Translating ecosystem services into monetary and non-monetary value is essential if companies are to align with biodiversity strategies. The cork oak forest, with its unique characteristics, acts as a natural barrier against fire, promotes jobs in arid and semi-arid areas and reduces the risk of desertification. It also plays an important role in promoting ecological functions such as carbon storage, soil conservation, water cycle regulation or supporting a unique and fragile ecology which is a habitat for rare or endangered species. The cork oak forests are part of one of 36 global ecosystems with greatest relevance for the conservation of biodiversity.

Sustainable Development Goals

- By increasing knowledge, mobilising resources and proposing initiatives, Corticeira Amorim is striving to preserve the cork oak forests and associated ecosystem services.



THE CORTICEIRA AMORIM RESPONSE

Corticeira Amorim sponsored EY to conduct an independent study to evaluate the multi-functionality of the cork oak forests based on four case studies that illustrate cork oak forest areas with good management. The quantitative evaluation, based on avoided costs, considered the variability of ecosystem service capacity and was based on different management practices and geographical, soil and climate conditions. Three regulatory services were monetised: global climate regulation, regulation of extreme events: fire prevention, water regulation and soil protection. Other services were also evaluated and quantified wherever there was available data, which included regulatory services such as habitat maintenance, biodiversity and pollination, provision and cultural services.

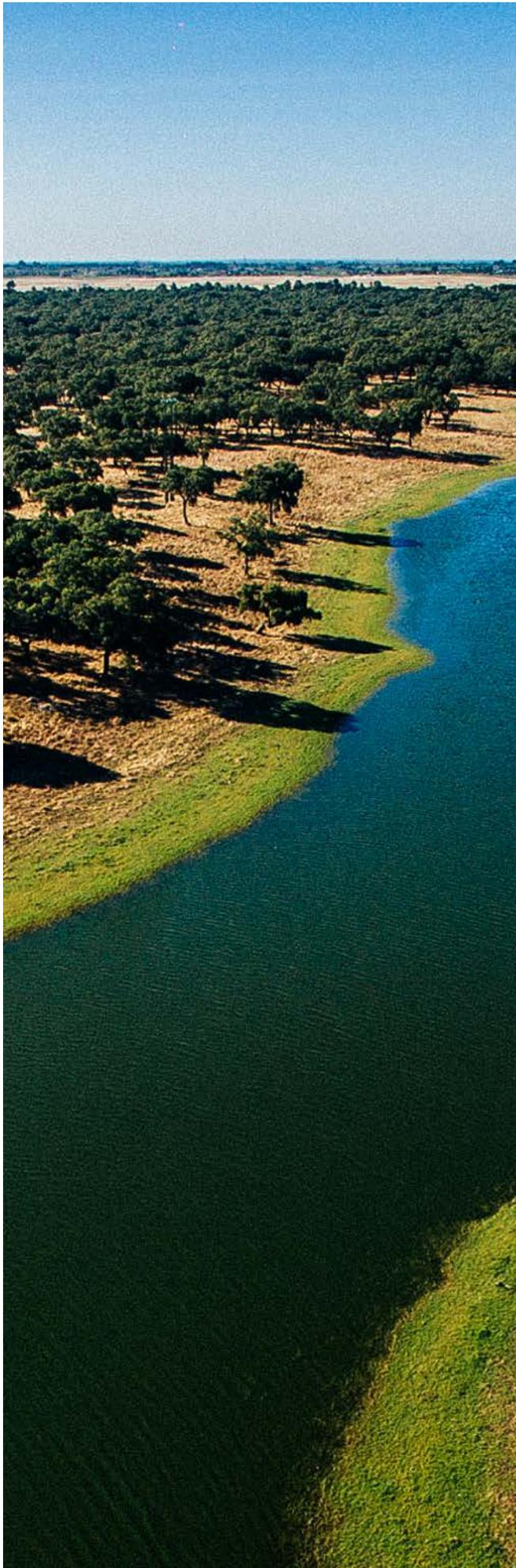
THE RESULTS

The study concluded that the ecosystem services evaluated in the cork oak forest provide benefits to society of an average of more than €1,300/ha/year. Furthermore:

- The cork oak forests contribute to the regulation of the global climate with its carbon sequestration capacity;
- Portugal leads the latest statistics on fire events and total area burned across the EU, with the cork oak forest being remarkably resistant to fire;
- The cork oak forest is essential in regulating the water cycle and maintaining the soil, acting as a barrier to desertification.

Ecosystem services (ES)	ES delivery (average)	Indicator	Avoided costs (€/ ha.year)
Global climate regulation	11	Carbon sequestration (tCO ₂ / ha.year)	596
Extreme events regulation: fire prevention	N/A	N/A	546
Hydrological regulations and soil protection	45	Avoided erosion (t/ha.year)	220

It should also be noted that the total quantified value of the cork oak forest is underestimated. The cork oak forest has a crucial role in maintaining biodiversity and habitats and is therefore of immeasurable value that is not yet fully understood.



[2.] Our Sustainability Model

2.1. SUSTAINABILITY STRATEGY AND PATH

Right at the core of Corticeira Amorim’s operations is cork – a 100% natural raw material, extracted cyclically from cork oak trees without damaging them. Cork promotes the economic and social sustainability of areas at risk of desertification, while encouraging the preservation of the cork oak forest – part of one of the world’s biodiversity hotspots, which provides numerous environmental benefits, including of CO₂ retention, fire protection, regulation of the hydrological cycle of the soils and avoiding their erosion.

Sustainability Management Structure

Corticeira Amorim believes that all of its stakeholders are fundamental in identifying strategic priorities, and as such, the Corticeira Amorim Sustainability Management team places great stock in listening to their concerns and expectations regarding the issues to be monitored and communicated. Moreover, the involvement of top management and the teams responsible for the implementation of sustainability initiatives is of vital importance.

The organisational structure facilitates effective management and alignment between the strategy, policies and sustainable development practices. The support areas are geared up to coordinate the activities of the BUs and the respective functional areas, and regular monitoring is the responsibility of the Executive Committee. Sustainability is overseen by António Rios de Amorim, CEO and Chairman of Corticeira Amorim.

DEFINITION AND IMPLEMENTATION OF THE SUSTAINABILITY STRATEGY

Interaction with stakeholders

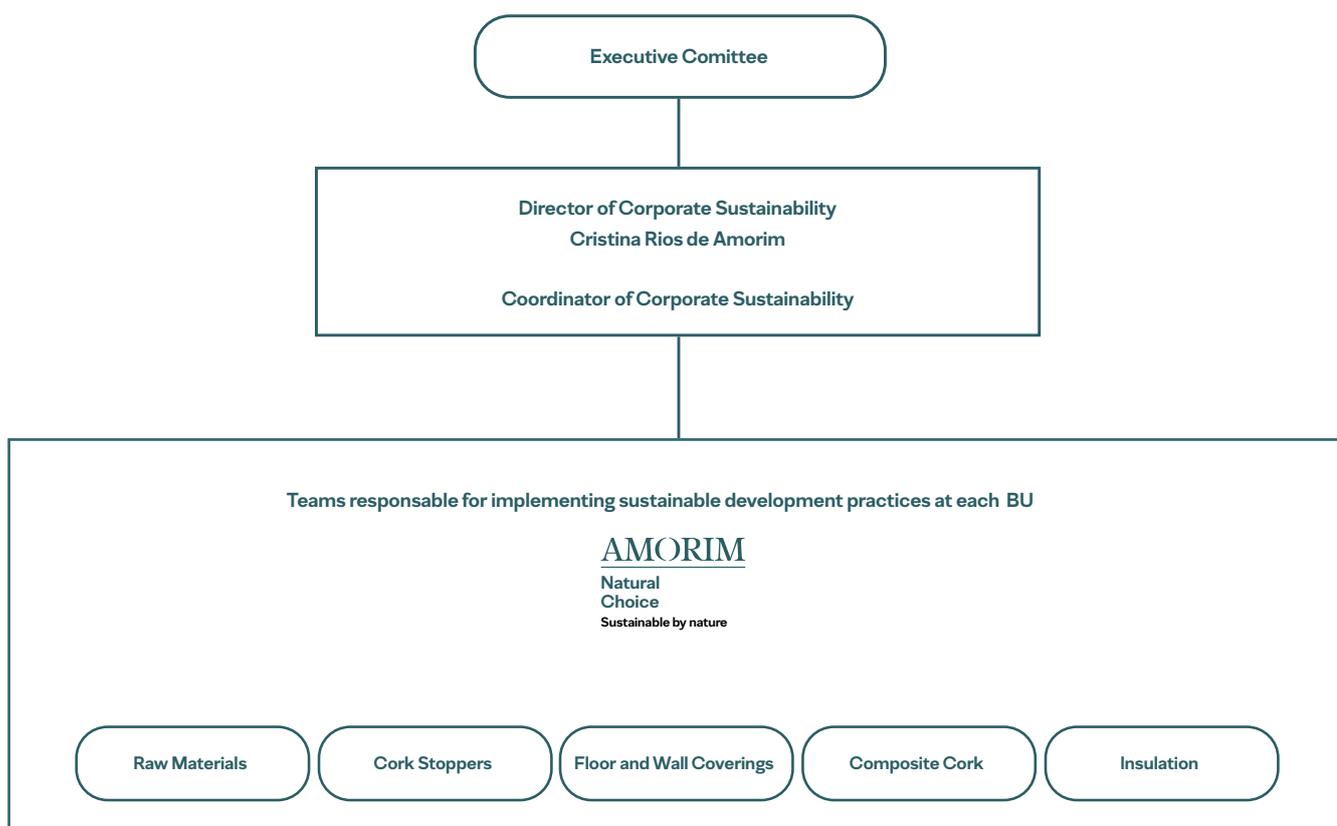
Listening to stakeholders on a regular basis is considered fundamental for the definition and subsequent validation of strategic options and for understanding the expectations of the main stakeholders.

Involvement of top management

The strategic alignment of the entire organisation is enhanced by the use of the balanced scorecard methodology, with the Board of Directors being responsible for approving the strategic objectives, strategic initiatives and priority actions.

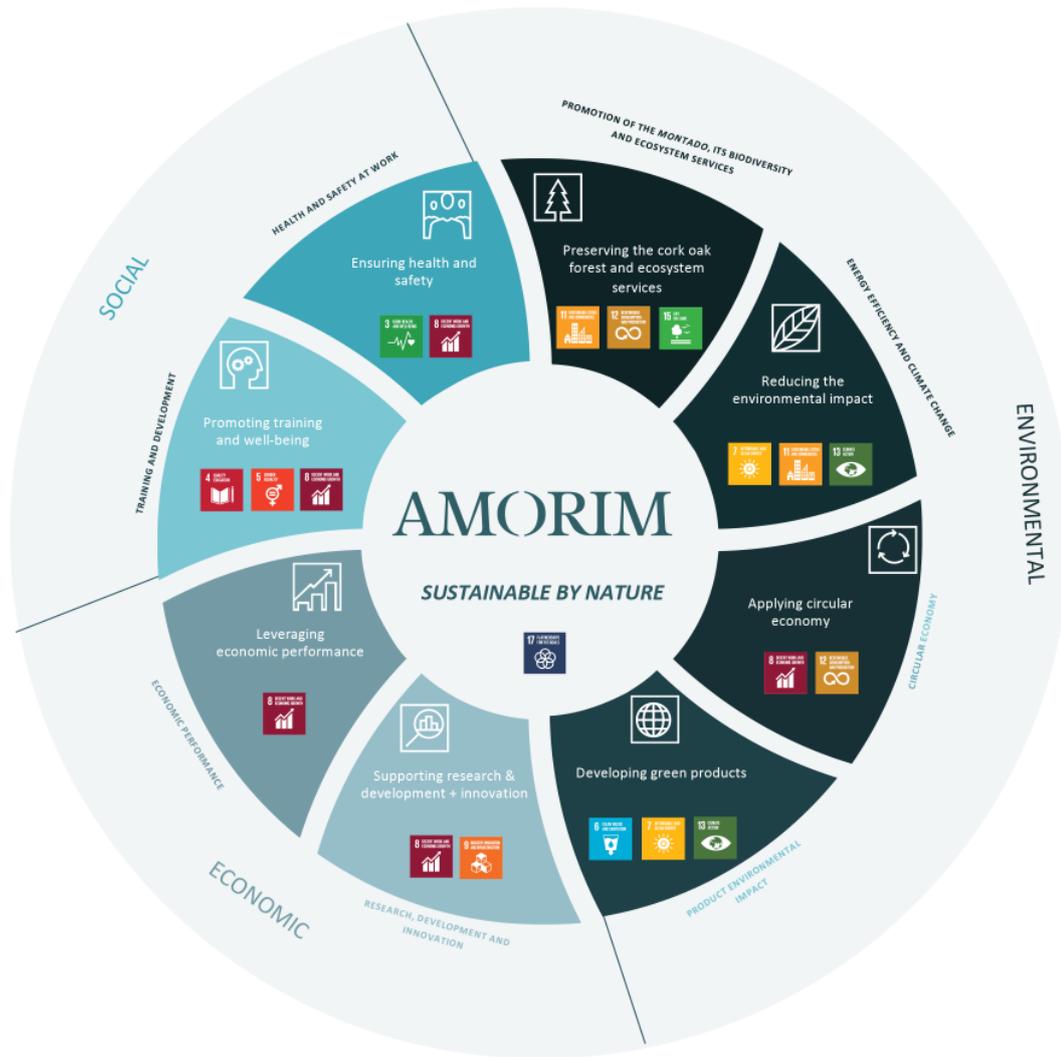
Operations

The teams responsible for implementing sustainable development practices in each BU implement the necessary initiatives and actions to meet the defined objectives and monitor performance on a regular basis under a structured programme called Natural Choice.



STRATEGIC PRIORITIES

In 2018, Corticeira Amorim revised its sustainable development strategy through a materiality analysis to promote alignment with the expectations and feedback of its stakeholders. In line with its sustainability strategy, the Group has identified the most relevant SDGs in terms of the material issues, selecting performance indicators and targets for each relevant SDG. As a result of this, 12 SDGs were identified as the priority for the Corticeira Amorim sustainable development strategy. Note that SDG 17 overlaps all the others and is therefore in line with all defined sustainability strategies represented in the figure below.



The ambition set by the United Nations Sustainable Development Goals

In addition to the 12 SDGs, Corticeira Amorim has identified priority targets to ensure the sustainable development of its business. The following are the main identified targets for each pillar, along with certain associated performance indicators. Information on the initiatives is presented in chapters 4, 5 and 6 of this report.



PROMOTION OF THE CORK OAK FOREST, BIODIVERSITY AND ECOSYSTEM SERVICES

Preserve the cork oak forest and ecosystem services by increasing knowledge, mobilising resources and proposing initiatives

Goals

- Strengthen efforts to protect and safeguard cultural and natural heritage;
- Promote the implementation of sustainable forest management and mobilise resources;
- Combat desertification;
- Integrate the values of ecosystems and biodiversity.

ENERGY EFFICIENCY AND CLIMATE CHANGE

Reduce the environmental impact of operations by adopting renewable, affordable and efficient solutions

Goals

- Increase the use of renewable energy;
- Reduce the negative environmental impact;
- Integrate climate change measures.

+50,000 ha new plantations in partnership with the forestry producers
 > 90% cork and cork products purchased from controlled sources
 29 establishments with FSC® chain of custody certification

63% energy from renewable sources (biomass)
 62,000 tCO₂e emissions avoided
 -17% reduction of carbon intensity (scope 1 and 2) in 2011-2018, in Portugal



CIRCULAR ECONOMY

Apply the principles of circular economy through the reduction of waste, extend the life of materials and regeneration of natural systems

Goals

- Improve the efficiency of global resources, thereby achieving sustainable management;
- Manage use of chemicals in an environmentally sound manner;
- Substantially reduce the generation of waste through reducing, recycling and reusing materials.

PRODUCT ENVIRONMENTAL IMPACT

Maintain a proactive role in developing the already vast scope of application of cork, sustained by the innate properties of the material

Goals

- Strengthen resilience and adaptability to climate-related risks;
- Increase efficiency in water use;
- Improve energy efficiency.

100% use of cork
 = 90% waste recovery rate
 485 t recycled cork
 > 80% consumed materials from renewable sources

Properties of cork:
 100% natural, renewable, recyclable and reusable
 thermal and acoustic insulation, impermeable to liquids and gases
 light, elastic and compressible and shock absorbent
 fire retardant, hypoallergenic and softtouch



RESEARCH, DEVELOPMENT AND INNOVATION

Support and promote research, development and innovation and foster sustainable solutions

Goals

- Achieve higher levels of economic productivity;
- Promote development-oriented policies that support productive activities, entrepreneurship, creativity and innovation;
- Upgrade infrastructure and rehabilitate industries to make them sustainable;
- Enhance scientific research;
- Encouraging innovation through the research and development area.

8,000,000 € average annual investment in R&D+I
 14 patents submitted in 3 years
 20 projects supported in Amorim Cork Ventures since 2014



ECONOMIC PERFORMANCE

Boost economic growth in a sustainable and inclusive manner, ensuring efficient production and decent work for all

Goals

- Sustain economic growth;
- Eradicate forced labour worldwide and ensure a global elimination on child labour;
- Protect the labour rights.

= 726,000,000 € distributed to stakeholders
 75% goods and services purchased in Portugal from local establishments (2018)
 Zero irregularities identified and communicated



TRAINING AND DEVELOPMENT

Promote training, welfare and personal and professional development for all

Goals

- Provide training for all;
- Ensure equal access to opportunities;
- End all forms of discrimination.

100% employees covered by collective bargaining agreements in Portugal
 14 hrs of training on average per employee
 25% female employees



HEALTH AND SAFETY AT WORK

Ensure the safety of employees in the workplace and access to quality health conditions

Goals

- Reduce the number of accidents and the ability to manage these;
- Access to essential quality health services;
- Promote safe and secure work environments for all workers.

18.8 accident frequency index
 527 number of lost working days
 5.7% absenteeism rate

2.2. OUR STAKEHOLDERS

Corticeira Amorim believes in the importance of its stakeholders in the sustainable management of its activities and improving the Group's performance.

The involvement of stakeholders is a strategic priority for Corticeira Amorim, in that understanding their concerns and expectations regarding the issues to be monitored and communicated is fundamental for validating and identifying strategic priorities. All persons or entities that have or may have an influence, dependency and/or liability for the Group, are identified as Corticeira Amorim stakeholders. Based on this selection criteria, there are eight main groups of stakeholders: Shareholders and Investors, Clients, Employees, Official and Government Entities, Suppliers, Media, NGOs and the Community, Partners and Civil Society.

Since 2009, Corticeira Amorim has implemented a consultation and engagement process with its stakeholders, to promote their participation and contributions to the Group's business model.

The priority that Corticeira Amorim places on the involvement of its stakeholders and on managing their expectations and concerns, together with the way it relates and communicates with them, is reflected in the results obtained in the last consultation process with stakeholders in 2018.

Main results of the 2018 consultation:

137

Stakeholders identified

74%

Response rate

97%

Consider the information provided in the Sustainability Report to be good or very good

8

Main groups of stakeholders listened to

89%

Agree that the Group has a clear vision of their economic, social and environmental responsibilities

Top 5 most relevant issues

Promotion of the *Montado*, its Biodiversity and Ecosystem Services

Economic Performance

Ethics and Anti-Corruption

Materials Management

Waste and Effluent Management



COMMUNICATION WITH STAKEHOLDERS

The management of communication channels promotes greater alignment with the needs and expectations of stakeholders. Corticeira Amorim uses a distinct set of media that are regularly available and allow a wide range of information to be made to its stakeholders.

<p>SHAREHOLDERS AND INVESTORS</p> <ul style="list-style-type: none"> General shareholders' meeting Meetings with investors and analysts Periodic disclosure of developments in the business Reports & accounts Sustainability report Regular meetings and contacts Responses to external requests Visits to the cork oak forest and Corticeira Amorim Website Newsletter and Press releases Information brochures 	<p>CLIENTS</p> <ul style="list-style-type: none"> Sustainability report Environmental education/awareness actions Support for initiatives/projects Satisfaction surveys Participation in fairs and industry events Awareness and technical support programmes Cooperation agreements for R&D+I Publication of technical articles Working groups Regular meetings and contacts Various seminars and workshops Responses to external requests Visits to the cork oak forest and Corticeira Amorim Website Newsletter and press releases Information brochures
<p>EMPLOYEES</p> <ul style="list-style-type: none"> Sustainability report Cork oak forest protection initiatives Environmental education/awareness actions Support for initiatives/projects Satisfaction surveys On-site information panels Procedures and policies Intranet Performance management systems Various seminars and workshops Thematic and awareness-raising internal actions Responses to external requests Visits to the cork oak forest and Corticeira Amorim Website Newsletter and press releases Information brochures 	<p>OFFICIAL AND GOVERNMENT ENTITIES</p> <ul style="list-style-type: none"> Periodic disclosure of developments in the business Reports & accounts Sustainability report Cork oak forest protection initiatives Participation in fairs and industry events Cooperation agreements for R&D+I Publication of technical articles Support for initiatives/projects Satisfaction surveys Awareness and technical support programmes Working Groups Regular meetings and contacts General and sector meetings Various seminars and workshops Responses to external requests Visits to the cork oak forest and Corticeira Amorim Website Newsletter and press releases Information brochures

<p>SUPPLIERS</p> <p>Reports & accounts Sustainability report Environmental education/awareness actions Support for initiatives/projects Selection and assessment of suppliers Participation in fairs and industry events Awareness and technical support programmes Cooperation agreements for R&D+I Publication of technical articles Working Groups Regular meetings and contacts Various seminars and workshops Responses to external requests Visits to the cork oak forest and Corticeira Amorim Website Newsletter and press releases Information brochures</p>	<p>MEDIA</p> <p>Periodic disclosure of developments in the business Reports & accounts Sustainability report Support for initiatives/projects Participation in fairs and industry events Publication of technical articles Responses to external requests Visits to the cork oak forest and Corticeira Amorim Website Newsletter and press releases Information brochures</p>
<p>NGOs AND THE COMMUNITY</p> <p>Periodic disclosure of developments in the business Reports & accounts Sustainability report Cork oak forest and environmental protection initiatives Environmental education/awareness actions Community engagement initiatives Support for initiatives/projects Cooperation agreements for R&D+I Working groups Regular meetings and contacts General and sector meetings Various seminars and workshops Thematic and awareness-raising internal actions Responses to external requests Visits to the cork oak forest and Corticeira Amorim Website Newsletter and press releases Information brochures</p>	<p>PARTNERS AND CIVIL SOCIETY</p> <p>Sustainability report Cork oak forest and environmental protection initiatives Environmental education/awareness actions Community engagement initiatives Support for initiatives/projects Participation in fairs and industry events Cooperation agreements for R&D+I Publication of technical articles Working groups Regular meetings and contacts General and sector meetings Various seminars and workshops Responses to external requests Visits to the cork oak forest and Corticeira Amorim Website Newsletter and press releases Information brochures</p>

[3.] How We do it

3.1. RESPONSIBLE CONDUCT

Corticeira Amorim is committed to ensuring high standards in ethical management and corporate governance. As a result, it has taken on a full complement of voluntary commitments in terms of ethics and social and environmental responsibility through the development and implementation of policies and principles which govern its activity.

Aware of the risks to which its activity and the interests of its stakeholders is subject and maintaining its conviction in the effectiveness of prevention and risk control, Corticeira Amorim regularly reviews these issues, fomenting reflection and improvement in the area.

ETHICS, PRINCIPLES AND POLICIES

Corticeira Amorim's Code of Ethics and Professional Conduct formalizes a set of rules and guidelines on the professional conduct of all employees, as well as its external relations. This Code of Ethics and Professional Conduct is developed based on the values that characterise Corticeira Amorim and covers all employees and companies it controls.

The Code of Ethics and Professional Conduct is regularly reviewed so that it promotes, always, the adoption of the policies and practices considered appropriate to meet the commitments, challenges and activities of the Company. In 2020, a new revision of this Code will be made, which, upon completion, will be made available to all employees, who will also be trained in this field, and publicly on the Group's website.

The current version of Code in force covers the following areas:

- Professional use of the company's assets;
- Privacy and confidentiality;
- Rules governing the use of information technology (IT);
- Relations between employees;
- Community;
- Corruption/bribery;
- Customers and suppliers;
- Communication with the exterior;
- Corporate image;
- Industrial property;
- Data protection;
- Human rights/preventing harassment.

Corticeira Amorim carries out its activity in an ethical, fair and transparent manner, producing results that are the fruit of its management vision, the efficiency of its processes, continuous innovation, the professionalism and competence of its workforce, the competitiveness of its market offer and its reputation.

The Executive Committee, together with the BU Management, is responsible for assessing the risks associated with corruption and bribery in markets where Corticeira Amorim operates, according to the characteristics of each. Monitoring these risks is complemented by audits of the internal control processes, whose function is to examine the conformity of the processes and to identify inefficiencies.

Any irregularities identified are reported in accordance with a defined procedure for the proper treatment of irregularities (and are addressed to the Audit Committee of the company) by shareholders, employees or other persons/entities. The Company's Audit Committee is made up of independent members and is tasked with analysing any anomalies identified and suggesting mitigation measures for the prevention and occurrence of these anomalies.

In 2019, no irregularities were identified and reported. More detailed information can be found in chapter [C. Internal organisation, II. Reporting of irregularities, of the Corporate Governance Report](#).

HUMAN RIGHTS

Corticeira Amorim assumes, as a structuring principle for all its activities, the respect and protection of human rights: dignity, non-discrimination, equal rights, safety and well-being, education, personal and professional development and freedom of association.

In line with this principle, Corticeira Amorim undertakes daily not only to develop and promote human dignity but also to manage and motivate its employees around these values:

Promoting Human Dignity

Corticeira Amorim:

- Adheres to the fundamental values of Human Rights and Labour Rights (Universal Declaration of Human Rights and the Conventions of the International Labour Organisation);
- Acts in accordance with the laws and regulations in force in strict adherence to human rights and decent labour practices;
- Progressively places greater demands in agreements concluded with interested parties with the aim of raising awareness and spreading respect for these values within the sphere of influence.

People Management and Motivation

Corticeira Amorim:

- Adopts the principle of freedom of association;
- Promotes physical, social and psychologically safe and healthy work environments;
- Encourages the implementation of the principles of the Code of Ethics and Professional Conduct ;
- Is implementing people management practices in the area of recruitment by promoting non-discrimination and equal opportunities;
- Adopts leading practices based on merit and free from discriminatory judgements.



Corticeira Amorim's supply chain carries out its activities in accordance with the institutional and legal structures and the working conditions applied to satisfy the labour legislation in force in the countries in which it operates. As a result of this, there is no risk to the company's activity and throughout the supply chain.

Based on this commitment and collective effort, Corticeira Amorim has not identified any situations of discrimination, risk of child labour, forced or compulsory labour or restrictions on freedom of association and union membership in any of the activities and operations carried out.

MANAGEMENT SYSTEMS

In striving for effective management of environmental and social aspects related to the business and in targeting the achievement of its strategic objectives, Corticeira Amorim implements a set of policies and management systems that are tailored to the non-financial risks inherent in its activities or the emerging opportunities in the markets in which it operates. In this sense, several of the Group's BUs are certified in different management systems suited to its activities.

In 2019, this practice continued to be strengthened, with the renewal of certifications for different management subsystems in the various BUs. More information on these Management Systems can be found in chapter 6 of the [Consolidated Management Report](#).

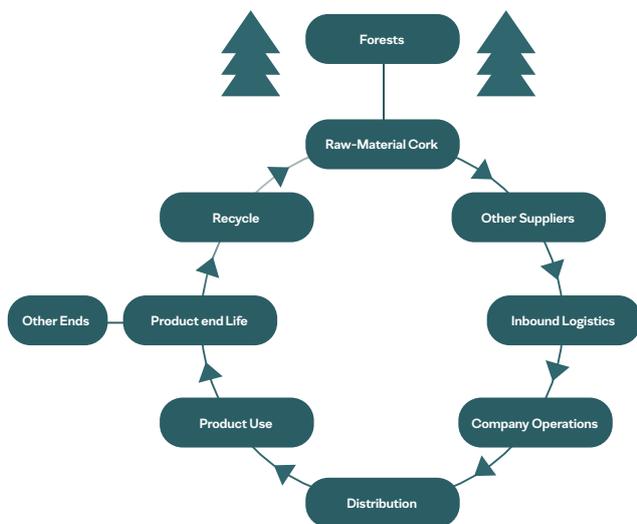


3.2. RESPONSIBLE SUPPLIER MANAGEMENT Supply Chain

<p>>90% cork and cork products purchased from controlled sources</p>	<p>29 establishments with FSC® chain of custody certification</p>	<p>75% goods and services purchased in Portugal from local establishments (2018)</p>
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Corticeira Amorim strives to implement its ethical commitments and economic, environmental and social responsibility, as referred to in chapter 3.1 [Responsible conduct](#), at all levels of the business plan. In this regard, the company considers a chain of raw material suppliers, predominantly cork, and stable transport services, to be fundamental in guaranteeing good sustainability practices both at source and in its operating processes.

Corticeira Amorim's business model integrates all stages of production, from the purchase of the raw material, to the company's operations, distribution and marketing of various cork products, with more than 27 thousand customers serviced and 93% of sales made outside Portugal, in more than 100 countries.



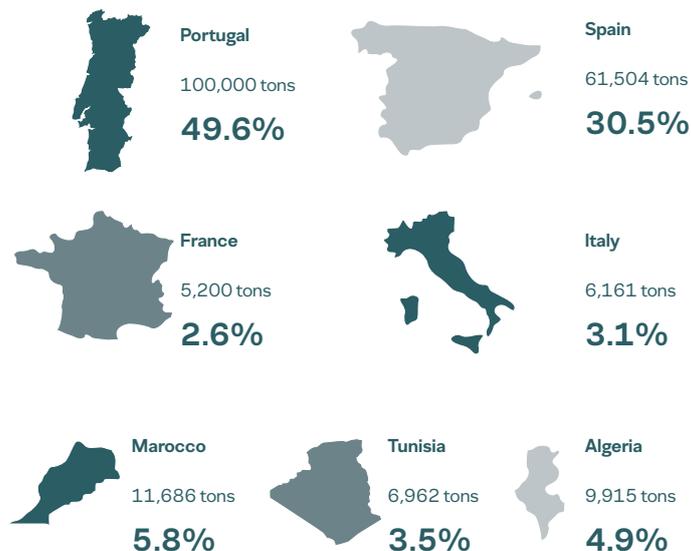
PROCUREMENT AND SUPPLY OF CORK

The raw materials BU is the starting point for global and integrated management of Corticeira Amorim's value chain. The Raw Materials BU is responsible for preparing, discussing and deciding on the multi-annual procurement policy of the Company, ensuring optimisation of the flow of all types of cork raw materials to be used in other BUs in the Group and respective market applications. Cork production takes place in the Mediterranean Basin and it is in this region that the majority of Corticeira Amorim's operations are located (more than 80% of jobs), promoting the need for environmental conservation as well as social and economic investment in these areas. In recent years, a strategy has been developed to diversify supply sources in order to enhance cork extraction in all production regions, ensuring the capacity for a quick and efficient response to any increases in raw material consumption.

Purchases of cork and cork products (thousand euros)			
	2019	2018	2017
Portugal	191,911	189,673	197,785
North Africa	18,300	10,909	9,373
Other Origins	59,814	62,407	55,313
Total	270,026	262,989	262,472

At the end of 2019, a total of 270,026 thousand euros was spent on cork and cork products, of which 71% came from Portugal, 7% from North Africa and 22% from other sources in the Mediterranean Basin.

Annual Production of Cork by Country



PROTECTION GUARANTEE FOR THE CORK OAK FORESTS

In addition to the management of the cork supply, the activities of the Raw Materials BU are focused on gaining knowledge of the cork oak forest and improving the production of quality cork. In this regard, Corticeira Amorim maintains a close relationship with its cork producers, and promotes compliance with the CE Liège Code of Cork Stopper Manufacturing Practice and forestry certification from the Forest Stewardship Council (FSC®).

First packaging company in the world to achieve FSC® certification

Corticeira Amorim was the first packaging company in the world to achieve FSC® certification in the cork industry in 2004. Currently, it continues to operate the activity in accordance with FSC® principles resulting in numerous initiatives in the area. In 2019, about 29 Corticeira Amorim's establishments had FSC® chain of custody certification - indisputable proof of its concern and call to action to protect biodiversity, the rights of employees, the rights of indigenous peoples and areas of environmental importance and significant cultural value.

As a leader in the industry, Corticeira Amorim recognises the influence of its activities on the valuation of the cork oak forest and on the implementation of best management practices. A strong focus on forestry research and development and process innovation is a constant priority for this BU and a determining factor in business competitiveness. In order to improve the quality and quantity of cork production, new production techniques have been implemented, in particular, the REGACORK Project, which forms part of the Forestry Intervention Project. More information can be found in chapter [5.1 Promotion of the Montado, its Biodiversity and Ecosystem Services](#).

REGACORK: first extraction of virgin cork in 10/12 years

Amorim Florestal and the University of Evora coordinate the operational group REGACORK, a project aimed at valuing the cork industry from producers to processors in anticipation of cork production, favouring the growth of cork oaks in intensive production stands and promoting their vitality by mitigating water stress events. This initiative comes in response to a reduction, both in quality and quantity, in global cork production and has the support of several owners and research and conservation institutes whereby ten trial areas are currently being monitored, mostly in the Alentejo region.

NON-CORK PROCUREMENT AND SUPPLY

Corticeira Amorim's centralised Purchasing Department is responsible for managing suppliers and the purchase of all non-cork products, services, transport and works. The management efforts, from a global perspective, are focused on the search for excellence of the goods purchased and the services rendered, also in line with the company's strategic objectives, which further value to be added to the Group in terms of sustainability.

Corticeira Amorim seeks to establish lasting and stable relationships with its suppliers, ensuring product quality control and a high degree of loyalty with key suppliers.

QUALIFICATION OF SUPPLIERS

The acquisition of non-cork products involves a supplier pre-qualification, qualification and evaluation process. Qualified suppliers are expected to meet the quality standards for supplies, delivery times and the social and environmental responsibility indices defined by Corticeira Amorim. To this end, a defined methodology is applied by the company, characterised by social responsibility (IRSoc) and environmental responsibility (IRAmb) indices⁵:

- The IRSoc is calculated according to the percentage of requirements met by the supplier. An IRSoc of 100% is applied if the supplier is NP 4469 certified.
- The IRAmb is calculated according to the percentage of requirements met by the supplier. An IRAmb of 100% is applied if the supplier is ISO 14001 certified.

Depending on the index under consideration, for each requirement that the supplier does not commit itself to meeting, 25% will be subtracted from either the IRSoc or IRAmb. If the supplier does not meet one or more of the requirements in its commitment, the IRSoc or IRAmb will be zero.

The selected suppliers are subject to an audit programme which takes place annually based on the following criteria:

- Supplier performance in the previous year;
- Criticality of the products/services supplied; or
- In the case of new suppliers, necessary quality, social and environmental aspects.

After each audit, the supplier's performance is evaluated in order to validate the qualification criteria and detect any non-conformities. When non-conformities are identified, an action plan is requested and, depending on the criticality of the non-conformities detected, follow-up audits are carried out and all non-conformity mitigation measures are verified in the Corticeira Amorim Group companies. In addition, there may still be a need to work with the supplier to resolve the non-conformities or find alternatives to the supplier in question.

In 2019, Corticeira Amorim did not replace suppliers as a result of the supplier pre-qualification, quantification and evaluation process.

TRANSPORT

The transport of products along the Corticeira Amorim value chain has a significant impact on the business, at an economic and environmental level, and is therefore a priority for the Group to ensure its sustainable management.

In this context, the Transportation Department of Corticeira Amorim, operating under the auspices of Central Purchasing, carries out its activities based on the values of commitment, credibility, integrity (ethics) and the search for excellence, and is responsible for:

- Promoting the need for cork oak conservation, while fostering social and economic investment in these areas;
- Positioning purchasing as a value generator for the organisation;
- Optimising the purchasing structure with a view to achieving goals common to the whole organisation;
- Differentiating its approach according to the category and nature of the process in question;
- Aligning the technological platform with management processing and information requirements.

Given the importance of having a responsible supply chain, Corticeira Amorim has implemented new ways of mitigating the impact of transport, making a positive difference to the international competitiveness of its business. An example of these actions is the preference for maritime transport. In addition, several projects are carried out in the context of maximising the amount of product transported per packaging unit, optimising transport flows of raw materials and products.

[5] More information can be found at www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/

[4.] Innovation and Economic Performance



4.1. RESEARCH, DEVELOPMENT AND INNOVATION

Faced with the perennial challenge to innovate and differentiate its products, Corticeira Amorim bases part of its business strategy and ambition to continue to be a leader in the various segments of its business on research and development. The uniqueness of the natural properties and the potential of cork allows the Group to continue to develop new applications, which stand out for their difference and ability to add value.

This commitment has translated into an average annual investment of about eight million euros and the registration of 14 new patents in the last three years, which has led to diversification of the portfolio and the scope of application of cork as a raw material in diverse markets. Investment in research, development and innovation (R&D+I) has been ongoing and has allowed the Group to sustain its competitive edge.

8,000,000€
average annual investment in R&D+I

Corticeira Amorim invests in the development of specific structures within each BU, each guided by the same key principles:

- Developing new products and markets for cork;
- Seeking out new technological solutions, in terms of both products and processes, in partnerships with customers, suppliers and other bodies;
- Strengthening the reputation of its brands through the constant evolution of product ranges in response to new market and consumer trends;
- Fostering a culture of innovation through an environment favourable to the creativity, critical spirit and initiative of employees, nurturing teamwork and mutual assistance;
- Valuing innovative practices;
- Establishing an environment that provides incentives for boldness, assuming risks and failures as an inherent part of the innovation processes;
- Providing continuous training for employees in support of their professional and personal fulfilment;
- Facilitating internal and external communications, establishing new channels for exchanging information and improving existing ones;
- Permanently seeking to implement the best management and monitoring practices and identify opportunities for improvement.



RAW MATERIALS BU

The Group looks to this BU for the identification, evaluation and implementation of best practices related to the cork oak forest. In addition to the Forestry Intervention Project (more information can be found in chapter 5.1. [Promotion of the Montado, its Biodiversity and Ecosystem Services](#)).

CORK STOPPERS BU

In partnership with various academic and technological institutions, the Cork Stoppers' BU R&D+I team has developed several innovative solutions that provide a better understanding of the properties of cork and its effectiveness in sealing wines. Among other solutions, there is the cutting-edge quality control technology Ndtech, which allows the TCA levels to be measured in parts per trillion in each cork stopper in a matter of seconds.

FLOOR & WALL COVERINGS BU

Operating under the motto "leadership in innovation", investment in R&D+I in this BU has resulted in pioneering technological solutions. 2019 saw the launch of the highly innovative and sustainable brand AMORIM WISE, with products free from PVCs made entirely from cork and recycled materials. The brand AMORIM WISE has embraced the commitment that all its products have a negative carbon footprint.

COMPOSITE CORK BU

Following the circular economy model that distinguishes this BU, worth mentioning is the innovative underscreed. Composed of cork and recycled PU-based foams, this acoustic blanket provides excellent impact noise reduction in new buildings. Designated U38, and with excellent technical performance, this product has brought to market a new ground-breaking value proposition, combining cork with alternative recycled raw materials. Therefore, in addition to innovating, a way to utilise raw materials has also been found through circular economy practices. By combining cork with other materials, U38 will strengthen the Cork Inside product portfolio in the Composite Cork BU.

INSULATION CORK BU

One of the latest solutions from this BU, the MCRICE, still under development, proposes the use of rice husks and cork to develop new innovative materials, including panels for vertical dividers, hard-wearing floors mats, floor coverings, acoustic diffusers and anti-vibration supports for equipment. The purpose of this BU is simple, create environmentally friendly products, which are industrially produced at a reduced rate of energy consumption and without the use of additives.

Given the importance of innovation, the Group decided to create Amorim Cork Ventures, whose purpose is to support entrepreneurs with innovative ideas and applications for the cork sector.

Its mission is to promote and encourage innovation in the cork sector through investment in startups with innovative projects, products or business models that can further optimise the use of cork and the steady and sustainable growth of the Group. Since its inception, Amorim Cork Ventures (ACV) has analysed approximately 350 proposals, it has supported 20 projects and submitted eight applications for patents, as well as sponsoring a further five acceleration programmes.

Grōwancork – Estruturas Isoladas com Cortiça Lda., one of the Amorim Cork Ventures startups, which, as well as providing solutions for the commercial refrigeration sector, began to take the first steps in the construction market in 2019, presenting a variety of thermal and acoustic insulation sandwich panels, which exploit the technical and natural properties of cork.



The activities associated with the various production systems existing in the cork oak *montado*, foster the economic and social development of the areas involved, promoting sustainable development, generating employment and protecting the ecosystem.

4.2. ECONOMIC PERFORMANCE

With a raw material with unique properties at the base, Corticeira Amorim has developed numerous innovative products and solutions used by many of the most demanding industries today, from wines, to aerospace, construction, sport and design.

≈ 726,000,000 €
distributed to stakeholders

Each year, the Group has consolidated its position as leader in its sector, generating and distributing value through its stakeholders.

In 2019, Corticeira Amorim generated an economic value of 785,010 thousand euros, with 725,908 thousand euros distributed among the stakeholders

Economic Value Generated (thousand €)

2019 – 785,010
2018 – 766,910
2017 – 706,692

Economic Value Retained (thousand €)

2019 – 59,101
2018 – 50,856
2017 – 66,111

Economic Value Distributed (thousand €)

Operating Costs	2019 – 527,652	State	2019 – 16,085
	2018 – 523,777		2018 – 16,525
	2017 – 451,264		2017 – 24,397
Employees	2019 – 141,286	Community	2019 – 251
	2018 – 136,117		2018 – 209
	2017 – 128,071		2017 – 224
Capital Providers	2019 – 40,634		
	2018 – 39,425		
	2017 – 36,626		

In all the countries in which it operates, Corticeira Amorim contributes to the local social security schemes, in accordance with the applicable specific legislation, which covers all its employees. In 2019, the amount grew 2% compared to the previous reporting period to 22,511 thousand euros.

	2019	2018	2017
Contributions to local social security schemes	22,511	22,056	19,996

[5.] Environment

5.1. PROMOTION OF THE MONTADO, ITS BIODIVERSITY AND ECOSYSTEM SERVICES

Given the activities carried out by Corticeira Amorim, with cork right at heart of operations, good management and promotion of the cork oak forests, biodiversity and associated ecosystem services are considered critical.

According to the study conducted by EY in 2019 (more information can be found in chapter 1.2 [Global challenges and strategic development, Challenge 4: Promoting ecosystem services](#)), the cork oak forest forms part of a biodiversity hotspot, with protection status under the EU Habitats Directive (habitat 6310 – cork oak forest and habitat 9330 – *Quercus suber* forests) and also under priority habitat 6220 (Pseudo-steppe with grasses and annuals (Thero-Brachypodietea)). As part of the Mediterranean Basin, the *montado* is inserted in one of the 36 world biodiversity hotspots, as stipulated in the Critical Ecosystem Partnership Fund in partnership with Conservation International (CEPF, 2017). The Mediterranean Basin is home to 0.9% of all vertebrates and 4.3% of all plants, translating into around 770 species of vertebrates and more than 25,000 plant species, more than half of which are indigenous (Myers et al., 2010). The evergreen trees with a long lifespan, coupled with the verticality and density of the shrub stratum foster the coexistence of indigenous flora and fauna (Pereira et al., 2011). As an agrosilvopastoral ecosystem, the harmonious relationship with extensive agricultural practices and soft traditional extraction methods, such as the one used in cork extraction are essential for the maintenance of good quality habitats. The cork oak forest is a habitat for more than 130 species of vertebrates, 75 of which are birds, 28 mammals, 10-15 reptiles and 5-7 amphibians. Around 95% of all terrestrial mammals in Portugal exist in the cork oak forest (Pinto Correia et al., 2013). The endangered Iberian Lynx (*Lynx pardinus*) is one of the species that historically lives and hunts in the cork oak forest, but which is currently only found in very limited numbers. The decline in the population of wild-rabbits (*Oryctolagus cuniculus*) is one of the main reasons. In total, more than 28 cork oak forest fauna species are classified as protected (Batista et al., 2017). As regards the flora, there are more than 1,350/ha of vascular plants in this ecosystem, many of these are classified as rare or have protection status (Batista et al., 2017).

This same study highlights, once again, the critical importance of the cork oak forest for ecosystem services, especially the crucial role the cork oak forest plays in preserving biodiversity and habitats and is therefore of immeasurable value.

According to the Instituto de Conservação da Natureza e Florestas (ICNF), the areas in which Corticeira Amorim carries out its industrial activities are not classified as protected areas, so there is no significant impact on biodiversity at this level.

Cork for the environment

The cork oak forest plays an important role in, inter alia, global climate regulation, fire prevention, water regulation and soil protection, as a result of its multifunctional properties, not to mention the wide biodiversity it fosters. It is highlighted the important carbon sink role played, since the stripping has a negligible effect on the total storage of carbon and the cork oak can live 200 years on average.

Cork for the economy

The cork oak forest provides several economic, social and environmental advantages. Cork creates the most valued products of this ecosystem, mainly due to the production of cork stoppers. This raw material is also used in several other sectors of activity with enormous economic and social relevance in terms of the contribution to job creation and local development of rural areas.

Cork and the social impact

Stripping is a manual job that requires a deep understanding of the technique and forest. As it is a regular, cyclical process, it creates continuous activity and contributes to the settlement of people in areas at risk of desertification. The World Wildlife Fund (WWF) estimates that more than 100,000 people depend on the economic activities of the cork oak forest.

The cork oak plays such an important role that the Assembly of the Republic unanimously consecrated it the National Tree of Portugal in late 2011 and has also been protected by law since the thirteenth century.

The Group undertakes numerous actions for the maintenance, preservation and enhancement of the cork oak forests to support its role in preserving this natural resource. These actions, which are in line with the commitments made by Corticeira Amorim regarding its contribution to the Sustainable Development Goals, are founded on guidelines that enable:

- Expand knowledge about the environmental impact of cork products and the ecosystem they support;
- Promote cork solutions and the development of the cork oak forest as guarantors of the ecosystem;
- Promotion of internal and external awareness-raising actions;
- Proactive discussion of policies and proposals for measures to protect the cork oak and conserve cork oak forests, as well as promoting the cork sector, the certification of forest management systems and remuneration of the environmental benefits of cork oak forests.

The Forestry Intervention Project is an example of the efforts made by Corticeira Amorim to promote the cork oak forest, biodiversity and related ecosystem services.

Operating under the motto “take care of the present, built the future”, Corticeira Amorim has developed the Forestry Intervention Project for the preservation and sustainable development of the cork oak forest. This project is based on the development of fertigation methods for cork oak trees on a scientific basis, sequencing of the cork oak genome, improvement of the cork oak forests and combating pests and diseases and kicked off in 2013 with a research project that sought to find a new subericulture model through irrigation.

2019 saw the continuation of the efforts started in 2017 with the first large-scale plantations. These plantations benefit from the installation of an improved irrigation system with drip irrigation. This irrigation system will be used until the first extraction of cork, from which point the cork oak will return to its normal growth, with the cork extraction being carried out in cycles of nine years.

This is a project of great importance for Corticeira Amorim, not only because of the impact in terms of change of land use, but also because it marks the beginning of the company’s journey as a forest owner, through the purchase of a farm. The purchase of the company Cosabe in 2018, owner of the Herdade da Baliza estate, which spans a total area of 2866 hectares, will help promote and spread the implementation of new techniques for managing the national cork oak forest.

It is worth highlighting that during the reporting year, 250 hectares of eucalyptus trees were converted into a cork oak plantation where the most current forestry techniques were used, namely the installation of a drip irrigation system.

In addition, Corticeira Amorim also oversees other cork oak plantations, where this forestry model was implemented in partnership with the University of Évora and several forest owners. The goal of these partnerships is to create, share and disseminate knowledge.

In 2020, Corticeira Amorim aims to continue this process either through the implementation of new areas held by the company, or in partnership with forestry producers or providing technical support. The company also intends to start the internationalisation of this project with improved irrigation system implementing some parcels in Spain.

+50,000 ha
of new plantations

The long-term goal for the Forestry Intervention Project is to plant 50,000 hectares of cork oaks, with the involvement and support of forest owners, at a higher density than the current forest, thus increasing the total area of cork oak forest in Portugal by 7% and the production of cork by 35%.

Corticeira Amorim considers critical, in view of the current climate change scenario, that the cork oak be singled out as a privileged species, due to its long-term retention of carbon dioxide, regulation of extreme events, protection of the soil and combating desertification, not to mention the associated biodiversity.

5.2. ENERGY EFFICIENCY AND CLIMATE CHANGE

Corticeira Amorim has made a year-on-year commitment to develop more productive processes and implement technologies that promote and continuously improve its environmental performance. This is a growing concern and global challenge, with a real and measurable impact on climate change, scarcity of resources and transition to low-carbon energy.

In terms of the positive contribution to the mitigation of climate change, it is important to highlight the fact that Corticeira Amorim is an important sponsor of cork oak forests and thereby contributes to the positive sequestration of CO₂ enabled by this ecosystem. As the cork oak is a slow growth species, with an average lifespan of 200 years, this plays an important role in the capture and storage of CO₂ through the action of its roots, leaves, trunk and bark – the cork.

-4,600,000 tCO₂/ano
approximate cork oak forest sequestration
promoted by Corticeira Amorim's activity in 2018

Corticeira Amorim has strengthened its commitment to a sustainable future through the implementation of sustainable practices along the value chain - from the production of cork, to the transformation of cork into products with low or negative carbon impact at the end of life of the product. In order to minimise the negative environmental impact of the processes in the different phases of the value chain, a series of common principles were established for all BUs and subsidiaries, which include:

- Guarantee compliance with all legal stipulations and other requirements agreed to by the organisation and applicable to all the environmental aspects of its activities, products and services;
- Control significant environmental impacts and contribute to preventing pollution;
- Act proactively to evaluate and take preventive measure appropriate to minimising the environmental impacts specific to each activity, applying, whenever viable, the best practices and technologies available.

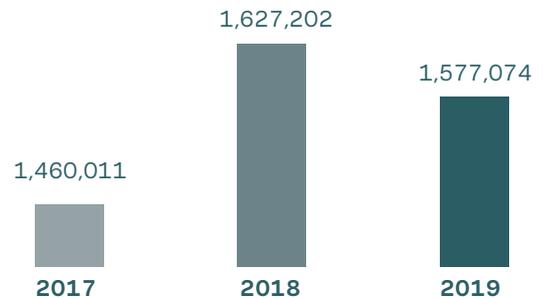
In order to achieve these principles, different management systems have been implemented in the various BUs, certified by various standards as described in sub-chapter 3.1. Responsible conduct – Management Systems.

ENERGY

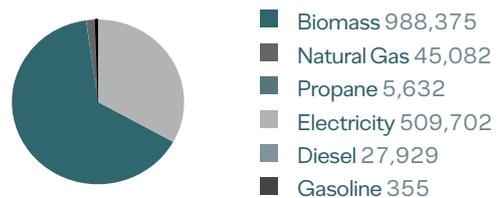
In 2019, Corticeira Amorim's total energy consumption (in gigajoules, GJ) decreased by 3% compared to the previous reporting year. The primary source of energy consumed by Corticeira Amorim is biomass (63%), followed by electricity (32%). However, fossil fuels (gasoline, diesel, propane and natural gas) are also consumed, and represent the remaining 5% of the energy consumed by the Group.

63%
energy from renewable sources (biomass)

Total energy consumption (GJ)



Energy consumption in 2019 (GJ)



With regard to energy intensity, in 2019, there was a decrease of about 2%, as a result of the implementation of a set of operational/energy efficiency measures, the renewal of the ISO 50001 management system certification in the Cork Stoppers BU and the completion of the certification process in the Composite Cork BU. A total of 1,605 thousand euros were invested, which resulted in savings of more than 60 thousand GJ.



Corticeira Amorim applies the principles of circular economy and has implemented an integrated production process that allows and promotes the reuse of all the by-products associated with the processing of cork. Even the smallest grains are used as an important source of energy.

Energy Intensity

	2019	2018
Energy intensity (GJ/Million € sales) * recalculated according to the methodological notes	2,452	2,500*

The Energy Efficiency Forum promotes information sharing between the various business units

The Group organises the Energy Efficiency Forum twice a year to facilitate sharing and interaction between the various energy managers of the Group. Among other goals, the Forum aims to:

- Monitor the consumption of energy resources available in the plants (including cork dust, electricity, natural gas and LPG);
- Maintain the use and urgent adaptation of technology to increase the production and quality of industrial units;
- Anticipate needs and provide consumption scenarios for the energy resources, with scenario assessment between technology needs and adaptation;
- Motivate, implement and control the development and performance of the actions (performed and yet to be completed).

Corticeira Amorim has developed a value creation process with its compressed air installations to improve the energy efficiency indicators in all its industrial units.

With a view to improving efficiency in the production, transport and consumption of compressed air, a far-reaching project was carried out to survey, inventory and profile the status of each compressed air system in each of the Group's industrial units. This project was based on two general premises: i) to combat leaks and misuse of resources and ii) implement technological measures associated with the equipment, accessories and maintenance.

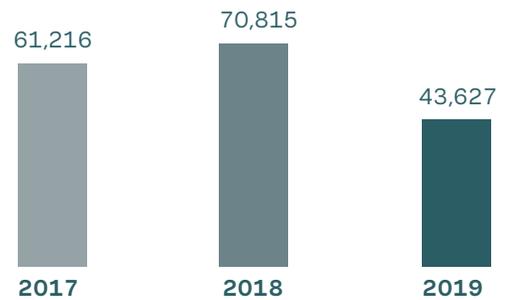
Since its implementation in 2018, this energy efficiency process has enabled:

- The leakage rate to be decreased from 30% to 18% of the total compressed air consumption;
- Savings of around 2,250 tCO₂;
- A reduction in the average cost of compressed air usage.

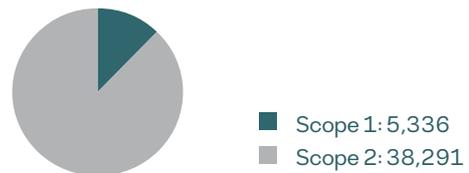
EMISSIONS

In 2019, scope 1 and 2 emissions reached a total of 43,627 tCO₂eq, calculated by the market method, with a 27% decrease on the previous year (recalculated according to the methodological notes). The market method allows the evolution of the company's choices in the procurement of electricity services to be reflected in the calculation. This has proven to be of great importance in monitoring the performance of Corticeira Amorim, given the weighting of electricity in the energy mix of the Company and, therefore, the method chosen to present the evolution of this indicator in this report.

Emissions scope 1 and 2 (tCO₂eq)



Emissions scope 1 and 2 in 2019 (tCO₂eq)



62,000 tCO₂eq
emissions avoided

Biomass (mostly cork dust) is the main source of energy consumed by the group and can be defined as solar energy stored in the form of energy. The use of this energy source does not produce a net increase in carbon dioxide emissions and is a way of exploiting a waste product. In 2019, the production of energy from biomass totalled around 988 thousand GJ. This practice, along with the operational/energy efficiency measures implemented, resulted in more than 62 thousand tCO₂eq avoided.

In order to fall in line with the recommendations of the Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard from the World Resources Institute/World Business Council for Sustainable Development, as in previous years, indirect energy emissions (scope 2) were calculated using the location-based and market-based methods, as illustrated below. The increase in emissions using the location method reflects an increase in electricity consumption, since the emission factor did not change in 2019.



Cork oak forests are important natural CO₂ sinks, they regulate the hydrological cycle, protect against erosion and fire, and foster a level of biodiversity comparable to regions such as Amazonia, Borneo and the African savanna.

	2019	2018	2017
Electricity (tCO ₂ eq): location method	66,544	63,355	53,624
Electricity (tCO ₂ eq): market method * recalculated according to the methodological notes	38,291	53,768*	54,792

Carbon intensity

Between 2018 and 2019, Corticeira Amorim changed to the market method for calculating the carbon intensity of its activities, in order to achieve comparability with the carbon footprint study carried out by the Group. As regards carbon intensity, there is a reduction of 35% over the previous year, primarily reflecting a lower emission factor from the electricity service provider.

	2019	2018
Carbon intensity (tCO ₂ eq/Million € sales) * recalculated according to the methodological notes	67.8	92.0*

New thermal fluid boiler in the Santa Maria de Lamas Industrial Unit (IU) promotes improved efficiency in thermal energy production

An increase in the production capacity of technical cork stoppers created the need to increase the thermal energy production capacity of the thermal fluid circuit. Therefore, in 2019, a new boiler was acquired and the network was restructured. These actions have allowed not only to increase the capacity of the equipment and infrastructure, but also to develop unique circuits with different critical points to improve the energy ratio of the activity. The reduction in energy consumption targets two critical high consumption areas in the IU: electrical support of the moulding machines, and discontinuation of natural gas consumption in the milling dryer.

The technology implemented in the new boiler system has increased the reliability of the energy use compared to the previous equipment, allowing a lower level of excess air and gas outlet temperature due to the operation of the economiser for preheating the primary air and heat recovery from the thermofluid before it enters the boiler. The new boiler also has an additional heat recovery system for producing hot water to supply the steaming and boiler systems.

Since its implementation, the new boiler has enabled an efficiency increase of over 16% compared to the previous system, representing:

- Savings of 430 kW in biomass consumption;
- Thermofluid temperature stability in the industrial unit;
- Increased reliability and availability;
- A lower setpoint temperature;
- Increased temperature and thermofluid delivery stabilisation;
- A reduction in electricity consumption with savings of around 451 tCO₂;
- An 80% reduction in natural gas consumption in the milling dryer with savings of 170 tCO₂.

Emissions in the value chain

In the scope 3 emissions calculated for 2019, there was a 24% reduction compared to the previous reporting year, which represents a total of 82,308 tCO₂eq.

Transport has a significant impact on business, at the economic and environmental level, due not only to rising costs, including the increased cost of fuel, but also to fuel consumption and emissions of greenhouse gases from the activities upstream and downstream of the value chain.

Within the scope calculated (more information can be found in chapter 7.5 Energy efficiency and climate change - emissions in the value chain), the transportation of raw materials and products is the main generator of emissions in the value chain and is made by external logistics service providers.

In order to minimise the impact of the growth of logistics activity, a series of projects have been developed to optimise routes by reducing distances travelled, increasing load capacity and the number of deliveries per distance travelled.

	Consumption outside the organisation (GJ) In Portugal		CO ₂ emissions scope 3 (tCO ₂ eq) In Portugal	
	2019	2018	2019	2018
Upstream transportation and distribution	342,069	444,101	25,329	32,916
Waste generated in operations	3,644	3,820	266	283
Business travel	17,866	14,137	1,277	1,020
Employee commuting	31,854	36,039	2,589	2,677
Downstream transportation and distribution	713,682	983,750	52,846	71,917

Consumption outside the organisation

Downstream and upstream transportation and distribution accounts for approximately 95% of the energy consumption outside the organisation for 2019.

CO₂ emissions

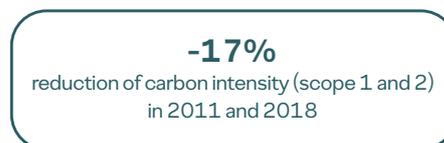
95% of scope 3 emissions calculated in 2019 are associated with the transport of raw materials and products.

About 80% of Corticeira Amorim emissions in Portugal are scope 3

Corticeira Amorim accounts for and reports the emissions resulting from its own activities (scope 1 and scope 2 emissions) and also, through its activity in Portugal, certain sources of indirect emissions (scope 3 emissions), such as upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution. In order to improve the calculation of these emissions in the value chain, to encourage their reduction and update the previous study conducted in 2011, Corticeira Amorim carried out a detailed calculation of the carbon footprint of all its business areas in 2019. The study was carried out by EY based on the data from 2018 and encompassed the activities carried out in Portugal, based on the GHG Protocol methodology.

All categories of indirect emissions from the activity were identified by supplementing the calculation usually conducted by Corticeira Amorim with categories related to the production of goods and services purchased, any activities related to fuel and energy (not included in the scope 1 and 2 calculations) and waste treatment.

The results obtained showed that in 2018, Corticeira Amorim's activities generated 274,481 tCO₂eq, of which 1.7% were generated by scope 1 activities, 18.3% by scope 2 activities and 80% by scope 3 activities. The value of greenhouse gases (GHG) scope 1 and 2 emissions intensity was calculated and used to compare the Group's performance between 2011 and 2018, and the results showed that there was a 17% reduction in carbon intensity.



When considering the carbon sink effect of the cork oak forest, it was found that the annual estimated carbon sequestration in the forest through Corticeira Amorim's activities equated to 4.6 million tCO₂, 17 times the amount of greenhouse gases emitted across the value chain in a year of activity.

Video conferencing as an effective method of communication and collaboration that actively reduces distances travelled for meetings

Corticeira Amorim has set up videoconferencing rooms in each of its business units, configured for both individual events and for meetings with various stakeholders. The video conferencing solution implemented by the Group, offers an improved user experience that is easy to use and assures the quality of both the video and audio through cameras that are configured to identify the participating speaker. This initiative helps to minimise transport-related emissions through air, train and car travel, which would otherwise be necessary for collaboration between the BU and other business partners.

WATER

The Group has developed initiatives to minimise any impacts related to water management and use. In 2019, there was an increase of 5% in the withdrawal of water over the previous year, with a higher incidence from the Raw Materials BU. As in 2018, this increase is due primarily to increased operations, particularly the significant upscaling of the boiling process in the Raw Materials BU, and the expanded perimeter of companies included in the report. In terms of the origin of the water, the main source is groundwater (91%). Public network water accounts for just 9% of the total water used.

Water withdrawal (m³) by source

	2019	2018	2017
Public network	48,106	41,692	30,259
Groundwater	482,300	465,673	453,863
Total	530,405	507,365	484,122

Water intensity

	2019	2018
Water intensity (litres/€ sales)	0.8	0.8

There are several initiatives undertaken by Corticeira Amorim that enable it to manage this precious resource efficiently. Examples include:

- Installation of innovative equipment or technology in order to reduce consumption;
- Monitoring and re-planning of irrigation schedules and duration;
- Implementation of measures to reduce pollutants entering the water, including through interventions in the wastewater treatment plants;
- Regular analysis of the water collected and commissioning competent external bodies to detect and eliminate groundwater contamination.

LOCAL IMPACT

Aware of the impacts of its operations on the environment, Corticeira Amorim implements measures to mitigate the specific impacts of each unit, in particular by:

- Regular noise measurements and active measures to reduce this, such as machine and motor encapsulation;
- Monitoring chimney emissions and specific measures to avoid dust or particle emissions such as the use of filters;
- Training employees on best practices to prevent spillage, and making spill kits readily available;
- Emergency response procedures in force.

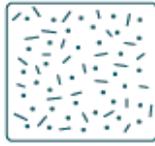
5.3. PRODUCT ENVIRONMENTAL IMPACT

At a time when carbon neutrality presents itself as one of society's greatest challenges to ensure the preservation of Planet Earth, Corticeira Amorim conducts its operations with a positive impact on climate regulation promoting CO₂ sequestration levels that exceed emissions. All this is made possible by the primary raw material used by the Group: cork.

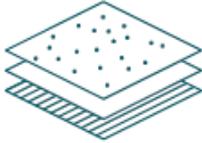
GREEN PRODUCTS



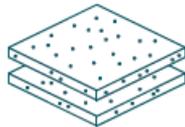
Winemakers from all over the world rely on the commitment of Amorim Cork to provide the best cork stoppers. In recent years, the company has continuously invested in improving the quality of its cork stoppers. Also of critical importance is the work carried out to mitigate the environmental impact of the products, thus positioning itself as the best alternative for customers seeking to minimise their carbon footprint. When quantifying the carbon sequestration of the cork oak forest, the carbon balance comes to -309 gCO₂eq for the iconic nature stopper, -392 gCO₂eq for the Neutrocork and -562 gCO₂eq for the sparkling wine cork stopper. The results can contribute to the decarbonisation of the wine industry. With an annual production of 5.5 billion corks, this is an impact with global repercussions.



Buoyed by the active contribution made to the environment and the health and comfort of people, Amorim Cork Flooring develops products that guarantee a better quality of life, whilst preserving and protecting the environment – 62% of its products have a negative carbon footprint, 100% contributes with credits to LEED and BREEAM certification schemes (for sustainable building projects) and have TÜV certification and indoor air quality A+.



In addition to the example of innovation in the use of products containing cork and cork composites, Amorim Cork Composites is a beacon as regards circular economy practices. With over 56 years' experience in circular economy practices, more than 500 applications with sustainability credentials and a new products research, development and innovation area of over 850m², Amorim Cork Composites products translate into sustainable solutions designed for their comfort and utility to the end user.



When compared to conventional products, Amorim Cork Insulation products stand out for their longevity and environmental characteristics. These products offer thermal, acoustic insulation and anti-vibration protection simultaneously, are 100% natural, recyclable and reusable, have a negative carbon footprint, a long life, and an indoor air quality rating of A+.

It is this commitment to developing responsible and high-quality products that drives Corticeira Amorim's sense of responsibility toward the environment, society and the economy. The Group acts responsibly, implementing strict control systems in its various BUs that enable compliance with the stipulated requirements and guarantee the quality of the products and services made available.

5.4. CIRCULAR ECONOMY

Recovery of its main raw material and waste generated is one of Corticeira Amorim's main strategies and challenges. Operating under the motto "nothing is wasted, everything is valued" since 1963, the Group strives continuously to end general and cork waste, therefore optimising the added value of all its raw materials.

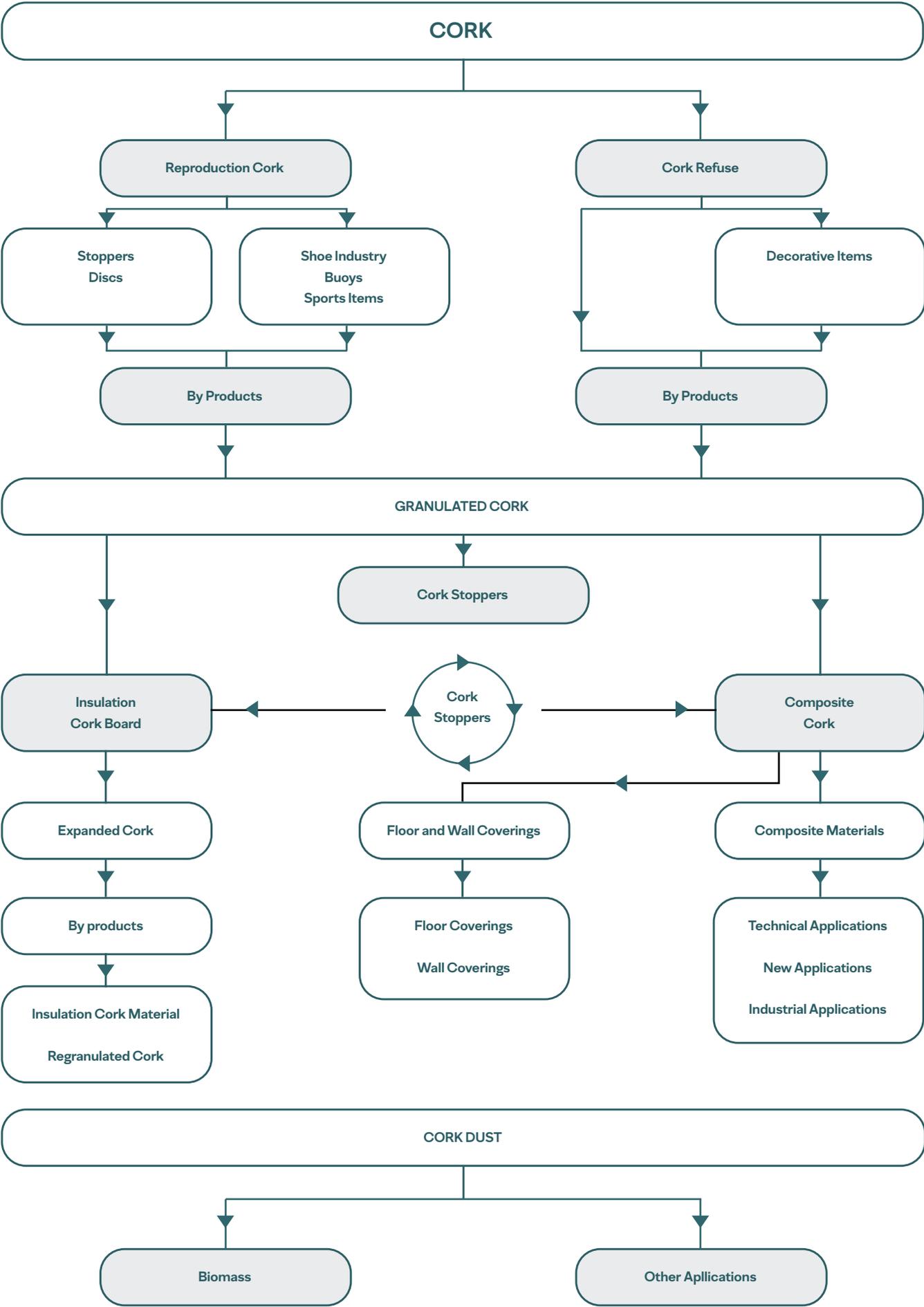
100%
use of cork

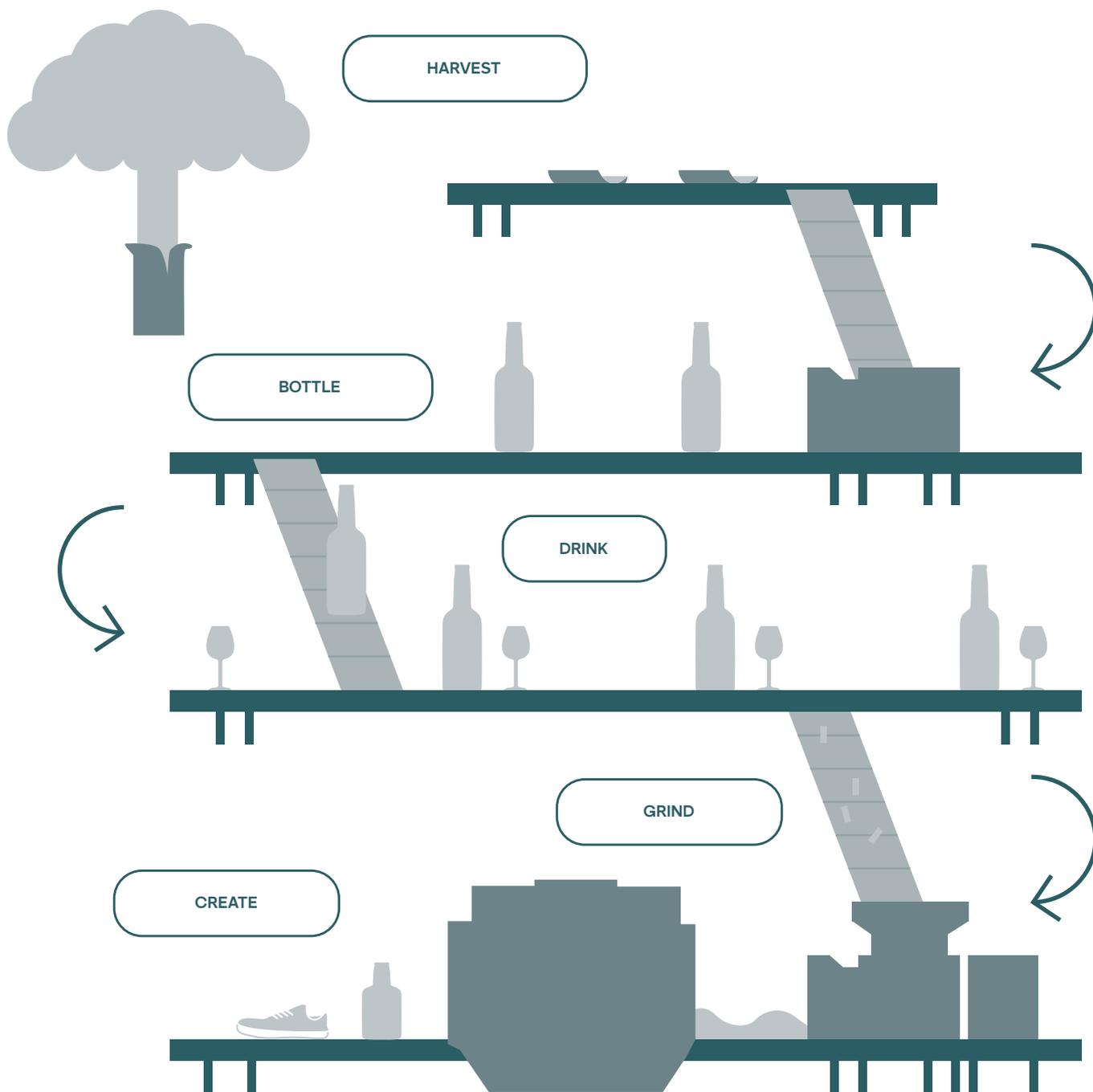
>80%
consumed materials from renewable sources

It is the natural properties of cork which make it possible to integrate the principles of circular economy and waste recovery in Corticeira Amorim. In addition to the 100% use of cork, this biological, non-toxic material with several exceptional properties, allows synergies to be exploited with other renewable materials or by-products from other industries, expanding the range of applications.

RECUPERA, an initiative from the Floor & Wall Coverings BU aims to reincorporate the surplus offcuts and profiling of cork composites, and as a result more than 700 tonnes of cork composites have been used with since its launch in 2018.

The main objective of this programme is to reuse by-products of cork composite sanding, cutting and profiling processes by means of micronisation and classification by homogeneous properties, thus allowing controlled dosing in the subertech and hydrocork product composite process. In 2020 it is estimated that more than 1,000 tonnes per year of natural fibre-containing composites are exploited and reused in production processes.





Although it will never be reused in stoppers, recycled cork can have a new lease of life and be used in coverings, insulation, memo boards, high competition kayaks, badminton rackets, tennis and cricket balls, car and aircraft components, design and fashion items and a multitude of other uses. Recycling, in addition to increasing reuse of the raw material, extends the cork life cycle and its environmental benefits, in particular its CO₂ retention capacity

Amorim Cork Composites promotes circular economy by reusing and saving natural resources.

Following the logic of promoting products of ecological value, Amorim Cork Composites has updated a wide range of products, incorporating by-products of the footwear, automotive, sports and packaging industries that were previously ended up in landfills. The main objective is aligned with the creation of added value for the business and, in some cases, improving the performance of the material and providing more cork to meet different market needs in various business areas.

In this context, it is worth mentioning the installation of a new composite line, in the reporting year, which has enabled improvements in the material, particularly in terms homogeneity of colour and increased production efficiency and capacity by more than 50%.

CORK RECYCLING

This philosophy of fully exploiting the raw materials has motivated the development of unprecedented cork recycling initiatives. These initiatives, which originated in Portugal, already have strong support in other countries on five continents, such as France, Italy, USA, Canada, South Africa, Australia and China.

Corticeira Amorim collects corks and other cork applications for treatment and grinding at three plants, all licensed in the national territory for cork recycling. The material, after having been converted into granules, is reintegrated into the production process, particularly for the Composite Cork BU and Insulation Cork BU products. In 2019, 485 tonnes of cork were recycled in Corticeira Amorim’s facilities.

While not incorporated into stoppers, there are several environmental benefits of recycling cork. In addition to increasing the reuse of raw materials, it allows the life cycle of cork to be extended along with its environmental benefits, including its CO₂ retention capacity.

Of the various recycling projects promoted by Corticeira Amorim, the following initiatives stand out in 2019:



GREENCORK

Greencork is the Quercus project that has been promoting the collection and recycling of cork stoppers since 2008. One of the main objectives of this programme is to finance the planting of indigenous trees through the Floresta Comum programme. To date, this initiative has allowed the collection of over 90 million cork stoppers and the planting of over 971,000 trees. In 2019, Corticeira Amorim joined Missão Continente and Quercus in the distribution of 500,000 “rolhinhos” (containers for the collection of cork stoppers in Portugal), in the campaign “Stoppers for leaves”. “Rolhinhos” are small cork stopper containers that are taken home by consumers to collect their cork stoppers. When the time comes to the throw them away, consumers can do so themselves in the special bins provided in the Continente stores (usually located next to the customer service desk).
www.greencork.org/



Cork2Cork

Amorim Cork Flooring has joined forces with the NH Hotel Group to promote a more sustainable world with the Cork2Cork project. In 2019, the second phase of the project kicked off with 74 containers placed in hotels in Spain and Italy. The first phase began in 2011, with the supply of 68 bins for the collection of corks stoppers in hotels in Belgium, Spain, Italy, Germany, France and Holland. To date, more than two tonnes of corks have been recycled and 8,000 m² of flooring has been produced (equivalent to approximately 300 hotel rooms).
amorimflooring.com/en/newsdetail/cork2cork-program-amorim-revestimentos-and-nh-hotels/



ETICO

This is an Italian recycling programme which started in 2011 and involves associations and institutions that mobilise around a thousand volunteers and generate more than five thousand collection points throughout Italy. In 2019, SUBER collection was conceived by two Italian architects. The recycled cork stoppers were transformed into small granules and then combined with other materials for a new lease of life in objects such as lighting, tables, chairs, door umbrella stands and uniquely designed objects.
www.amorimcorkitalia.com/it/etico



[6.] People

WASTE

The recovery of waste to prolong its use in the economy is an important business concept for Corticeira Amorim. To this end, the Group has implemented numerous initiatives, some of which are outlined in this report, which aim to extend the useful life in the economy and the benefits of the products. The waste products are recycled and reused in purpose-built plants which have their own processes for labelling, storing, handling and transporting dangerous goods.



Waste (tonnes)			
	2019	2018	2017
Hazardous industrial waste	493	373	282
Recovery	225	237	170
Disposal	267	135	112
Non-hazardous industrial waste	10,740	10,059	8,544
Recovery	9,633	9,114	7,811
Disposal	1,107	945	733
Total	11,233	10,432	8,826

Note: Corticeira Amorim does not consider cork dust to be a waste product and instead values it as an energy source.

In this chapter, 82% of the employee population was considered for the calculation of the indicators. The employees who do not feature in this analysis are mainly from the sales and business support areas.

6.1. TRAINING AND DEVELOPMENT

After 150 years and four generations of operations, Corticeira Amorim employs more than 4400 people to ensure success its activities daily. Promoting a safe and balanced working environment at the physical, social and psychological level is fundamental for the management of its employees, and is reflected in the Group's concern for their personal and professional development, the management of their expectations, the incentive to reach high levels of performance and support in achieving the desired targets.

Corticeira Amorim's employee management system relies on its people motivation policies and management practices (more information can be found at www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/) which are governed by:

- Adopt and assume the principle of freedom of association;
- Promote a physically, socially and psychologically safe and healthy work environment and continually seek to evolve by adopting the best techniques and practices in this field;
- Promote the implementation of the principles and the adoption of the practices set out in the Code of Ethics and Professional Conduct and in public commitments that should characterise internal relations between employees, as well as their interactions with different stakeholders;
- Implement people management practices in the field of recruitment and skill development that promote non-discrimination and equality of opportunity, building work environments where plurality and difference are a factor for continuous improvement and innovation;
- Adopt leadership practices by example, which value learning and development, as well as recognition and compensation practices based on merit and exempt from judgments of a discriminatory nature.



Corticeira Amorim counts with more than 4,400 employees, working worldwide, and with its passion for this business, its desire to go further, overcoming challenges, leading by example and promoting the well-being of the communities closest to them and, indeed, society at large.

OUR EMPLOYEES

4,424
employees*

3,164
employees in Portugal*

*Figures within the entire Corticeira Amorim Group perimeter

In 2019, there were a total of 4,424 employees at the end of the year, with a decrease of less than 1% over the previous year. In terms of geographical distribution, and compared to previous years, there has been no considerable change in the proportion of employees in Portugal (72%).

Within the scope of this report, and the companies covered hereby, about 63% of employees are production operators in the various business areas, with about half of them working in the cork stopper business area.

In 2019, there was no significant variation in the gender distribution of employees. This employee gender distribution is mainly reflected in the category of directors, managers and sales staff where there is a higher prevalence of males. The largest percentage of women can be found in the category of administrative staff.

In 2019, there were no significant variations in the number of employees in management and supervisory positions. Production operators and management support technicians saw the highest growth.

The commitment to manage people in a sustainable manner, which favours stability in the medium and long term, is reflected in the effectiveness of employees, where 84% have a permanent contract.

Like the trends from other years, one of the main inflows are production operators in order to respond to the Group's diversification efforts in general, which tend to attract more male candidates. If we look at the other categories, there is a growing trend in recruiting female employees. More information is available in chapter 8 - GRI Table.



	2019	2018	2017
Rate of new hires	15%	14%	12%
Turnover rate	11%	14%	12%

LABOUR RELATIONS

The right to association and collective bargaining is an important principle for Corticeira Amorim; about 1/5 of its employees actively exercises this right.

In Portugal, 100% of employees are covered by collective bargaining agreements that are integrated into the regulation of the working conditions of the Group's employees and cover aspects such as timetables, pay and access to training, among others.

100%
employees covered by collective bargaining agreements in Portugal

Employees benefit from various services, salary bonuses and support for a healthy work-life balance, including:

- Private health insurance: hospitalisation insurance is provided in most companies in Portugal, and in the main units, curative medical consultations are available, with the facility to make appointments at least twice a week. The BUs have agreements with clinical analysis laboratories that perform collections directly from the companies and with pharmacies who deliver drugs on-site. In addition, there is a flu vaccination scheme and health screenings for employees;
- School benefits and support: educational support for employees and their children through an education allowance, scholarships for children of employees (currently more than 30 young people per year) and the purchase of school supplies;
- Recognition and celebration benefits and initiatives throughout the year: two additional days of holidays, toy gifts to younger children of employees, Christmas hampers to all employees, seniority bonuses and recognition awards;
- Benefits in accessibility to canteens and daily life: access to the company canteens for the immediate family of employees, while allowing the employee to purchase meals to take home.

The involvement and commitment of its employees is crucial for Corticeira Amorim. There are initiatives in place in the area of labour relations. The companies with the largest numbers of employees monitor the company climate at least every two years, while others do it on an annual basis. The questionnaires that form the basis for the collection of information are anonymous and passed out to all employees. The data compiled allow the company to analyse areas with room for improvement and each BU defines specific action plans.

One of the Corticeira Amorim goals is to develop a culture of feedback. In this area, performance management is an ideal tool. In 2019, Amorim Cork Flooring carried out exceptional work in ensuring that almost all its employees were involved in this type of practice, along with Amorim Cork which conducted an organisational climate study.

Encouraging feedback from employees in organisational culture and management aspects and identifying needs and opportunities for improvement is the main objective of Amorim Cork's Organisational Climate Study.

Based on the Great Place to Work questionnaire, the Organisational Climate Study is a tool that encourages employees to be heard and involved in the continuous improvement process, especially in the areas of working conditions, safety, company culture, leadership practices, people management and the development of initiatives. In February 2019, the 4th Organisational Climate study was launched to all Amorim Cork employees, and the feedback reflected a significant increase in employee satisfaction (71%). Most employees think that Amorim Cork is an innovative company (78%), with a sense of social responsibility/sustainability (74%), where fairness (66%) and communication (66%) are the areas with the greatest potential for development/improvement. Considering the results of the survey, Amorim Cork has established an action plan that is being implemented and monitored by the company's Executive Committee.

TRAINING

For Corticeira Amorim, people are a core asset in ensuring the sustainable development of the business. The Group believes that the efforts and commitment of its employees is influenced by the investment it makes in their growth and professional development. To this end, Corticeira Amorim strives to ensure that all employees have access to quality education, offering opportunities to learn and improve their technical, behavioural and managerial skills.

At the end of 2019, a total 46,717 hours of training were conducted, the largest proportion of which was accounted for by Management Support Technicians, Production Operators and Maintenance, Quality and Logistics Technicians. Despite the strong growth in the production side of the business, which resulted the straining of resources in certain areas that traditionally invest in training, the training levels of recent years have been maintained. Additional figures of the employee development indicators can be found in chapter 8 - [GRI Table](#).

	2019	2018	2017
Average hours of training, per year, per employee	14	17	13

There are several employee training projects and activities that focus on both the technical and process optimisation components, as well as the ones targeting conduct and critical thinking development. Training is also designed to cover all categories of employee, particularly young people on internship programmes or young employees early on in their career, employees in leadership positions and operators, among others. Two initiatives stand out in 2019 due to their innovative nature and impact for the future.

Sharing knowledge and discussing challenging issues, identifying innovative proposals and developing critical thinking are the main objectives of ACC Talks.

The ACC Academy hosts a series of informal sessions throughout the year so that employees can reflect and discuss the most challenging or innovative issues within the four pillars: market, operations, corporate and innovation. In 2019, 16 ACC Talks were held with the participation of outside experts, dealing with various topics such as Industry 4.0, product design, leadership, sales, project management and strategy

By 2021, a new ERP (SAP) will be rolled out that will optimise process management.

The goal of the SAP implementation project is to optimise process management and encourage the development of new skills and qualifications among employees. SAP training will take place in all the Corticeira Amorim Group companies to enable all employees to be trained in the new management system. This cross-sectional project is remarkable for its transformational character, the investment in the training of people and the management of change, with an impact on all the companies and in nearly all the functional areas.

DIVERSITY AND EQUAL OPPORTUNITIES

As a defender of diversity and equal opportunities, Corticeira Amorim implements a people management and motivation policy that promotes equal opportunities in recruitment and non-discrimination of any kind, be it in the promotion and training of its employees, their remuneration or working conditions.

Corticeira Amorim's century-old experience in people management recognises the importance of having diversity of talent in order to increase its value proposition and provide a better response to market needs. Regardless of the situation, people are integrated into the workforce according to a strict criterion of equity, with a healthy focus on using their skills, regardless of their gender, age, race or religion.

In terms of equal opportunities, the Group is committed to implementing human resource models and policies that are in line with its values and principles around the integration and appreciation of people. In general, there has been an overall positive trend in the pay gap between male and female employees. This can be seen in the salary ratios between women and men below (more information can be found in chapter 8 - GRI Table).

Salary ratios between women and men, by professional category			
	2019	2018	2017
Managers	0.7	0.7	0.7
Heads of Department	1.0	0.9	0.8
Sales Staff	0.9	0.6	0.5
Management Support Technicians	0.8	0.8	0.9
Team Leaders	1.1	1.2	1.1
Administrative Staff	1.1	1.1	1.1
Maintenance, Quality and Logistics Technicians	0.8	0.9	0.9
Production Operators	0.9	1.0	1.0

The company's intervention in this area includes, inter alia, communication and raising awareness actions on these issues, the implementation of work-life balance measures and, more recently, the roll out of the Gender Equality Plan.

The 2019-2020 action plan to promote respect for equal opportunities and support for a healthy work-life balance.

The Gender Equality Plan has been developed in line with the company values and the principles of equality between men and women. It is divided into seven sections, which encompass specific actions for each area, and focus on the Group's mission and strategy, the management of human resources, the work-life balance, respect for the integrity and dignity of employees, social dialogue and participation and internal and external communications.

This plan attests to Corticeira Amorim's commitment to promote gender equality and combat stereotypes and beliefs that result from the social and cultural bias that shaped the organisational structure of the companies and are no longer consistent with their current values and conduct.

Part of the Corticeira Amorim people management policy, evaluating merit and rewarding performance is a process that dissects the entire organisation. In this way, any employee can achieve any position or professional category, remuneration is not limited by factors that are not related to ability and actual performance, with no restrictions on gender, race or religion. More information can be found in chapter 8 - GRI Table.

6.2. HEALTH AND SAFETY AT WORK

Corticeira Amorim recognises that working conditions are one of the key factors of success for an organisation. Ensuring the health, safety and welfare of employees at work is important not only for the Group, but also for all its stakeholders.

Aware of the risks related to safety at work, Corticeira Amorim promotes and encourages a culture of safety among all employees, ensuring a safe working environment for the employees themselves and those around them, and encourages a healthy lifestyle and sustainable living.

In the context of occupational health and safety (OHS), Corticeira Amorim has defined the following objectives for all its businesses:

- Reduce the frequency of work accidents;
- Improve the working conditions and well-being of its employees;
- Reduce the number of days lost due to accidents and occupational illnesses;
- Improve the risk assessment and implementation of health and safety at work.

To this end, Corticeira Amorim is committed to reducing the number of accidents by more than 50% in its facilities in Portugal (2018-2020), promoting the physical, social and psychological welfare of its employees. In recent years, there has been a significant reduction in the frequency of accidents and the Group is confident that these commitments will be met.

At the end of 2019, there was a total of 107 accidents in the workplace, a reduction of 7% compared to last year and 18% compared to 2017.

As in 2018, absenteeism rose again in 2019, registering 5.7%. This increase is due to a change in the calculation assumptions in accordance with the methodological notes.

	2019	2018	2017
Work-related accidents	107	115	130
Portugal	89	96	118
Rest of the world	18	19	12
Number of fatalities	0	0	1*
Accident frequency index	18.8	20.9	21.1
Portugal	18.2	20.0	22.2
Rest of the world	22.7	26.9	14.1

* Accident in itinere

Overall, progress has been made in the safety-related indicators (more information can be found in chapter 8 - GRI Table), particularly in the accident frequency index, the work-related illness rate and lost working days rate.

Meeting the target set for the end of 2020 has involved an investment in this area and an effort to develop structured safety plans, which are monitored for their ongoing optimisation, and the establishment of risk prevention practices aimed at mitigating the impacts of accidents on stakeholders.

Conscious of the fact that the safety of its people is a fundamental factor in social and corporate responsibility, Amorim Florestal and Amorim Cork Flooring decided to implement an occupational health and safety management system based on the ISO 45001 standard.

The OHS Management System, whose purpose is to prevent work-related injuries and health problems by providing safe and healthy working environments is a strategic and operational decision for the company. Its success depends on the leadership, commitment and participation of all levels and functions of the organisation. Implemented the first phase in 2019, the process is expected to progress at the beginning of the second half of 2020 with external certification audits

Corticeira Amorim promotes compliance with all legal requirements, rules and procedures in the field of OHS, in all countries in which it operates, through the application of good practices, namely:

- Medical examinations upon admission with regular follow-ups;
- Provision of personal protection equipment;
- Training of employees in health and safety adapted to the specific characteristics of each job;
- Training of all stakeholders in the work processes, including service providers;
- Health and safety committees, with the participation of employees and/or employee representatives.

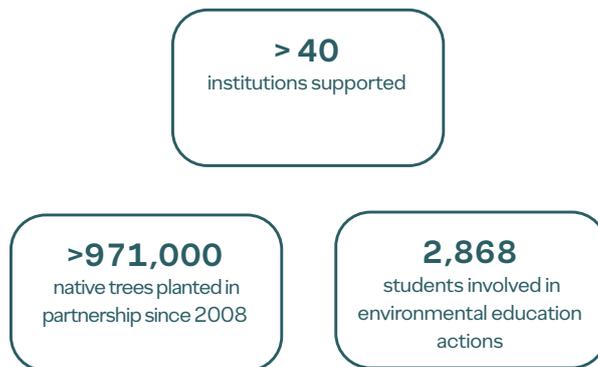
In recent years, there has been increased focus on establishing solid and sustainable structures in the area of safety. Certification of the units will be an ideal way of guaranteeing this and is now a growing priority. Certification under the OHSAS ISO 18001/ISO 45001 international standard currently covers about 12% of employees and it is estimated that it can cover more than 30% soon.

Investment in this field also involves raising awareness and training for employees, from small initiatives focused on employee awareness and technical training to support employee skills, to physical activity and workplace exercise programmes.

More than 150 employees have participated in the Physical Activity Programme at the Coruche and Ponte de Sor industrial units. After three months there was a general improvement in the physical condition of the workers.

As part of this project, the existing work posts were analysed in the sectors along with the physical condition of each worker. After the analysis, proposals for improvement at the ergonomic level were drafted for the work posts, as well as for the standardisation of tasks, individual postural training for carrying out work tasks with a lower risk of skeletal muscle injury, implementation of physical activity programmes, and also active recovery programmes targeting the group treatment of specific pathologies. A reduction in the work-related illness leave and in the number of accidents at work and an increase in team morale are just some of the impacts that have been observed in the participants.

6.3. INVOLVEMENT WITH THE COMMUNITY



In addition to its leadership activity in the cork industry, Corticeira Amorim places great emphasis in its involvement in the community and in promoting social equilibrium. Corticeira Amorim plays a key role in supporting the communities in their challenges and, indeed, in building resilient communities. This social concern has characterised the 150 years of activity of the Group, who was one of the first companies to make a canteen and a doctor available to all workers in 1938. Involvement in the community is assured by the various projects and initiatives in which Corticeira Amorim participates both in Portugal and further afield. Several actions have been implemented that involve the group's stakeholders, including the training of employees to raising awareness among customers and the local communities in the areas in which the Group operates on issues such as sustainable development. Some of these activities are presented below.



Natural Choice Programme

This programme has been renewed annually since 2008 in order to:

- raise awareness among employees and society in general, as citizens responsible for future generations, of the need for social solidarity and for more environmentally friendly behaviour;
- ensure sustainable development practices are a positive factor of differentiation among different stakeholder groups.



Environmental Education Programme

The Corticeira Amorim environmental education programme takes place every year and was conceived with the objective of supporting schools in environmental education and raising the awareness of the wider community of the need to protect and value the national forests, including the cork oak forests, by further promoting the recycling of cork and the conservation of the environment. In 2019, 2,868 students participated in this programme by learning more about the environment and sustainability, contributing to a better tomorrow.



Reforestation action

Corticeira Amorim and Quercus planted 2,000 cork oaks in Alcácer do Sal, and the Herdade Castelo de Arez estate in 2019. This initiative included the participation of over 100 employees and volunteers from the company and has become a tradition of the two entities since 2011. Corticeira Amorim has been a partner of the Green Cork Project since its inception in 2008. The project has entailed recycling cork stoppers in support of preserving the national indigenous forest and promoting, in 2019, the planting of over 143,000 trees through the Floresta Comum project, meaning more than 971,000 native trees planted since 2008.



Junior Achievement – Europe and Me

With a total of 35 training sessions in 2019, the purpose of the Junior Achievement has been to demonstrate the importance of existing natural, human and capital resources in Europe. The idea is to enrich the students' knowledge about Europe, its countries, languages and currencies. The initiative has resulted from the Porto Futuro Project, an existing protocol with the Porto City Council since 2005, which facilitates the collaboration of Corticeira Amorim with a group of city schools to transpose some business practices in schools.

Amorim South Africa supports two social causes, covering areas such as childhood, social development and education, by putting people at the centre of development.

With almost 38 years of presence in South Africa, Amorim Cork South Africa is now one of the partner companies in the wine industry that has the greatest active participation in the social development of the communities surrounding the Cape Town vineyards.

Since 2015, it has contributed more than 40,000 euros in scholarships to young people from disadvantaged backgrounds who have the ambition to become winemakers and grape growers. In partnership with the Cape Winemakers Guild and Nedbank, this dream becomes a reality for about five young people every year.

Among the other forms of support is the assistance provided by Amorim Cork South Africa's staff for a home for children who are victims of abandonment or abuse. Twice a year, donations, clothing and food are made to more than 30 children living in the Eersterivier home, outside the town of Stellenbosch.

6.4. PARTICIPATION IN ASSOCIATIONS

Having an impact on society and promoting balance through active long-term participation is a concern that has stood the test of time in the Group's 150 years of existence.

Over the years, Corticeira Amorim has made numerous relationships with institutions and associations with a significant impact on communities, actively participating in their development and enhancing their growth through the donation of materials (the Company's products, office supplies, etc.), volunteering or financial support. The social contribution and commitment to social responsibility make it possible to raise awareness of the needs of society, while at the same time adding value and making a positive contribution to improving the quality of the provision of support services to these entities.

The following are some of the associations with which the Group actively collaborates not only in the communities and institutions surrounding their companies, but also in research and innovation.

<p>Associação Bagos D'Ouro and Fundação Terras de Santa Maria</p> <p>Associação Bagos D'Ouro is an institution that is dedicated to supporting children and young people in need from Douro region, through monitoring their school career and creating opportunities for the development of successful life projects; Fundação Terras de Santa Maria awards every year the best student in management of the Instituto Superior de Entre Douro e Vouga (ISVOUGA).</p>
<p>Academie Amorim</p> <p>A non-profit organisation comprising scientists dedicated to research in the field of winemaking in order to optimise the quality of the wine and to ensure the ageing process proceeds as expected. Since 1992, this institution has supported the work of the researchers by offering them an annual scholarship to fund the scientific work and help to improve knowledge about wine.</p>
<p>Fundação Albertina Ferreira de Amorim</p> <p>This foundation promotes solidarity and appreciation of human advancement in its ethical, religious, cultural and civilizational aspects. It offers humanitarian and social support to causes and projects involving the communities surrounding the Corticeira Amorim companies. It also hopes to boost scientific research in the field of cork preparation and treatment and is expected to award prizes in this and other areas.</p>

Also, in this context, the companies in the Corticeira Amorim Group actively participate in discussion meetings with national and international entities on sustainable development of the geographical regions in which they operate. Many of the Group's representatives form a part of these initiatives and associations to ensure a meaningful and proactive impact. Of the numerous associations, it is worth highlighting the following:

<p>APCOR www.apcor.pt</p> <p>A business association in the cork industry that represents, promotes, publishes and researches the Portuguese cork industry.</p>
<p>BCSD www.bcsdportugal.org/</p> <p>A business association that is a member of the WBCSD - World Business Council for Sustainable Development, the largest international organisation to work in the area of sustainable development, with more than 200 associated companies in different countries and 68 independent organisations in the five continents, which together represent more than 20,000 companies and an international network of partnerships.</p>
<p>CENTRO HABITAT www.centrohabitat.net/pt</p> <p>A group of companies, municipalities, research and development centres, business associations and other entities that are committed to sustainability as a standard for innovation and competitiveness.</p>
<p>SMART WASTE PORTUGAL www.smartwasteportugal.com/pt/</p> <p>A non-profit collective whose objective is to contribute to the production and dissemination of knowledge in the area of waste, to drive actions that value cooperation between entities operating in the waste industry, to promote and support the activities and projects of its members that contribute to the pursuit of the association's objectives.</p>
<p>PTV www.ptvino.com/en/</p> <p>A platform for all involved in research, technological development and innovation in the Spanish wine industry.</p>
<p>IB-S UNIVERSIDADE DO MINHO ib-s.uminho.pt/</p> <p>An initiative of the University of Minho that brings more than 80 researchers from various fields of knowledge together, with the aim of finding solutions to complex societal challenges associated with sustainability.</p>



There are several actions that encompass the group's stakeholders, including the training of employees to raising awareness among customers and the local communities.

[7.] Methodological Notes

7.1. PERIMETER

The corporate landscape has changed in terms of the companies considered within the perimeter for sustainability matters, in particular through the incorporation of three establishments under the Cork Stoppers BU: Biocape, All Closures In. and Portocork Internacional, S.A..

Chapter 4. Innovation and Economic Performance presents Corticeira Amorim's consolidated figures (100% of companies included). In the remaining chapters, the companies included span 90% of the industrial units and account for 82% of the number of Corticeira Amorim's employees at the end of 2019, and 82% of consolidated sales, as presented in the table below:

Company	Location	Country	2019
Raw Materials BU			
Amorim Natural Cork, S.A.	Vale de Cortiças — Abrantes	PORTUGAL	100%
Amorim Florestal, S.A.	Ponte de Sôr	PORTUGAL	100%
Amorim Florestal II, S.A.	Ponte de Sôr	PORTUGAL	100%
Amorim Florestal III, S.A.	Ponte de Sôr	PORTUGAL	100%
Amorim Florestal España, S.L.	San Vicente Alcántara	SPAIN	100%
Amorim Florestal Mediterrâneo, S.L.	Cádiz	SPAIN	100%
Amorim Tunisie, S.A.R.L.	Tabarka	TUNISIA	100%
Comatral — C. de Maroc. de Transf. du Liège, S.A.	Skhirat	MAROCOCO	100%
Cosabe — Companhia Silvo-Agrícola da Beira S.A.	Lisboa	PORTUGAL	100%
Société Nouvelle du Liège, S.A. (SNL)	Tabarka	TUNISIA	100%
Société Tunisienne d'Industrie Bouchonnière	Tabarka	TUNISIA	55%
Cork Stoppers BU			
Amorim Cork, SGPS, S.A.	Santa Maria Lamas	PORTUGAL	100%
All Closures In, S.A.	Paços de Brandão	PORTUGAL	75%
Amorim Cork, S.A.	Santa Maria Lamas	PORTUGAL	100%
Amorim Bartop, S.A.	Vergada	PORTUGAL	75%
Amorim Champcork, S.A.	Santa Maria Lamas	PORTUGAL	100%
Amorim Top Series, S.A.	Vergada	PORTUGAL	75%
Biocape — Importação e Exportação de Cápsulas, Lda.	Mozelos	PORTUGAL	60%
Elfverson & Co. AB	Paryd	SWEDEN	53%
Equipar, Participações Integradas, Lda.	Coruche	PORTUGAL	100%
Francisco Oller, S.A.	Girona	SPAIN	94%
Portocork Internacional, S.A.	Santa Maria Lamas	PORTUGAL	100%
Socori, S.A.	Rio Meão	PORTUGAL	70%
Floor and Wall Coverings BU			
Amorim Cork Flooring, S.A.	S. Paio de Oleiros	PORTUGAL	100%
Amorim Benelux, BV	Tholen	NETHERLANDS	100%
Amorim Deutschland, GmbH	Delmenhorts	GERMANY	100%
Amorim Subertech, S.A.	S. Paio de Oleiros	PORTUGAL	100%
Amorim Flooring (Switzerland) AG	Zug	SWITZERLAND	100%
Amorim Flooring North America Inc.	Hanover — Maryland	USA	100%
Composite Cork BU			
Amorim Cork Composites, S.A.	Mozelos	PORTUGAL	100%
Amorim Compocork, Lda.	Mozelos	PORTUGAL	—
Amorim Cork Composites, Inc.	Trevor — Wisconsin	USA	100%
Amorim Industrial Solutions — Imobiliária, S.A.	Corroios	PORTUGAL	100%
Insulation Cork BU			
Amorim Cork Insulation, S.A.	Vendas Novas	PORTUGAL	100%
Holding Cortiça			
Corticeira Amorim, SGPS, S.A.	Mozelos	PORTUGAL	100%
Amorim Cork Research, Lda.	Mozelos	PORTUGAL	100%
Amorim Cork Services, Lda.	Mozelos	PORTUGAL	100%
Amorim Cork Ventures, Lda.	Mozelos	PORTUGAL	100%

7.2. ENERGY EFFICIENCY AND CLIMATE CHANGE - EMISSIONS IN THE VALUE CHAIN

In the case of energy consumption outside the organisation, and since there are no conversion factors in the bibliography that allow us to accurately refine this data, Corticeira Amorim has made an estimate of the energy consumption based on the emissions figures and the emission factors of the respective fuels, and it has therefore been necessary to make some considerations. For this reason, the calculation shown is an estimate, with a commitment from Corticeira Amorim to continue to work to consolidate the methodology used. The values shown, cover the most important aspects of the Corticeira Amorim value chain, for operations in Portugal.

Therefore, the following activities and assumptions were considered:

- Upstream and downstream transportation and distribution: the quantity of product bought and sold was considered, which corresponds to 95% of the total. The emission factors are associated with the transport of goods by sea, land and/or air;
- Waste generated in operations: the total of waste produced, and the waste sent to the respective recipients was considered. The emission factors are associated with road transport per tonne transported;
- Business travel: the emission values are determined by the travel agency;
- Employee commuting: the distances covered by employees were measured. The emission factor is associated to road transport through the distance covered by employees on the home-work-home commute.

All emission factors considered were sourced from the information published by the GHG Protocol and Defra - Department for Environment, Food & Rural Affairs.

7.3. ECONOMIC PERFORMANCE

The values presented refer to Corticeira Amorim's consolidated figures (100% of companies included).

The revenues correspond to the sum of the following items: Sales and Provision of Services; Supplementary Income; Operating Subsidies; Own Works; Other Operating Income; Financial Income and Gains; Capital Gains from Real State (after deducting capital losses).

Operating costs do not include depreciation.

Investment into the local community only includes the amount of cash donations and does not include contributions and donations in kind.

7.4. ENERGY EFFICIENCY AND CLIMATE CHANGE - ENERGY

The conversion factors used for the SGCIE - Energy Intensive Consumption Management System audits (dispatch 17313/2008) were used for 2019:

Energy Source	Unit	Conversion factor
Natural Gas	GJ/1000m ³	37.9
Propane Gas	GJ/t	46.7
Diesel	GJ/t	42.8
Gasoline	GJ/t	44.5
Biomass (Cork Dust)	GJ/t	15.7
Biomass (Other)	GJ/t	11.6
Electricity	GJ/kWh	0.0036

7.5. ENERGY EFFICIENCY AND CLIMATE CHANGE - EMISSIONS

The conversion factors used for the SGCIE - Energy Intensive Consumption Management System audits (dispatch 17313/2008) were used for the calculation of the CO₂ emissions. In the case of emissions associated with electricity consumption, the information available at the date of preparation by the Endesa vendor report (location method) and the SGCIE - Energy Intensive Consumption Management System reference (market method), (dispatch 17313/2008) were considered. Emissions located outside Portugal were considered to be of margin material importance (around 8%):

Emissions Source	Unit	Conversion factor
Natural Gas	Kg CO ₂ /GJ	64.1
Propane Gas	Kg CO ₂ /GJ	63
Diesel	Kg CO ₂ /GJ	74
Gasoline	Kg CO ₂ /GJ	69.2
Biomass (Cork Dust)	Kg CO ₂ /GJ	0
Biomass (Others)	Kg CO ₂ /GJ	0
Electricity - 2017 Supplier	g CO ₂ /kWh	480.24
Electricity - 2018 Supplier*	g CO ₂ /kWh	398.88
Electricity - 2019 Supplier	g CO ₂ /kWh	270.45
Electricity - Location (Portugal)	g CO ₂ /kWh	470.00

*Updated according to the latest supplier reference

7.6. ENERGY EFFICIENCY AND CLIMATE CHANGE - ENERGY INTENSITY AND CARBON INTENSITY

In view of the diversity of applications and businesses of Corticeira Amorim, it is difficult to define an indicator that will allow us to clearly observe the trends in energy and CO₂ emissions in relation to the level of activity. Over time, we have tried to respond to this need by analysing different indicators and in recent years we have opted for the energy consumption/emissions ratio and the value of the company's total sales, which presented us with some limitations. These relate to the differences between the perimeter considered in the numerator (more restricted) and the perimeter considered in the denominator (broader), which become more evident in years of material changes in perimeter. In 2019, this limitation is remedied by matching the perimeter of the numerator with that of the denominator. For the purposes of comparison with 2018, the recalculation was applied. The recalculation for carbon intensity also considers the latest information from the energy supplier. In the calculation of energy intensity and carbon intensity for 2019 and 2018, sales figures were taken to be 643,135 thousand euros and 650,871 thousand euros, which correspond to the consolidated sales of the respective perimeters considered in each year's sustainability report.

7.7. HEALTH AND SAFETY AT WORK

The procedure for calculating the frequency rate, occupational disease rate and lost day rate corresponds to the ILO Code of practice. The formulas considered are as follows:

- Frequency rate = number of accidents/hours worked x 1,000,000;
- Occupational disease rate = number of occupational disease cases/hours worked x 1,000,000;
- Lost day rate = number of days lost/hours worked x 1,000,000;
- Absenteeism rate = days of absence/potential days of work.

As in the previous financial year, the calculation of the potential days discounted any public holidays that directly affected the absenteeism rate.

To calculate the frequency rate, only the accidents that resulted in lost days were considered.

To determine the days lost, the number of working days are considered, starting from the day following the occurrence of the accident until the return to the work of the person concerned.



[8.] GRI Table

GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG																																																																																																
GRI 102 – GENERAL DISCLOSURES 2016																																																																																																			
Organisational profile																																																																																																			
102-1	Name of the organisation	1. Corticeira Amorim – 1.1. Who we are and what we do																																																																																																	
102-2	Activities, brands, products, and services	1. Corticeira Amorim – 1.1. Who we are and what we do																																																																																																	
102-3	Location of headquarters	1. Corticeira Amorim – 1.1. Who we are and what we do																																																																																																	
102-4	Location of operations	Consolidated Annual Report 31-12-2019 – Worldwide Presence																																																																																																	
102-5	Ownership and legal form	1. Corticeira Amorim – 1.1. Who we are and what we do																																																																																																	
102-6	Mercados servidos	1. Corticeira Amorim – 1.1. Who we are and what we do Consolidated Annual Report 31-12-2019 – Worldwide Presence																																																																																																	
102-7	Scale of the organisation	1. Corticeira Amorim – 1.1. Who we are and what we do 6. People – 6.1. Training and development Consolidated Annual Report 31-12-2019 - Organizational Chart Consolidated Management Report – 10. Consolidated Demonstration of the Financial Position and 11. Main Consolidated Figures																																																																																																	
102-8	Information on employees and other workers	<p>6. People – 6.1. Training and development</p> <table border="1"> <thead> <tr> <th>Total number of employees by gender and employment contract</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Woman</td> <td>864</td> <td>831</td> <td>737</td> </tr> <tr> <td>Permanent</td> <td>748</td> <td>707</td> <td>630</td> </tr> <tr> <td>Fixed Term Contract</td> <td>116</td> <td>124</td> <td>107</td> </tr> <tr> <td>Men</td> <td>2,547</td> <td>2,455</td> <td>2,162</td> </tr> <tr> <td>Permanent</td> <td>2,127</td> <td>2,041</td> <td>1,753</td> </tr> <tr> <td>Fixed Term Contract</td> <td>420</td> <td>414</td> <td>409</td> </tr> <tr> <td>TOTAL</td> <td>3,411</td> <td>3,286</td> <td>2,899</td> </tr> <tr> <th>Total number of employees by region and employment contract</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> <tr> <td>Portugal</td> <td>2,935</td> <td>2,810</td> <td>2,469</td> </tr> <tr> <td>Permanent</td> <td>2,435</td> <td>2,312</td> <td>1,991</td> </tr> <tr> <td>Fixed Term Contract</td> <td>500</td> <td>498</td> <td>478</td> </tr> <tr> <td>Rest of the World</td> <td>476</td> <td>476</td> <td>430</td> </tr> <tr> <td>Permanent</td> <td>440</td> <td>436</td> <td>392</td> </tr> <tr> <td>Fixed Term Contract</td> <td>36</td> <td>40</td> <td>38</td> </tr> <tr> <td>TOTAL</td> <td>3,411</td> <td>3,286</td> <td>2,899</td> </tr> <tr> <th>Total number of employees by gender and type of work</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> <tr> <td>Women</td> <td>864</td> <td>831</td> <td>737</td> </tr> <tr> <td>Full-time</td> <td>855</td> <td>824</td> <td>727</td> </tr> <tr> <td>Part-time</td> <td>9</td> <td>7</td> <td>10</td> </tr> <tr> <td>Men</td> <td>2,547</td> <td>2,455</td> <td>2,162</td> </tr> <tr> <td>Full-time</td> <td>2,524</td> <td>2,423</td> <td>2,125</td> </tr> <tr> <td>Part-time</td> <td>23</td> <td>32</td> <td>37</td> </tr> <tr> <td>TOTAL</td> <td>3,411</td> <td>3,286</td> <td>2,899</td> </tr> </tbody> </table>	Total number of employees by gender and employment contract	2019	2018	2017	Woman	864	831	737	Permanent	748	707	630	Fixed Term Contract	116	124	107	Men	2,547	2,455	2,162	Permanent	2,127	2,041	1,753	Fixed Term Contract	420	414	409	TOTAL	3,411	3,286	2,899	Total number of employees by region and employment contract	2019	2018	2017	Portugal	2,935	2,810	2,469	Permanent	2,435	2,312	1,991	Fixed Term Contract	500	498	478	Rest of the World	476	476	430	Permanent	440	436	392	Fixed Term Contract	36	40	38	TOTAL	3,411	3,286	2,899	Total number of employees by gender and type of work	2019	2018	2017	Women	864	831	737	Full-time	855	824	727	Part-time	9	7	10	Men	2,547	2,455	2,162	Full-time	2,524	2,423	2,125	Part-time	23	32	37	TOTAL	3,411	3,286	2,899	
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GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG
102-10	Significant changes to the organisation and its supply chain	In 2019, Corticeira Amorim, celebrated an agreement for the acquisition of 50% of VINOLOK Society, a.s., based in Jablonec nad Nisou, Czech Republic.	
102-11	Precautionary principle or approach	Corporate Governance Report – C. Internal Organisation	
102-12	External initiatives	In, november 2017, Corticeira Amorim subscribed to the Charter of Principles of BCSD Portugal. The Letter establishes the fundamental sustainability principles that companies voluntarily adopt, actively committing themselves to the transition to the sustainability. For further information: www.bcsdportugal.org/en/wp-content/uploads/2019/02/Carta_Principios_BCSDPortugal_ENG.pdf Corticeira Amorim is a member of Porto Protocol, and is committed to guide its activity through good environmental principles, as well as executing projects that improve its sustainability. The list of the members, including Corticeira Amorim, can be consulted in: www.portoprotocol.com/members/list-of-members/	
102-13	Membership of associations	6. People – 6.4. Participation in associations	
Strategy and analysis			
102-14	Statement from senior decision-maker	Consolidated Annual Report 31-12-2019 – Chairman’s letter	
102-15	Key impacts, risks, and opportunities	Consolidated Management Report – 14. Business Risks and Uncertainties	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	1. Who we are and what we do 3. How we do it – 3.1. Responsible conduct	
102-17	Mechanisms for advice and concerns about ethics	3. How we do it – 3.1. Responsible conduct	
Governance			
102-18	Governance structure	2. Our sustainability model – 2.1. Sustainability strategy and path Corporate Governance Report - B. Corporate Boards and Committees	
102-24	Nominating and selecting the highest governance body	Corporate Governance Report - B. Corporate Boards and Committees	
Stakeholder Engagement			
102-40	List of stakeholder groups	2. Our Sustainability Model – 2.2. Our stakeholders	
102-41	Collective bargaining agreements	6. People – 6.1. Training and development	8
102-42	Identifying and selecting stakeholders	2. Our Sustainability Model – 2.2. Our stakeholders	
102-43	Approach to stakeholder engagement	2. Our Sustainability Model – 2.2. Our stakeholders	
102-44	Key topics and concerns raised	2. Our Sustainability Model – 2.1. Sustainability strategy and path	

GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG
Report profile			
102-45	Entities included in the consolidated financial statement	Introductory note 7. Methodological Notes	
102-46	Defining report content and topic boundaries	Introductory note	
102-47	List of material topics	Introductory note	
102-48	Restatements of information	Introductory note 7. Methodological Notes	
102-49	Changes in reporting	Introductory note 7. Methodological Notes	
102-50	Reporting period	January 1st of 2019 to December 31st of 2019	
102-51	Date of most recent report	Sustainability Report 2018, covering the years 2016, 2017 and 2018	
102-52	Reporting cycle	Introductory note	
102-53	Contact point for questions regarding the report	Introductory note	
102-54	Claims of reporting in accordance with the GRI Standards	Introductory note	
102-55	GRI content index	Present table	
102-56	External assurance	Introductory note	
GRI 200 - ECONOMIC STANDARDS 2016			
Material aspect: GRI 201 - Economic Performance 2016			
Generic management approach	103-1	Explanation of the material topic and its boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the company's internal perspective. In direct relation to economic performance, the topic "Economic Performance" was considered a topic with a high materiality (materiality matrix – Introductory note).
	103-2	The management approach and its components	Corticeira Amorim has over the years promoted several initiatives related to economic performance (4. Innovation and Economic Performance).
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (4. Innovation and Economic Performance - 4.2. Economic performance).
201-1	Direct economic value generated and distributed	4. Innovation and Economic Performance - 4.2. Economic performance 7. Methodological Notes – 7.3. Economic performance	
201-2	Financial implications and other risks and opportunities due to climate change	Consolidated Management Report - 14. Business Risks and Uncertainties Corporate Governance Report – C. Internal Organisation, III. Control and Risk Management 4. Innovation and Economic Performance 5. Environment – 5.1. Promotion of the <i>montado</i> , its biodiversity and ecosystem services and 5.2. Energy efficiency and climate change and 5.3. Product environmental impact and 5.4. Circular economy	
201-3	Defined benefit plan obligations and other retirement plans	4. Innovation and Economic Performance – 4.2. Economic performance 6. People – 6.1. Training and development	
Aspect: GRI 202 – Market presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	6. People – 6.1. Training and development	5 and 8

GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG
Aspect: GRI 204 – Procurement practice 2016			
204-1	Proportion of spending on local suppliers	3. How We Do It – 3.2 Responsible supplier management	12
Aspect: GRI 205 – Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	3. How We Do It - 3.1. Responsible conduct	
205-2	Confirmed incidents of corruption and actions taken	3. How We Do It - 3.1. Responsible conduct	
205-3	Confirmed incidents of corruption and actions taken	3. How We Do It - 3.1. Responsible conduct	
Material Aspect: Research, development and innovation			
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from the stakeholders consultation with the company's internal perspective. In direct relation to research, development and innovation, the topic "Research, Development and Innovation" was considered a topic with a high materiality (materiality matrix – Introductory note).
	103-2	The management approach and it's components	Corticeira Amorim has over the years promoted several initiatives relating to research, development and innovation (4. Innovation and Economic Performance).
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (4. Innovation and Economic Performance - 4.1. Research, development and innovation).
	Average annual investment	4. Innovation and Economic Performance - 4.1. Research, development and innovation	8 and 9
	Submission of patents	4. Innovation and Economic Performance - 4.1. Research, development and innovation	8 and 9
GRI 300 – ENVIRONMENTAL STANDARDS 2016			
Aspect: GRI 301 - Materials 2016			
301-1	Materials used by weight or volume	5. Environment – 5.4. Circular economy Note: report of the percentage of materials consumed that are of renewable origin.	12
Material Aspect: GRI 302-Energy 2016			
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to energy, the topic "Energy Efficiency and Climate Change" was considered a topic with a high materiality (materiality matrix – Introductory note).
	103-2	The management approach and it's components	Corticeira Amorim has promoted over the years several initiatives related to energy consumption (5. Environment).
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Environment – 5.2. Energy efficiency and climate change).
Specific Management approach		Some Corticeira Amorim units are covered by regulations of the Energy Intensive Consumption Management System (SGCIE)	
302-1	Energy consumption within the organisation	5. Environment – 5.2. Energy efficiency and climate change 7. Methodological Notes - 7.4. Energy efficiency and climate change - energy	7,11 and 13
302-2	Energy consumption outside of the organisation	5. Environment – 5.2. Energy efficiency and climate change 7. Methodological Notes - 7.2. Energy efficiency and climate change – emissions in the value chain	7,11 and 13
302-3	Energy intensity	5. Environment – 5.2. Energy efficiency and climate change 7. Methodological Notes - 7.6. Energy efficiency and climate change – energy intensity and carbon intensity	7,11 and 13

GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG
302-4	Reduction of energy consumption	5. Environment – 5.2. Energy efficiency and climate change	7,11 and 13
302-5	Reductions in energy requirements of products and services	5. Environment – 5.2. Energy efficiency and climate change	7,11 and 13
Material Aspect: GRI 303-Water 2016			
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to water, the topic "Energy Efficiency and Climate Change" was considered a topic with a high materiality (materiality matrix – Introductory note).
	103-2	The management approach and it's components	Corticeira Amorim has over the years promoted several initiatives related to use and water management (5. Environment).
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Environment – 5.2. Energy efficiency and climate change).
303-1	Water withdrawal by source	5. Environment – 5.2. Energy efficiency and climate change	6
	Water intensity	5. Environment – 5.2. Energy efficiency and climate change	
Material aspect: Product environmental impact			
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to the product environmental impact, the topic "Product Environmental Impact" was considered a topic with a high materiality (materiality matrix – Introductory note).
	103-2	The management approach and it's components	Corticeira Amorim has over the years promoted several initiatives related to product environmental impact (5. Environment).
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Environment – 5.3. Product environmental impact).
	Green products	5. Environment – 5.3. Product environmental impact	6, 7 and 13
Material aspect: GRI 304 – Biodiversity 2016			
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. With direct relation to biodiversity, the topic "Promotion of the <i>Montado</i> , Its Biodiversity and Ecosystem Services" was considered a topic with a high materiality (materiality matrix – Introductory note).
	103-2	The management approach and it's components	Corticeira Amorim has promoted over the years several initiatives related to biodiversity (5. Environment).
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Environment – 5.1. Promotion of the <i>montado</i> , its biodiversity and ecosystem services).
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5. Environment – 5.1. Promotion of the <i>montado</i> , its biodiversity and ecosystem services	11, 12 and 15
304-2	Significant impacts of activities, products, and services on biodiversity	5. Environment – 5.1. Promotion of the <i>montado</i> , its biodiversity and ecosystem services	11, 12 and 15

GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG	
Material Aspect: GRI 305 - Emissions 2016				
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison from stakeholders consultation with the Company's internal perspective. In direct relation to emissions, the topic "Energy Efficiency and Climate Change" was considered a topic with a high materiality (materiality matrix – Introductory note).	
	103-2	The management approach and it's components	Corticeira Amorim has promoted over the years several initiatives related to emissions (5. Environment).	
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Environment – 5.2. Energy efficiency and climate change).	
Specific Management Approach		Some Corticeira Amorim units are covered by regulations of the Energy Intensive Consumption Management System (SGCIE)		
305-1	Direct (Scope 1) GHG emissions	5. Environment – 5.2. Energy efficiency and climate change 7. Methodological Notes - 7.5. Energy efficiency and climate change - emissions	7, 11 and 13	
305-2	Energy indirect (Scope 2) GHG emissions	5. Environment – 5.2. Energy efficiency and climate change 7. Methodological Notes - 7.5. Energy efficiency and climate change - emissions	7, 11 and 13	
305-3	Other indirect (Scope 3) GHG emissions	5. Environment – 5.2. Energy efficiency and climate change 7. Methodological Notes - 7.5. Energy efficiency and climate change - emissions	7, 11 and 13	
305-4	GHG emissions intensity	5. Environment – 5.2. Energy efficiency and climate change 7. Methodological Notes - 7.6. Energy efficiency and climate change - energy intensity and carbon intensity	7, 11 and 13	
305-5	Reduction of GHG emissions	5. Environment – 5.2. Energy efficiency and climate change	7, 11 and 13	
Material Aspect: GRI 306 – Effluents and waste 2016				
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to effluents and waste, the topic "Circular Economy" was considered a topic with a high materiality (materiality matrix – Introductory note).	
	103-2	The management approach and it's components	Corticeira Amorim has promoted over the years several initiatives related to the management of effluents and waste (5. Environment).	
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Environment – 5.4. Circular economy).	
306-2	Waste by type and disposal method	5. Environment – 5.4. Circular economy	8 and 12	
Aspect: GRI 307 – Environmental Compliance 2016				
307-1	Non-compliance with environmental laws and regulations	There are no fines or non-monetary penalties for non-compliance with environmental laws and regulations.		
Aspect: GRI 308 – Supplier environmental assessment 2016				
308-2	Negative environmental impacts in the supply chain and actions taken	3. How We Do It – 3.2. Responsible supplier management	8, 12 and 17	

GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG																																																																												
GRI 400 –SOCIAL STANDARDS 2016																																																																															
Material Topic: GRI 401 – Employment 2016																																																																															
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to employment, the topic "Training and Development" was considered a topic with a high materiality (materiality matrix – Introductory note).																																																																												
	103-2	The management approach and it's components	Corticeira Amorim has promoted over the years several initiatives related to employment (6. People).																																																																												
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (6. People – 6.1. Training and development).																																																																												
Specific Management Approach		The work performed in Corticeira Amorim 's supply chain takes place in compliance with institutional and legal structures. The working conditions in Corticeira Amorim 's supply chain meet the labour legislation in each geography where the activity is developed.																																																																													
401-1	New employee hires and employee turnover	<p>6. People – 6.1. Training and development</p> <table border="1"> <thead> <tr> <th>Number and rate of turnover and new hires by age range, gender and region</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Number of hires</td> <td>524</td> <td>455</td> <td>362</td> </tr> <tr> <td>Rate of new hire</td> <td>15%</td> <td>14%</td> <td>12%</td> </tr> <tr> <td><30</td> <td>6%</td> <td>7%</td> <td>6%</td> </tr> <tr> <td>30 a 50</td> <td>6%</td> <td>6%</td> <td>6%</td> </tr> <tr> <td>>50</td> <td>3%</td> <td>1%</td> <td>1%</td> </tr> <tr> <td>Female</td> <td>4%</td> <td>3%</td> <td>3%</td> </tr> <tr> <td>Male</td> <td>12%</td> <td>11%</td> <td>10%</td> </tr> <tr> <td>Portugal</td> <td>14%</td> <td>10%</td> <td>9%</td> </tr> <tr> <td>Rest of the World</td> <td>24%</td> <td>4%</td> <td>3%</td> </tr> <tr> <td>Number of exits</td> <td>392</td> <td>475</td> <td>344</td> </tr> <tr> <td>Turnover rate</td> <td>11%</td> <td>14%</td> <td>12%</td> </tr> <tr> <td><30</td> <td>3%</td> <td>4%</td> <td>4%</td> </tr> <tr> <td>30 a 50</td> <td>5%</td> <td>6%</td> <td>5%</td> </tr> <tr> <td>>50</td> <td>4%</td> <td>5%</td> <td>3%</td> </tr> <tr> <td>Female</td> <td>3%</td> <td>3%</td> <td>2%</td> </tr> <tr> <td>Male</td> <td>9%</td> <td>11%</td> <td>10%</td> </tr> <tr> <td>Portugal</td> <td>9%</td> <td>11%</td> <td>9%</td> </tr> <tr> <td>Rest of the World</td> <td>25%</td> <td>3%</td> <td>3%</td> </tr> </tbody> </table>	Number and rate of turnover and new hires by age range, gender and region	2019	2018	2017	Number of hires	524	455	362	Rate of new hire	15%	14%	12%	<30	6%	7%	6%	30 a 50	6%	6%	6%	>50	3%	1%	1%	Female	4%	3%	3%	Male	12%	11%	10%	Portugal	14%	10%	9%	Rest of the World	24%	4%	3%	Number of exits	392	475	344	Turnover rate	11%	14%	12%	<30	3%	4%	4%	30 a 50	5%	6%	5%	>50	4%	5%	3%	Female	3%	3%	2%	Male	9%	11%	10%	Portugal	9%	11%	9%	Rest of the World	25%	3%	3%	5 and 8
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Material Topic: GRI 402 – Labour/Management relations 2016																																																																															
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to labour relations, the topic "Training and Development" was considered a topic of high materiality (materiality matrix – Introductory note).																																																																												
	103-2	The management approach and it's components	Corticeira Amorim has promoted over the years several initiatives related to labour relations (6. People).																																																																												
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (6. People – 6.1. Training and development).																																																																												

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402-1	Minimum notice periods regarding operational changes	Regulations concerning prior notice relating to the work location (in particular those that require subsequent amendment) complied with by Corticeira Amorim.	8																																																																
Material Topic: GRI 403 – Occupational health and safety 2016																																																																			
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to health and safety at work, the topic "Health and Safety at Work" was considered a topic with a high materiality (materiality matrix – Introductory note).																																																																
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403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	6. People – 6.2. Health and safety at work 7. Methodological Notes – 7.7. Health and safety at work <table border="1"> <thead> <tr> <th>Ratios of accidents, professional illnesses, lost days, and absenteeism, and number of work-related fatalities, by gender</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Number of accidents in the workplace</td> <td>107</td> <td>115</td> <td>130</td> </tr> <tr> <td>Female</td> <td>10</td> <td>9</td> <td>21</td> </tr> <tr> <td>Male</td> <td>97</td> <td>106</td> <td>109</td> </tr> <tr> <td>Accident frequency index</td> <td>18.8</td> <td>20.9</td> <td>21.1</td> </tr> <tr> <td>Female</td> <td>7.2</td> <td>6.7</td> <td>14.3</td> </tr> <tr> <td>Male</td> <td>22.6</td> <td>25.4</td> <td>23.2</td> </tr> <tr> <td>Work-related illness rate **</td> <td>3.7</td> <td>7.1</td> <td>1.6</td> </tr> <tr> <td>Female</td> <td>4.3</td> <td>10.5</td> <td>0.0</td> </tr> <tr> <td>Male</td> <td>3.5</td> <td>6.0</td> <td>2.1</td> </tr> <tr> <td>Lost working days rate</td> <td>527</td> <td>737</td> <td>547</td> </tr> <tr> <td>Female</td> <td>347</td> <td>433</td> <td>304</td> </tr> <tr> <td>Male</td> <td>586</td> <td>800</td> <td>623</td> </tr> <tr> <td>Absenteeism rate ***</td> <td>5.7%</td> <td>3.7%</td> <td>3.4%</td> </tr> <tr> <td>Female</td> <td>7.6%</td> <td>4.8%</td> <td>4.3%</td> </tr> <tr> <td>Male</td> <td>5.0%</td> <td>3.3%</td> <td>3.1%</td> </tr> </tbody> </table> ** Changing criteria for the certification of occupational disease, as well as validation of several cases pending from previous years *** Change in the calculation according to the methodological notes	Ratios of accidents, professional illnesses, lost days, and absenteeism, and number of work-related fatalities, by gender	2019	2018	2017	Number of accidents in the workplace	107	115	130	Female	10	9	21	Male	97	106	109	Accident frequency index	18.8	20.9	21.1	Female	7.2	6.7	14.3	Male	22.6	25.4	23.2	Work-related illness rate **	3.7	7.1	1.6	Female	4.3	10.5	0.0	Male	3.5	6.0	2.1	Lost working days rate	527	737	547	Female	347	433	304	Male	586	800	623	Absenteeism rate ***	5.7%	3.7%	3.4%	Female	7.6%	4.8%	4.3%	Male	5.0%	3.3%	3.1%	3 and 8
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Generic management approach	103 -1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results of the stakeholders consultation with the Company's internal perspective. In direct relation to training and education, the topic "Training and Development" was considered a topic with a high materiality (materiality matrix – Introductory note).																																					
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404-1	Average hours of training per year per employee	6. People - 6.1. Training and development	<table border="1"> <thead> <tr> <th></th> <th>Total hours training</th> <th>Hours per employee</th> </tr> </thead> <tbody> <tr> <td>Directors</td> <td>68</td> <td>3</td> </tr> <tr> <td>Managers</td> <td>2,251</td> <td>24</td> </tr> <tr> <td>Heads of Department</td> <td>1,485</td> <td>14</td> </tr> <tr> <td>Sales Staff</td> <td>1,018</td> <td>11</td> </tr> <tr> <td>Management Support Technicians</td> <td>15,266</td> <td>64</td> </tr> <tr> <td>Team Leader</td> <td>1,137</td> <td>12</td> </tr> <tr> <td>Administrative Staff</td> <td>2,245</td> <td>10</td> </tr> <tr> <td>Maintenance, Quality and Logistics Technicians</td> <td>8,598</td> <td>23</td> </tr> <tr> <td>Production Operators</td> <td>14,650</td> <td>7</td> </tr> <tr> <td>Female</td> <td>15,711</td> <td>18</td> </tr> <tr> <td>Male</td> <td>31,006</td> <td>12</td> </tr> </tbody> </table>		Total hours training	Hours per employee	Directors	68	3	Managers	2,251	24	Heads of Department	1,485	14	Sales Staff	1,018	11	Management Support Technicians	15,266	64	Team Leader	1,137	12	Administrative Staff	2,245	10	Maintenance, Quality and Logistics Technicians	8,598	23	Production Operators	14,650	7	Female	15,711	18	Male	31,006	12	4, 5 and 8
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GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG																																																																																							
Material Topic: GRI 405 – Diversity and equal opportunity 2016																																																																																										
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to diversity and equal opportunities, the topic "Training and Development" was considered a topic with a high materiality (materiality matrix – Introductory note).																																																																																							
	103-2	The management approach and it's components	Corticeira Amorim has promoted over the years several initiatives related to diversity and equal opportunities (6. People).																																																																																							
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Specific Management Approach		Corticeira Amorim advocates a policy of management and motivation of people that promotes non-discrimination of any kind, equal opportunities in recruitment, promotion and training of employees, remuneration and working conditions.																																																																																								
405-1	Diversity of governance bodies and employees	<p>6. People – 6.1. Training and development – Diversity and equal opportunities</p> <p>Total number of employees by professional category, gender and age range</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Age</th> <th colspan="2">Gender</th> <th rowspan="2">Total</th> </tr> <tr> <th>< 30</th> <th>30 a 50</th> <th>> 50</th> <th>Female</th> <th>Male</th> </tr> </thead> <tbody> <tr> <td>Directors</td> <td>0</td> <td>5</td> <td>20</td> <td>1</td> <td>24</td> </tr> <tr> <td>Managers</td> <td>0</td> <td>55</td> <td>37</td> <td>10</td> <td>82</td> </tr> <tr> <td>Heads of Department</td> <td>13</td> <td>62</td> <td>31</td> <td>33</td> <td>73</td> </tr> <tr> <td>Sales Staff</td> <td>6</td> <td>52</td> <td>31</td> <td>14</td> <td>75</td> </tr> <tr> <td>Management Support Technicians</td> <td>91</td> <td>117</td> <td>32</td> <td>102</td> <td>138</td> </tr> <tr> <td>Team Leader</td> <td>8</td> <td>51</td> <td>36</td> <td>19</td> <td>76</td> </tr> <tr> <td>Administrative Staff</td> <td>19</td> <td>132</td> <td>82</td> <td>144</td> <td>89</td> </tr> <tr> <td>Maintenance, Quality and Logistics Technicians</td> <td>59</td> <td>186</td> <td>125</td> <td>80</td> <td>290</td> </tr> <tr> <td>Production Operators</td> <td>342</td> <td>1,104</td> <td>715</td> <td>461</td> <td>1,700</td> </tr> <tr> <td>Total 2017</td> <td>395</td> <td>1,548</td> <td>956</td> <td>737</td> <td>2,162</td> <td>2,899</td> </tr> <tr> <td>Total 2018</td> <td>473</td> <td>1,753</td> <td>1,060</td> <td>831</td> <td>2,455</td> <td>3,286</td> </tr> <tr> <td>Total 2019</td> <td>538</td> <td>1,764</td> <td>1,109</td> <td>864</td> <td>2,547</td> <td>3,411</td> </tr> </tbody> </table>		Age			Gender		Total	< 30	30 a 50	> 50	Female	Male	Directors	0	5	20	1	24	Managers	0	55	37	10	82	Heads of Department	13	62	31	33	73	Sales Staff	6	52	31	14	75	Management Support Technicians	91	117	32	102	138	Team Leader	8	51	36	19	76	Administrative Staff	19	132	82	144	89	Maintenance, Quality and Logistics Technicians	59	186	125	80	290	Production Operators	342	1,104	715	461	1,700	Total 2017	395	1,548	956	737	2,162	2,899	Total 2018	473	1,753	1,060	831	2,455	3,286	Total 2019	538	1,764	1,109	864	2,547	3,411	5 and 8
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405-2	Ratio of basic salary and remuneration of women to men	6. People – 6.1. Training and development – Diversity and equal opportunities <table border="1"> <thead> <tr> <th>Racio of remuneration between women and men, by professional category</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Managers</td> <td>0.7</td> <td>0.6</td> <td>0.7</td> </tr> <tr> <td>Heads of Department</td> <td>0.9</td> <td>0.9</td> <td>0.7</td> </tr> <tr> <td>Sales Staff</td> <td>0.9</td> <td>0.7</td> <td>0.7</td> </tr> <tr> <td>Management Support Technicians</td> <td>0.8</td> <td>0.7</td> <td>0.8</td> </tr> <tr> <td>Team Leaders</td> <td>1.0</td> <td>1.1</td> <td>1.0</td> </tr> <tr> <td>Administrative Staff</td> <td>1.1</td> <td>1.0</td> <td>1.1</td> </tr> <tr> <td>Maintenance, Quality and Logistics Technicians</td> <td>0.8</td> <td>0.9</td> <td>0.8</td> </tr> <tr> <td>Production Operators</td> <td>0.8</td> <td>0.9</td> <td>0.9</td> </tr> </tbody> </table>	Racio of remuneration between women and men, by professional category	2019	2018	2017	Managers	0.7	0.6	0.7	Heads of Department	0.9	0.9	0.7	Sales Staff	0.9	0.7	0.7	Management Support Technicians	0.8	0.7	0.8	Team Leaders	1.0	1.1	1.0	Administrative Staff	1.1	1.0	1.1	Maintenance, Quality and Logistics Technicians	0.8	0.9	0.8	Production Operators	0.8	0.9	0.9	5 and 8
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Aspect: GRI 413 – Local communities 2016																																							
413-1	Operations with local community engagement, impact assessments, and development programs	6. People – 6.3. Operations with local community e 6.4. Participation in associations																																					
Aspect: GRI 414 – Supplier Social Assessments 2016																																							
414-2	Negative social impacts in the supply chain and actions taken	3. How We Do It – 3.2. Responsible management of the supply chain	8, 12 and 17																																				
Aspect: GRI 415 – Public policy 2016																																							
415-1	Political contributions	Corticeira Amorim is a nonpartisan and non-political organization. It doesn't support financially or in kind, under any circumstances, political parties, organizations or individuals associated with these whose mission is essentially political.																																					

Mozelos, March 23, 2020

The Board of
Corticeira Amorim, SGPS, S.A.

[9.] Independent Verification Report

Independent Limited Assurance Report of the Sustainability Report

(Free translation from the Original Independent Limited Assurance Report in Portuguese dated March 25, 2020.
In case of any discrepancy, the Portuguese version always prevails)

To the Board of Directors of
Corticeira Amorim S.G.P.S., S.A.

Introduction

1. We were contracted by the Board of Directors of Corticeira Amorim S.G.P.S., SA to proceed with the independent review of the 2019 Sustainability Report (hereinafter the "Sustainability Report") included in the "Report and Accounts 2019", relating to the sustainability activities carried out from 1 January to 31 December 2019.

Responsibilities

2. The Board of Directors is responsible for preparing the "Sustainability Report", and to maintain an appropriate internal control system that allows the information presented to be free of material misstatements due to fraud or error.
3. It is our responsibility to issue a limited assurance report, professional and independent, based on the procedures performed and described in the "Scope" section below.

Scope

4. Our review procedures have been planned and executed in accordance with the International Standard on Assurance Engagements (ISAE 3000, Revised) - "Assurance engagements other than Audits and Reviews of Historical Financial Information", for a limited level of assurance.
5. A limited assurance engagement consists mainly in the formulation of questions to those in charge of the organization and in analytical procedures, including review tests on a sample basis. Therefore, the assurance provided by these procedures is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our independent review procedures comprised the following:
 - ▶ Conducting interviews with Management, in order to understand how the information system is structured and assess their level of knowledge of the topics addressed in the report;
 - ▶ Review of the processes, criteria and systems adopted to collect, consolidate, report and validate the data for the year 2019;
 - ▶ Analytical review, on a sample basis, of the data calculated by Management, and verification of quantitative and qualitative information disclosed in the report;
 - ▶ Confirmation on how collection, consolidation, validation and report procedures are being implemented in selected operating units;
 - ▶ Verification of the conformity of the information included in the non-financial information statements with the results of our work.
6. Regarding sustainability reporting standards of the Global Reporting Initiative - GRI Standards 2016, we performed a review of the self-evaluation made by Management of the adopted option to apply the GRI Standards 2016 and conformity with Article 508 G of the Portuguese Companies Act (Código das Sociedades Comerciais) and 245 A, paragraph r) of the Securities Market Code (Código do Mercado dos Valores Mobiliários) with respect to non-financial and diversity disclosures.

Quality and independence

7. Our firm applies International Standard on Quality Control 1 (ISQC 1), and consequently maintains a global quality control system which includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and the legal and regulatory provisions applicable and we comply with the independence and ethical requirements of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics and the Code of Ethics of the Order of Chartered Accountants (OROC).

Conclusion

8. Based on our work, nothing has come to our attention that causes us to believe that the systems and procedures for the collection, consolidation, validation and reporting of the information included in the "Sustainability Report" are not operating appropriately and the information disclosed is not free from relevant material misstatements. Additionally, nothing has come to our attention that causes us to believe that the "Sustainability Report" do not include all the required data and information for a Core option as defined by the GRI Standards 2016 and by the Article 508-G of the Portuguese Companies Act and paragraph r) of the article 245-A of the Securities Market Code.

Porto, March 25, 2020

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas (nr. 178)
Represented by:

(signed)

Rui Manuel da Cunha Vieira - ROC nr. 1154
Registered with the Portuguese Securities Market Commission under license nr. 20160766



05

[←] The organic character of cork makes it an incomparable stopper, vital for the evolution of wines and the development of its intrinsic qualities.

Consolidated Financial Statements

Consolidated Statement of Financial Position

thousand euros			
	Notes	31 December 2019	31 December 2018
ASSETS			
Tangible assets	9	278,600	259,433
Intangible assets	10	10,852	7,585
Right of use	11	6,037	0
Goodwill	10	13,744	13,987
Biological assets		0	240
Investment property	12	5,387	5,481
Investments in associates and joint ventures	13	22,366	9,537
Other financial assets	14	1,550	1,632
Deferred tax assets	15	14,396	13,346
Other debtors	18	3,906	4,844
Non-current assets		356,836	316,084
Inventories	16	397,840	406,090
Trade receivables	17	165,484	174,483
Income tax assets	15	11,773	8,915
Other debtors	18	36,967	35,704
Other current assets	18	3,108	3,103
Cash and cash equivalents	19	22,144	21,695
Current assets		637,316	649,989
TOTAL ASSETS		994,152	966,074
EQUITY			
Share capital	20	133,000	133,000
Other reserves	20	301,515	255,974
Net Income		74,947	77,389
Non-Controlling Interest	21	30,081	31,871
TOTAL EQUITY		539,543	498,234
LIABILITIES			
Interest-bearing loans	22	59,126	39,503
Other financial liabilities	24	23,269	30,263
Provisions	25	3,777	43,081
Post-employment benefits	26	1,687	1,621
Deferred tax liabilities	15	50,370	7,737
Non-current liabilities		138,228	122,205
Interest-bearing loans	22	124,108	121,200
Trade payables	23	132,086	165,008
Other financial liabilities	24	43,040	41,039
Other liabilities	24	15,235	16,464
Income tax liabilities	15	1,911	1,924
Current liabilities		316,380	345,635
TOTAL LIABILITIES AND EQUITY		994,152	966,074
(this statement should be read with the attached notes to the consolidated financial statements)			

Consolidated income statement by nature

thousand euros					
4Q19	4Q18		Notes	2019	2018
(non audited)	(non audited)				
178,434	179,360	Sales	8	781,060	763,117
79,388	101,639	Costs of goods sold and materials consumed		398,334	408,780
-7,011	11,069	Change in manufactured inventories		4,652	32,119
31,000	33,558	Third party supplies and services	27	124,753	124,140
33,391	32,243	Staff costs	28	139,902	134,239
-187	-986	Impairments of assets	29	1 194	-73
2,446	2,690	Other income and gains	30	10,046	11,599
2,358	1,097	Other costs and losses	30	6 851	5 765
27,919	25,566	Operating Cash Flow (current EBITDA)		124,724	133,984
8,843	7,670	Depreciation	9, 10, 11	35,177	31,279
19,075	17,896	Operating Profit (current EBIT)		89,547	102,705
-581	-624	Non-recurrent results	31	-1,620	57
891	1,332	Financial costs	32	2,177	3,547
81	34	Financial income	32	81	95
-146	562	Share of (loss)/profit of associates and joint-ventures	13	5,581	2,691
17,538	16,536	Profit before tax		91,412	102,002
-4,040	-2,502	Income tax	15	11,951	19,393
21,577	19,038	Profit after tax		79,461	82,608
1,039	239	Non-controlling Interest	21	4 514	5 220
20,538	18,798	Net Income attributable to the equity holders of Corticeira Amorim		74,947	77,389
0.154	0.141	Earnings per share - Basic e Diluted (euros per share)		0.564	0.582

(this statement should be read with the attached notes to the consolidated financial statements)

Consolidated statement of comprehensive income

thousand euros					
4Q19 (non audited)	4Q18 (non audited)		Notes	2019	2018
21 577	19 038	Net Income		79,461	82,608
		Items that may be reclassified through income statement:			
753	56	Change in derivative financial instruments fair value	15	206	- 462
-1,019	1,349	Change in translation differences and other	15	624	- 626
500	9	Share of other comprehensive income of investments accounted for using the equity method	15	- 378	-2,844
- 527	- 637	Other comprehensive income	15	- 832	92
- 293	777	Other comprehensive income (net of tax)		- 380	-3,840
21,284	19,815	Total Net comprehensive income		79,081	78,768
		Attributable to:			
20,539	20,315	Corticeira Amorim Shareholders		75,135	74,078
745	-500	Non-controlling Interest		3,946	4,690
<p>(this statement should be read with the attached notes to the consolidated financial statements)</p> <p>(items in this Statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 15)</p>					

Consolidated statement of cash flow

thousand euros					
4Q19 (non audited)	4Q18 (non audited)		Notes	2019	2018
		OPERATING ACTIVITIES			
213,768	189,657	Collections from customers		816,503	767,722
-162,101	-158,141	Payments to suppliers		-625,717	-599,191
-37,594	-33,059	Payments to employees		-139,541	-136,780
14,073	-1,543	Operational cash flow		51,245	31,751
-6,992	-4,501	Payments/collections - income tax		-13,361	-9,854
27,760	11,551	Other collections/payments related with operational activities		48,885	37,605
34,841	5,507	CASH FLOW FROM OPERATING ACTIVITIES		86,769	59,502
		INVESTMENT ACTIVITIES			
		Collections due to:			
-27	671	Tangible assets		1,081	934
0	-1	Intangible assets		0	0
66	-78	Financial investments		2,589	872
13	18	Other assets		235	206
156	-98	Interests and similar gains		369	169
250	250	Dividends		500	500
		Payments due to:			
-19,572	-15,671	Tangible assets		-53,048	-53,718
-454	0	Right of use		-1,816	0
107	-9,304	Financial investments		-12,085	-14,437
-3,246	-2,329	Intangible assets		-4,143	-3,587
145	0	Other assets		0	0
-22,563	-26,542	CASH FLOW FROM INVESTMENTS		-66,319	-69,061
		FINANCIAL ACTIVITIES			
		Collections due to:			
-8,563	0	Loans		40,000	35,000
0	131	Government grants		2,682	2,423
791	811	Others		2,931	3,943
		Payments due to:			
-1,127	-2,651	Loans		-1,127	-22,167
-448	-278	Interests and similar expenses		-1,940	-1,657
0	0	Transactions with non-controlling interest		-5,042	0
-11,305	-11,305	Dividends paid to company's shareholders		-35,910	-35,910
-535	-1,331	Dividends paid to non-controlling interest		-2,182	-2,445
-2,755	-1,150	Government grants		-5,031	-2,340
-152	-230	Others		-446	-586
-24,094	-16,003	CASH FLOW FROM FINANCING		-6,065	-23,739
-11,816	-37,038	Change in Cash		14,385	-33,298
-82	-136	Exchange rate effect		6	-310
361	216	Perimeter variation		361	216
-12,451	-1,783	Cash at beginning	19	-38,740	-5,348
-23,988	-38,740	Cash at end	19	-23,988	-38,740

(this statement should be read with the attached notes to the consolidated financial statements)

Consolidated Statement of Changes in Equity

thousand euros										
	Capital próprio atribuível aos accionistas da Corticeira Amorim, SGPS, S.A.								Non-controlling interests	Total Equity
	Notes	Share capital	Paid-in Capital	Hedge Accounting	Translation Difference	Legal reserve	Other reserves	Net income		
Balance sheet as at January 1, 2018		133,000	38,893	468	-1,045	18,770	167,010	73,027	29,524	459,648
Profit for the year	20	-	-	-	-	2,725	70,303	-73,027	-	-0
Dividends	20	-	-	-	-	-	-35,910	-	-2,445	-38,355
Perimeter variation	21	-	-	-	-	-	-	-	611	611
Changes in the percentage of interest retaining control	21	-	-	-	-	-	-1,928	-	-510	-2,438
2019										
Consolidated Net Income for the period	20, 21	-	-	-	-	-	-	77,389	5,220	82,608
Change in derivative financial instruments fair value	3	-	-	- 462	-	-	-	-	-	- 462
Change in exchange differences	20, 21	-	-	-	-96	-	-	-	-630	-626
Other comprehensive income of associates	13	-	-	-	-2,919	-	75	-	-	-2,844
Other comprehensive income		-	-	-	-	-	92	-	-	92
Total comprehensive income for the period		0	0	- 462	-3,015	0	167	77,389	4,690	78,768
Balance sheet as at December 31, 2018		133,000	38,893	6	-4,060	21,495	199,642	77,389	31,871	498,234
Effect of IFRS 16 application							-52			-52
Balance sheet as at January 1, 2019		133,000	38,893	6	-4,060	21,495	199,590	77,389	31,871	498,182
Profit for the year	20	-	-	-	-	2,977	74,412	-77,389	-	- 0
Dividends	20	-	-	-	-	-	-35,910	-	-1,901	-37,811
Perimeter variation	21	-	-	-	-	-	-	-	-	0
Changes in the percentage of interest retaining control	21	-	-	-	-	-	3,927	-	-3,835	92
2020										
Consolidated Net Income for the period	20, 21	-	-	-	-	-	-	74,947	4,514	79,461
Change in derivative financial instruments fair value	3	-	-	206	-	-	-	-	-	206
Change in exchange differences	20, 21	-	-	-	1,004	-	-	-	- 380	624
Other comprehensive income of associates	13	-	-	-	-1,071	-	693	-	-	- 378
Other comprehensive income		-	-	-	-	-	-644	-	- 188	- 832
		0	0	206	-67	0	49	74,947	3,946	79,081
Balance sheet as at December 31, 2019		133,000	38,893	212	-4,127	24,471	242,068	74,947	30,081	539,543

(this statement should be read with the attached notes to the consolidated financial statements)



06

[←] Wise by Amorim. Layer by layer, the balance becomes reality: more silence, more walking comfort, more warmth, more resistance and positive environmental impact.

Notes to the Consolidated Financial Statements



[1.] Introduction

At the beginning of 1991, Corticeira Amorim, S.A. was transformed into Corticeira Amorim, S.G.P.S., S.A., the holding company for the cork business sector of the Amorim Group. In this report, Corticeira Amorim will be the designation of Corticeira Amorim, S.G.P.S., S.A., and in some cases the designation of Corticeira Amorim, S.G.P.S. together with all of its subsidiaries.

Corticeira Amorim is mainly engaged in the acquisition and transformation of cork into a numerous set of cork and cork related products, which are distributed worldwide through its network of sales company.

Corticeira Amorim is a Portuguese company with a registered head office in Mozelos, Santa Maria da Feira. Its share capital amounts to 133 million euros, which are publicly traded in the Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

Amorim - Investimentos e Participações, S.G.P.S, S.A. held, as of December 31, 2018 and December 31, 2019, 67,830,000 shares of Corticeira Amorim, corresponding to 51.00% of the capital stock. Corticeira Amorim consolidates in Amorim – Investimentos e Participações, S.G.P.S., S.A., which is its controlling and Mother Company. Amorim – Investimentos e Participações, S.G.P.S., S.A. is owned by Amorim family.

These financial statements were approved in the Board Meeting of March 23, 2020. Shareholders have the capacity to modify these financial statements even after their release.

Except when mentioned, all monetary values are stated in thousand euros (Thousand euros = K euros = K€).

[2.] Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

a. Basis of presentation

Pursuant to Decree No. 35/2005, dated 17 February, as subsequently amended by Decree-Law No. 98/2015 of 2 July, which transposed into Portuguese legislation the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, these consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC), adopted by the EU, effective as of 1 January 2019. Consolidated statements were prepared based on a going concern basis, are based on historical cost, except in the case for financial instruments measured at fair value in accordance with IFRS 9, and non-monetary assets, which are adjusted for inflation, of the associate located in Argentina. The financial statements are prepared using the records as stated in the companies' books included in the consolidation which adopted local general accepted accounting principles. Accounting adjustments were made in order to comply with the International Financial Reporting Standards (IFRS) as adopted in the European Union for periods beginning on January 1, 2019.

Changes in accounting policies and disclosures

The impact of the adoption of the new standards, amendments to standards and interpretations that became effective as of 1 January 2019 is as follows:

- **IAS 19 (amendment)**, "Long-term interests in associates and joint ventures" (effective for annual periods beginning on or after January 1, 2019, early adoption permitted). The amendment aims to harmonize accounting practices and provide more relevant information for decision-making.
- **IAS 28 (amendment)**, "Clarification that measuring associates at fair value through profit or loss is a choice that is made for each investment" that is effective for periods beginning on or after 1 January 2019. The improvement clarified that (i) a company that is a risk capital company, or any other qualifying company, might choose to measure, its investments in associates and/or joint ventures at fair value through profit or loss at the moment of initial recognition and in relation to each investment. (ii) If a company that is not itself an investment entity holds an interest in an associate or joint venture that is an investment entity,

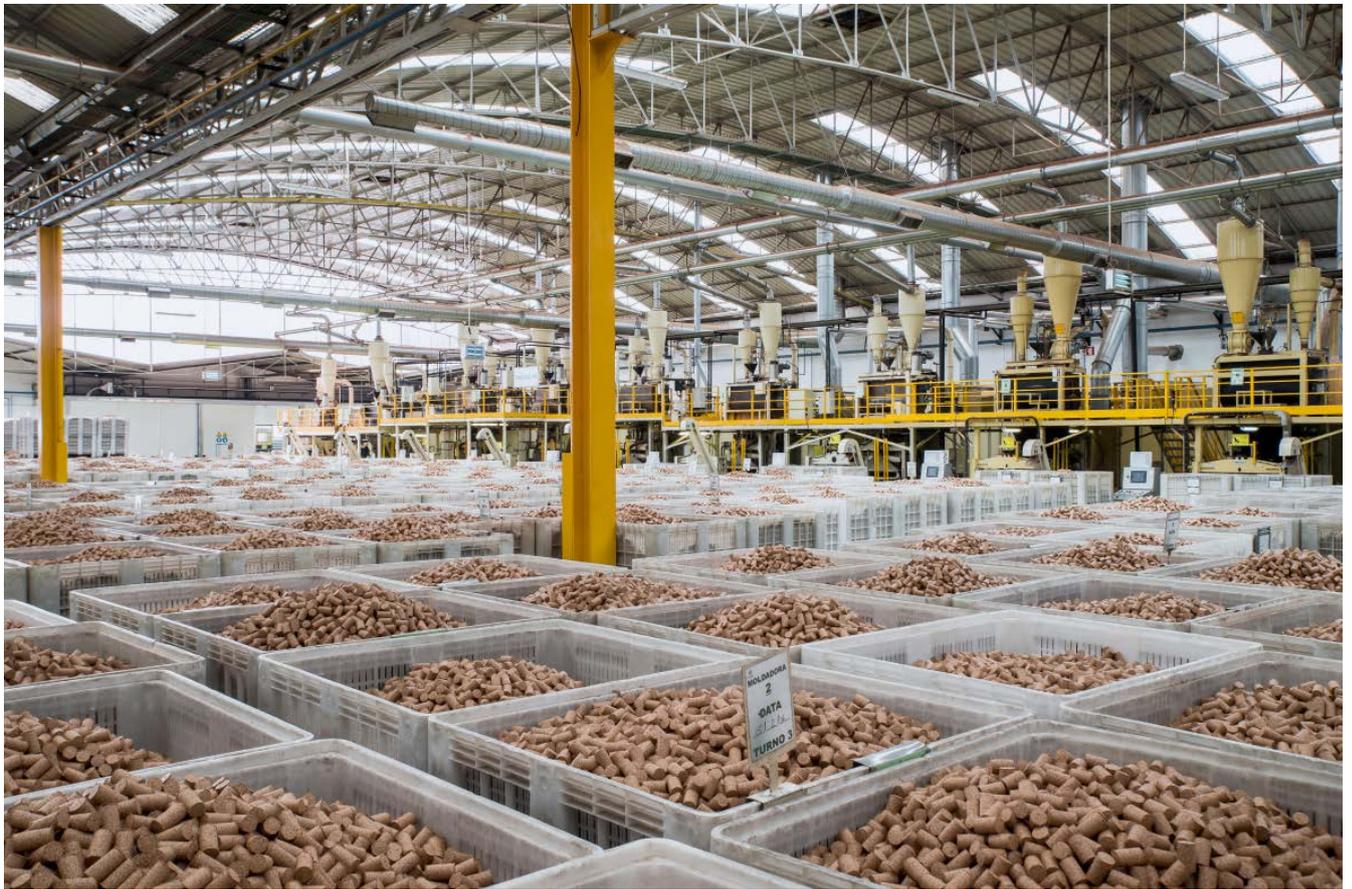
the company might decide to maintain the fair value that those associates apply when measuring its subsidiaries by the application of the equity method. This option is taken separately for each investment on the later date considering (a) the initial recognition of the investment in that subsidiary; (b) this subsidiary as becoming an investment entity; and (c) when that subsidiary will be a parent company.

- **IFRIC 23 (interpretation)**, "Uncertainty over Income Tax Treatments" (effective for periods beginning on or after 1 January 2019). The interpretation addresses accounting for income taxes, when there is uncertainty over income tax treatments that affect the application of the IAS 12. The interpretation is not applicable to taxes and charges that are outside the scope of the IAS 12, nor include specific requirements relating to interest and penalties associated with uncertainty over tax treatments.
- **IFRS 9 (amendment)**, "Prepayment features with negative compensation" (effective for periods beginning on or after 1 January 2019). Amendments to IFRS 9 clarify that a financial asset meets the SPPI criteria regardless of the event or circumstances that caused the anticipated termination of the contract and regardless of which party pays or receives reasonable compensation for the early termination of the contract.
- **IFRS 16 (new)**, "Leases" (effective for annual periods beginning on or after 1 January 2019, with the option of early application). This standard sets out recognition, presentation, and disclosure of leasing contracts, defining a single accounting model. Aside from lower contracts than 12 months and low value (optional), leases should be accounted as an asset and a liability.
- **Improvements to International Financial Reporting Standards (2015-2017 cycle)** that is effective for periods beginning on or after 1 January 2019. The improvements involve the review of the IFRS 3 Business combination - interest previously held in a joint operation, IFRS 11 Joint arrangements - interest previously held in a joint operation, IAS 12 Income taxes – consequences for income tax resulting from payments for financial instruments, which are classified as equity instruments and IAS 23 Borrowing costs - borrowing costs eligible for capitalisation

These standards and amendments had no material impact on the consolidated financial statements of Corticeira Amorim, with the exception of IFRS 16 and IFRIC 23.

Impacts of IFRS 16 - Leases

IFRS 16 was issued in January 2016 and replaced IAS 17 Leases, IFRIC 4 Determine whether an Agreement contains a Lease, SIC 15 Operating Leases - Incentives and SIC 27 Valuation of the Substance of Transactions that involve the Legal Form of a Lease. IFRS 16 establishes the principles applicable to the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in the respective balance sheets according to a single model similar to that provided for in IAS 17 for financial leases.



Corticeira Amorim is the largest producer and supplier of cork stoppers worldwide and the one that the main players in the wine industry trust. Its leadership is based on 150 years of experience, positioning itself at the forefront of innovation, with pioneering examples such as the revolutionary Helix® packaging system and NDtech analysis technology.

The standard provides for two recognition exemptions for lessees – lease contracts where the assets are of low value and short term lease contracts (ie, contracts lasting 12 months or less).

At the lease start date, the lessee recognizes the liability for future lease payments (that is, the lease liability) and the asset that represents the right to use the asset during the lease period (that is, the asset under right of use). Lessees must separately recognize the financial cost related to the lease liability and the cost of depreciation or amortization of the asset under the right to use.

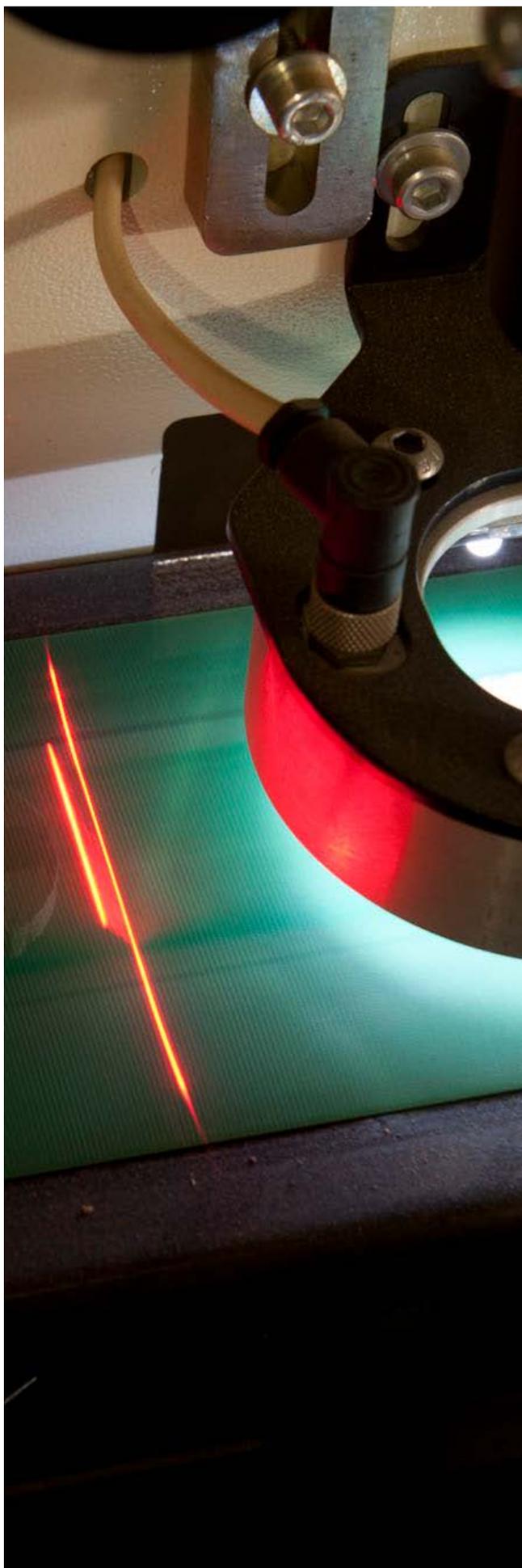
Whitin the scope of the standard, lessees are required to remeasure the lease liability when certain events occur (such as a change in the lease period, a change in lease payments as a result of a change in an index or a rate used to determine those payments). Lessees recognize the amount of this remeasurement in the lease liability as an adjustment to the asset under right of use.

IFRS 16, which came into force in periods beginning on or after January 1, 2019, requires lessors and lessees to provide more extensive disclosures than required by IAS 17.

Transition

Corticeira Amorim adopted the modified retrospective application, through the recognition of the accumulated effect, in the first period of application of the standard, as an adjustment to equity, in the opening balance of the period in which the standard is adopted. The Group applied the standard to all contracts that were previously identified as leases under IAS 17 and IFRIC 4. Consequently, the Group did not apply the standard to contracts that were not previously identified as containing a lease.

Corticeira Amorim decided to apply the exemptions provided for in the standard for lease agreements whose lease period ends in the next 12 months from the initial application date, and for lease agreements for which the underlying asset is of low value. Corticeira Amorim has lease contracts for certain types of administrative equipment (such as, for example, personal computers, printing machines and photocopiers) which Corticeira Amorim considers to be of low value and therefore outside the scope of the standard.



Financial impacts

The impacts of the adoption of IFRS 16 occurred in all segments, not being significant in order to affect the comparability of the financial statements, essentially being limited to the lease of buildings and vehicles.

The impacts of adopting IFRS 16 on the consolidated statement of financial position are presented in the table below:

thousand euros			
	December 31, 2018	IFRS 16 adoption	January 1, 2019
Assets			
Tangible assets	259,433	-1,969	257,464
Right of use	0	6,158	6,158
Deferred tax assets	13,346	1	13,347
Other non-current assets	43,306	0	43,306
Non-current assets	316,084	4,190	320,274
Current assets	649,989	0	649,989
Total Assets	966,074	4,190	970,264
Total Equity	498,234	-52	498,182
Liabilities			
Interest-bearing loans	39,503	3,161	42,664
Other non-current liabilities	82,702	0	82,702
Non-current liabilities	122,205	3,161	125,366
Interest-bearing loans	121,200	1,081	122,281
Other current liabilities	224,435	0	224,435
Current liabilities	345,635	1,081	346,716
Total Liabilities and Equity	966,074	4,190	970,264

The impacts of adopting IFRS 16 in the consolidated income statement by nature corresponded to an increase in depreciation by 1.4 M € and a reduction in operating expenses with rents by the same amount.

The calculated impacts do not correspond exactly to those presented and disclosed in the note on minimum payments for operating leases (note XXXI of the 2018 financial statements). This difference results from computer equipment and software contracts, for which the recognition criteria set out in IFRS 16 are not met.

The impacts of adopting IFRS 16 on the consolidated statement of cash flows correspond to the reclassification of payments to suppliers to payments due to right of use and payments related to interest and similar costs.

The impacts of adopting IFRS 16 on the consolidated statements of comprehensive income were null.

Impacts of IFRIC 23 - Uncertainties in the treatment of income taxes

Following the new interpretation on IAS 12 - Income tax, Corticeira Amorim reassessed all its contingencies and tax disputes, taking into account the provisions of IFRIC 23, with no changes to the estimates previously made by management, except for the reclassification of Provisions (Note 25) to Tax payable / deferred tax (Note 15), in the amount of 42.7 million euros.

The following standards, interpretations, amendments, and revisions were endorsed by the European Union, have mandatory application in future financial years:

- **IAS 1 and IAS 8 (amendment)**, “Definition of material” (effective for annual periods beginning on or after 1 January 2020). The intention of changing the standard is to clarify the definition of material and to align the definition used in international financial reporting standards.
- **“Reform of the interest rate reference indices”** (issued on September 26, 2019, to be applied in financial years beginning on or after January 1, 2020). This reform aims to change the standards of financial instruments, provided for in IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures.
- **Improvements to international financial reporting standards** (issued on March 29, 2018, to be applied to annual periods beginning on or after January 1, 2020). These improvements involve the revision of several standards.

No material impacts are estimated on the Group’s consolidated financial statements from the application of these standards and amendments.

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years,

have not been endorsed by the European Union, until the date of approval of these financial statements:

- **IFRS 3 (amendment)**, “Business Combinations” (effective for annual periods beginning on or after 1 January 2020). The intention of changing the standard is to overcome the difficulties that arise when an entity determines whether it has acquired a business or a set of assets.
- **IFRS 17 (new)**, “Insurance Contracts” (effective for annual periods beginning on or after 1 January 2021). The general objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts between entities that issue them globally.
- **IAS 1 (amendment)**, “Presentation of Financial Statements”. Classification of Liabilities as Current or Non-Current.

Corticeira Amorim is evaluating the impact resulting from these changes and will apply these standards in the year in which they become effective, or in advance when permitted.

b. CONSOLIDATION

Group companies

The consolidated financial statements include, in reference to 31 December 2019, assets, liabilities, profit and loss of the companies in the Group, understood as the entirety of Corticeira Amorim and its subsidiaries, which are presented in Note 6.

An entity is classified as a subsidiary when it is controlled by the Group. Control exists only where the Group has, cumulatively:

- (a) power over the investee;
- (b) exposure to or rights over variable results derived from its relationship with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the results for investors.

Generally, it is assumed that there is control when the Group holds the majority of voting rights. In order to support this assumption and in cases where the Group does not hold the majority of voting rights in the investee, all relevant facts and circumstances are taken into account when determining the existence of power and control, such as:

- (a) Any contractual agreements with other holders of voting rights;
- (b) Any rights arising from other contractual agreements;
- (c) Existing and potential voting rights.

The existence of control by the Group is re-evaluated whenever there is a change in any facts and circumstances that lead to changes in one of the three factors of control mentioned above.

Subsidiaries are included in the consolidation according to the full consolidation method, from the date when control is acquired until the date it effectively ends.

Intergroup balances and transactions, as well as any unrealised gains on transactions between companies in the Group, are eliminated. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

The accounting policies of subsidiaries are changed whenever necessary to ensure consistency with the policies adopted by the Group.

A change in the participating interest in a subsidiary that does not entail loss of control is recorded as a transaction between shareholders. If the Group loses control over the subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised and any gains or losses are recognised in the income statement. Investments retained are recognised at fair value at the time of the loss of control.

In situations where the Group has substantial control of entities created for a specific purpose, even if it has no direct shareholdings in these entities, they shall be consolidated using the full consolidation method.

Net assets of subsidiaries consolidated through the full consolidation method attributable to the equity stake or shares held by any third parties are recorded in the consolidated statement of financial position, in the line item non-controlling interest.

Interests held by any third parties over the net income of subsidiaries are identified and adjusted by deduction from the equity attributable to the Group shareholders and recorded in the consolidated income statement, in the line item non-controlling interest.

Financial holdings in associates and joint ventures

Associates are companies over which Corticeira Amorim exercises significant influence, understood as the power to participate in the financial and operating policy-making process, without, however, exercising control or joint control. Generally, it is assumed that there is a significant influence whenever the holding percentage exceeds 20%.

The classification of financial investments in joint ventures is determined based on the existence of shareholders' agreements that demonstrate and regulate joint control, which is understood to exist when decisions on activities relevant to the venture require a unanimous agreement between the parties.

The existence of significant influence or joint control is determined based on the same type of facts and circumstances applicable in the assessment of control over subsidiaries.

These holdings are consolidated by the equity method, this is, the

consolidated financial statements include the Group's interest in the total recognised gains and losses of the associate/joint venture, from the date on which significant influence/control begins until the date on which it effectively ends. Dividends received from these companies are recorded as a reduction in the value of financial investments.

The Group's share of gains and losses in associates/joint ventures is recognised in the income statement, and its share of operations in post-acquisition reserves are recognised in reserves. The cumulative post-acquisition operations are adjusted according to the cumulative operations in the financial investment. When the Group's share of losses in an associate/joint venture equals or exceeds its investment in that entity, including any unsecured receipt transaction, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate/joint venture.

Any excess of the cost of acquisition of a financial investment over the Group's share in the fair value of the assets, liabilities and contingent liabilities identified on the date of acquisition of the associate/joint venture is recognised as goodwill, which is included in the value of the financial holding and whose recovery is assessed annually as part of the financial investment. If the cost of acquisition is lower than the fair value of the net amount of the assets of the associate/joint venture, the difference is recorded directly in the consolidated income statement.

Unrealised gains from transactions between the Group and its associates/joint ventures are eliminated to the extent of the Group's share in the respective associates/joint ventures. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

The accounting policies of associates/joint ventures are changed whenever necessary to ensure consistency with the policies adopted by the Group.

Following the application of the equity method, the Group assesses the existence of impairment indicators; should they exist, the Group calculates the recoverable amount of the investment and recognises an impairment loss if the recoverable amount is lower than the carrying amount of the investment, in the line item "Gains/losses in associates and joint ventures" of the income statement.

After the loss of significant influence or joint control (without maintenance of significant influence), the Group initially recognises the retained investment at fair value, and the difference between the carrying value and the fair value held plus the revenue from the sale, are recognised in the income statement.

Exchange rate effect

Euro is the country's currency of Corticeira Amorim, S.G.P.S., S.A., and is the currency in which two thirds of its business is made and so Euro is considered to be its functional and presentation currency.

In non-euro subsidiaries, all assets and liabilities denominated in

foreign currency are translated to euros using year-end exchange rates. Net exchange differences arising from the different rates used in transactions and the rate used in its settlements or balance sheet dates are recorded in the income statement. These differences are recognized in operating results because they are not financially significant.

Assets and liabilities from non-euro subsidiaries are translated at the balance sheet date exchange rate, being its costs and gains from the income statement translated at the average exchange rate for the period.

Exchange differences of this conversion are registered in an equity account "Translation differences" which is part of the line "Other reserves".

Whenever and a non-euro subsidiary is sold or liquidated, accumulated translation differences recorded in equity is registered as a gain or a loss in the consolidated income statement by nature.

Inflationary effects are recognized in the financial statements when the economy of the currency in which the Entity's transactions are recorded is considered hyperinflationary. In 2018 and 2019, Argentina is considered a hyperinflationary economy, so the associate located in this country recognized the accumulated inflation adjustments. This adjustment was applied with reference to the previous year since the effect of 2019 was not yet determined on the date of approval of Corticeira Amorim's consolidated accounts. It is estimated that the effect does not significantly affect the financial position, performance or cash flow of the associate.

Business combinations and goodwill

The acquisition method is the method used to recognise the entry of subsidiaries in Corticeira Amorim upon their acquisition.

In the acquisition method, the difference between: (i) the consideration transferred along with the non-controlling interests and the fair value of the equity interests previously held, and (ii) the net amount of identifiable assets acquired and liabilities assumed, is recognised, on the date of acquisition, as goodwill, if positive, or as a gain, if negative.

The consideration transferred is measured at fair value, calculated as the aggregate amount of fair values, on the date of acquisition, of assets transferred, liabilities incurred and equity instruments issued by Corticeira Amorim. For the purpose of determining goodwill/gains resulting from the combination, the transferred consideration is removed from any part of the consideration that concerns another transaction (e.g. remuneration for the provision of future services or settlement of pre-existing relationships) whose margin is recognised separately in profit or loss.

The transferred consideration includes the fair value, on the date of acquisition, of any contingent consideration. Subsequent changes in this value are recognised: (i) as equity if the contingent consideration is classified as equity, (ii) as an expense or income in profit or loss or as other comprehensive income if the contingent consideration is classified as a financial asset or liability and (iii) as expenses, according to IAS 37 or other applicable standards, in remaining cases. Expenses related to the acquisition are not part of the transferred

consideration, so they do not affect the determination of goodwill/gains resulting from the acquisition and are recognised as expenses in the year they occur.

On the date of acquisition, the classification and designation of all assets acquired and liabilities transferred are reassessed in accordance with IFRS, with the exception of insurance contracts, which are classified and designated based on the contractual terms and conditions, on the commencement date.

Assets arising from contractual indemnities paid by the seller concerning the outcome of contingencies related, in whole or in part, to a specific liability of the combined entity, shall be recognised and measured using the same principles and assumptions of the related liabilities.

The determination of the fair value of assets acquired and liabilities assumed takes into account the fair value of contingent liabilities arising from a present obligation caused by a past event (if the fair value can be reliably measured), regardless of whether an outflow is expected or not.

For each acquisition, Corticeira Amorim can choose to measure "non-controlling interests" at their fair value or by their respective share in the fair value in the assets and liabilities transferred from the acquiree. The choice of a method influences the determination of the amount of goodwill to be recognised. When the business combination is achieved in stages, the fair value on the date of acquisition of the interests held is remeasured to the fair value on the date when control is obtained, by a contrary booking in the income for the period in which control is achieved, affecting the determination of goodwill.

Whenever a combination is not completed on the reporting date, the provisional amounts recognised on the date of acquisition shall be adjusted retrospectively, for a maximum period of one year from the date of acquisition and any additional assets and liabilities shall be recognised if new information is obtained on facts and circumstances existing on the date of acquisition which would result in the recognition of such assets and liabilities, should it have been known on that date.

Goodwill is considered to have an indefinite useful life and thus is not amortisable, being subject to annual impairment tests, regardless of whether or not there is any indication of impairment.

For the purpose of impairment testing, goodwill is allocated, on the date of acquisition, to each of the cash generating units expected to benefit from the business combination, regardless of the remaining assets and liabilities also associated with the cash-generating unit. When the operation, or part of it, associated with a cash generating unit is disposed of, the allocated goodwill is also derecognised and included in the balance of gains/losses of the disposal, calculated as the base for its relative value.

Goodwill related to investments in companies based abroad is recorded in those companies' reporting currency and translated into Euro at the exchange rate in force on the balance sheet date.

Agreement to acquire non-controlling interest

Corticeira Amorim chooses to treat multiple transactions in a business combination as separate acquisitions.

When the facts and circumstances indicate that Corticeira Amorim has no control over the shares subject to the agreement, Corticeira Amorim chooses the approach of full recognition of non-controlling interest, in which non-controlling interest continue to be recognized in equity until the moment when the subsequent agreement is implemented. The recognized value of non-controlling interest changes due to allocation of results, changes in other comprehensive income and dividends declared in the reporting period as referred to in note 2 letter b).

When there is an agreement to acquire an additional interest in a subsidiary, a financial liability is recorded. The financial liability for the agreement is accounted for under IFRS 9. On initial recognition, the corresponding debit is made to another component of "Equity" attributable to the parent company. Subsequent changes in the value of the financial liability that result from the remeasurement of the present value payable are recognized in the income statement attributable to the parent company.

When the agreement is realized, Corticeira Amorim accounts for an increase in its ownership interests. At the same time, the financial liability and recognizes an offsetting credit in the same component of equity reduced on initial recognition.

c. TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at acquisition cost net of accumulated depreciation and impairment losses.

Subsequent costs are included in the carrying amount of the asset or recognized as separate assets when it is probable that future economic benefits that exceed the originally measured level of performance of the existing asset will flow to the enterprise and the cost of the asset to the enterprise can be measured with reliability. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Financial charges related to financing for production/acquisition of assets are added to the cost of these assets.

Depreciation is calculated on the straight-line basis, over the following years, which represent a reasonable estimate of the useful lives:

	Number of years
Buildings	20 to 50
Basic equipment	4 to 10
Transportation equipment	4 to 7
Office equipment	4 to 8

Depreciation is charged since the beginning of the moment in which the asset is ready to use. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Current maintenance on repair expenses are charged to the actual income statement in which they occurred. Cost of operations that can extend the useful expected life of an asset, or from which are expected higher and significant future benefits, are capitalized.

In the event of impairment loss, the value of the tangible fixed asset is adjusted, with the respective adjustment considered a loss for the year.

Gains and losses and disposals are included in the income statement.

d. INTANGIBLE ASSETS

Intangible assets are initially measured at cost. Subsequently they are measured at cost less accumulated depreciation.

Research expenditures are recognised in the income statement as incurred.

Expenditure on project development will only be capitalized from the moment it is demonstrate its technical feasibility, the company has the intention and the ability to complete, use or sell it and that future economic benefits are expected from it.

Amortisation of the intangible assets is calculated by the straight-line method, and recorded as the asset qualifies for its required purpose:

	Number of years
Industrial property	10 to 20
Software	3 to 6

The estimated useful life of assets are reviewed and adjusted when necessary, at the balance sheet date.

e. BIOLOGICAL ASSETS

Biological assets include cork in the tree measured at fair value. In determining this fair value, the present value method of discounted cash flows was used, which were calculated through an independent valuation carried out by an external entity.

f. INVESTMENT PROPERTY

Investment property includes land and buildings not used in production.

Investment property are initially registered at acquisition cost plus acquisition or production attributable costs, and when pertinent, financial costs during construction or installation. Subsequently are measured at acquisition cost less cumulative depreciations and impairment, until the residual value.

Periods and methods of depreciation are as follows in the note of tangible fixed assets.

Properties are derecognized when sold. When used in regular activity they are reclassified as tangible fixed asset. When land and buildings are no more used for production, they will be reclassified from tangible fixed asset to investment property.

g. NON-FINANCIAL ASSETS IMPAIRMENT

Intangible assets with indefinite useful lives are not amortised but are annually tested for impairment, or more frequently if there are events or changes in circumstances that indicate impairment.

Assets under depreciation are tested for impairment purposes whenever an event or change of circumstances indicates that its book value cannot be recovered.

For the estimate of impairments, assets are allocated to the lowest level for which there is separate identifiable cash flows (cash generating units).

In assessing impairment, both internal and external sources of information are considered. Tests are carried out if the level of profitability of cash-generating units is consistently below a minimum threshold, from which there is risk of impairment of assets. Impairment tests are also performed whenever management makes significant changes in operations (for example, total or partial discontinuation of the activity).

Impairment tests are performed internally. Whenever impairment tests are performed, future cash flows are discounted at a specific rate for the cash-generating unit, which includes the risk of the market where it operates.

The Group uses external experts (appraisers) only to determine the market value of land and buildings in situations of discontinuation of operations, where they are no longer recovered by use.

Impairment losses are recognized as the difference between its carrying amount and its recoverable amount. Recoverable corresponds to the higher of its fair value less sales expenses and its value for use.

Impairment losses, if any, are allocated specifically to the individual assets that are part of the cash flow generating unit.

Non-financial assets, which generated impairment losses are valued at each reporting date regarding reversals of that losses, except in the case of goodwill whose impairments can not be reversed.

h. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Corticeira Amorim business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Corticeira Amorim has applied the practical expedient, Corticeira Amorim initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which Corticeira Amorim has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Corticeira Amorim business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, this is, the date that Corticeira Amorim commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to Corticeira Amorim. Corticeira Amorim measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;

and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and other debtors.

Financial assets at fair value through OCI (debt instruments)

Corticeira Amorim measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling;

and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

As of December 31, 2019, the Group does not have financial assets classified in this category.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, Corticeira Amorim can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when Corticeira Amorim benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains

are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As of December 31, 2019, the Group does not have financial assets classified in this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and, when applicable, listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: i) the economic characteristics and risks are not closely related to the host; ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; iii) and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired;
- or
- the Group transferred its contractual rights to receive cash flows arising from the financial asset or an obligation to pay the cash flows received in full in the short term, in the scope of an arrangement in which Corticeira Amorim (i) has no obligation to pay to the final recipient unless it receives equivalent amounts resulting from the original asset; (ii) is prohibited by the terms of the contract to sell or pledge the original asset other than as a guarantee to final recipient obligation to pay cash flows; and (iii) Corticeira Amorim has an obligation to remit any cash received on behalf of final recipients without significant delays; and
 - Corticeira Amorim transferred substantially all the risks and benefits of the asset, or Corticeira Amorim not substantially transferred or retained all the assets and benefits of the asset but transferred control over the asset.

When Corticeira Amorim has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Corticeira Amorim continues to recognise the transferred asset to the extent of its continuing involvement. In that case, Corticeira Amorim also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Corticeira Amorim has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Corticeira Amorim could be required to repay.

Impairment of financial assets

Corticeira Amorim recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Corticeira Amorim expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has

been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, Corticeira Amorim applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Corticeira Amorim established an impairment matrix based on default criteria of the risk management system, in the credits that were lost in the past, adjusted by specific prospective factors of the debtors and the economic environment.

For debt instruments at fair value through OCI, Corticeira Amorim applies the low credit risk simplification. At every reporting date, Corticeira Amorim evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, Corticeira Amorim reassesses the internal credit rating of the debt instrument.

Corticeira Amorim considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, Corticeira Amorim may also consider a financial asset to be in default when internal or external information indicates that Corticeira Amorim is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Corticeira Amorim financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, reimbursable grants and derivative financial instruments.

The Group contracts confirming operations with financial institutions, which will be classified as reverse factoring agreements. These agreements are not used to manage the liquidity needs of the group as long as the payment remains on the due date of the invoices (on that date the advance amounts are paid to the financial institution by the group). For this reason, and since they do not give rise to financial expenses for the group, the amounts of the invoices

advanced to the suppliers that adhere to these contracts are kept in liabilities, in trade payables, and the payments at the due time are treated as operational payments. The supplier confirming operations are classified as operating in the Statement of Cash Flows.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings

This is the category most relevant to Corticeira Amorim. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and also including reimbursable grants at nil or below-market rate of interest.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

Corticeira Amorim uses derivative financial instruments, such as forward currency contracts, currency swaps, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, Corticeira Amorim formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how Corticeira Amorim will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- i) there is 'an economic relationship' between the hedged item and the hedging instrument;
- ii) the effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- iii) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of Corticeira Amorim commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Corticeira Amorim only designates the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise,

the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

As of December 31, 2019, Corticeira Amorim had no hedging instruments for a net investment.

i. INVENTORIES

Inventories are valued at the lower of acquisition cost or production cost and net realisable value. Acquisition cost includes direct and indirect expenses incurred in order to have those inventories at its present condition and place. Production cost includes used raw material costs, direct labour, other direct costs and other general fixed production costs (using normal capacity utilisation).

Year-end quantities are determined based on the accounting records, which are confirmed by the physical inventory taking. Raw materials, consumables and by-products are valued at weighted average cost, and finished goods and work-in-progress at the average production cost which includes direct costs and indirect costs incurred in production.

Where the net realisable value is lower than production cost, inventory impairment is registered. This adjustment will be reversed or reduced whenever the impairment situation no longer takes place.

The raw materials usually present alternative use without significant loss of value (for example through changes in caliber, reprocessing or use as raw material in other units). In these cases a specific analysis of impairment is made, being that impairment situations in this instance are reduced.

The intermediate and finished products are not as susceptible of alternative use. In these cases, the amount by which inventories are expected to be realized is influenced by the age of those inventories. Thus, in addition to the specific analysis (priority form of determination of net realizable value), the group applies a criteria based on the rotation to estimate the reduction of expected value of these materials in function of their ageing.

j. INCOME TAX - CURRENT AND DEFERRED

Income tax includes current income tax and deferred income tax. Except for companies included in groups of fiscal consolidation, current income tax is calculated separately for each subsidiary, on the basis of its net result for the period adjusted according to tax legislation. Management periodically addresses the effect of different interpretations of tax law.

Deferred taxes are calculated using the liability method, reflecting the temporary differences between the carrying amount of consolidated assets and liabilities and their correspondent value for tax purposes.

Deferred tax assets and liabilities are calculated and annually registered using actual tax rates or known tax rates to be in vigour at the time of the expected reversal of the temporary differences.

Deferred tax assets are recognized to the extent that it is probable sufficient future taxable income will be available utilisation. At the end of each year an analysis of the deferred tax assets is made. Those that are not likely to be used in the future will be derecognised.

Deferred tax liabilities are recognized for all taxable temporary differences, except those related to i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities that do not result from a business combination, and that at transaction date does not affect the accounting or tax result.

Deferred taxes are registered as an expense or a gain of the year, except if they derive from values that are booked directly in equity. In this case, deferred tax is also registered in the same line.

Deferred tax liabilities are not recognized in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Provisions for tax contingencies in progress are classified under deferred taxes. In the case of tax proceedings, they are increased annually by the calculation of interest and fines, defined by law. Following IFRIC 23, the balances related to uncertainties in accounting for income taxes are disclosed in the deferred tax line.

k. EMPLOYEE BENEFITS

Corticeira Amorim Portuguese employees benefit exclusively from the national welfare plan. Employees from foreign subsidiaries or are covered exclusively by local national welfare plans or benefit from complementary contribution plans and defined benefit.

As for the defined contribution plans, contributions are recognised as employee benefit expense when they are due.

Corticeira Amorim operates defined benefit pension plans in the subsidiaries Amorim Cork Italia (Trattamento di Fine Rapporto) and Eflverson. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The remeasures, comprising actuarial gains and losses, the effect

of the asset ceiling, excluding the amounts included in net interest on the defined benefit net liability and the return on plan assets (excluding the amounts included in net interest on net liabilities), are recognized immediately in the statement of financial position with a debt or credit corresponding to retained earnings in the other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Corticeira Amorim recognises a liability and an expense for bonuses attributable to a large number of directors. These benefits are based on estimations that take in account the accomplishment of both individual goals and a pre-established Corticeira Amorim level of profits.

l. PROVISIONS

Provisions are recognised when Corticeira Amorim has a present legal or constructive obligation as a result of past events, when it is more likely than not an outflow of resources will be required to settle the obligation and when a reliable estimation is possible.

Provisions are not recognised for future operating losses. Restructuring provisions are recognised with a formal detail plan and when third parties affected are informed.

The main items of provisions were recorded based on their nominal value. Provisions for ongoing proceedings are annually increased by the calculation of interest and fines, as defined by law. In all other cases, given the uncertainty regarding the timing of the outflow of resources to cover liability, it is not possible to reliably estimate the effect of the discount, which is estimated to be not material.

When there is a present obligation, resulting from a past event, but it is not probable that an outflow of resources will be required, or this cannot be estimated reliably, the obligation is treated as a contingent liability. This will be disclosed in the financial statements, unless the probability of a cash outflow is remote.

Contingent assets are not recognized in the financial statements but disclosed when it is probable the existence of an economic future inflow of resources.

m. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recorded when the control of goods and services is transferred to customers for an amount corresponding to the compensation that Corticeira Amorim expects to receive in exchange for such goods or services.

Corticeira Amorim generally acts as the “principal” in its agreements with customers, because Corticeira Amorim typically controls the goods and services before transferring them to customers.

The most significant judgments, estimates and assumptions related to the revenue from contracts with customers are disclosed in Note 4.

Revenue from the sale of products is recognized at the time when the control over the goods is transferred to the customer, which usually

happens when the product is delivered. The average day's collection varies, not overcoming 90 days, after billing.

For each contract, Corticeira Amorim assesses whether there are other commitments in the contract that are distinct performance obligations and for which a portion of the transaction price should be allocated. In determining the price of the transaction, Corticeira Amorim takes into account possible variable remuneration, the existence or otherwise of a significant component of financing, non-monetary consideration receivable and the possibility of payment to the customer.

If the consideration provided for in a contract includes a variable component, Corticeira Amorim estimates the amount it considers to be entitled to receive in exchange for the transfer of the goods to the customer. The variable component is estimated at the inception of the contract and is restricted in the event of uncertainty until it is highly probable that a significant reversal of the recognized revenue will not occur when the uncertainty associated with the variable compensation component is finally dissipated.

Some contracts give the customer the right to return goods and volume rebates. The return rights and the volume discounts give rise to a variable return.

- Right of return

Some contracts give the customer the right to return the products within a certain period. Taking into account historical information, Corticeira Amorim estimates the amount of assets that will not be returned. The retribution includes returnable revenue because Corticeira Amorim estimates that it is highly probable that there will not be a significant reversal of cumulative revenue if the estimate of expirable returns changes.

- Quantity discounts

Corticeira Amorim provides retrospective discounts on volumes to some customers when a certain amount of purchases in a given period exceeds a certain limit established in the agreement. Discounts are recorded on the credit of the customer's account receivable. To estimate the variable remuneration associated with the expected value of quantity discounts granted, Corticeira Amorim is based on the client's history.

The requirements of IFRS 15 to restrict the amounts of estimated variable remuneration are also applicable, and Corticeira Amorim records a liability related to the amount to be granted for discounts.

Using the practical expedient provided for in IFRS 15, Corticeira Amorim does not adjust the amount of the consideration for the financial effect when, it is initially expected, that the period between the transfer of the good or service to the customer and the time at which the customer pays the good or the service is less than a year.

The same happens when Corticeira Amorim receives short-term advances from its clients - in this case, the value of the compensation is not adjusted by the financial effect.

Floor and Wall Coverings BU for certain types of contracts offers guarantees of proper operation of its products. These quality guarantees are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

n. GOVERNMENT GRANTS

Grants received are related generally with fixed assets expenditure. No-repayable grants are present in the balance sheet as deferred income, and recognised as income on a systematic basis over the useful life of the related asset. Repayable grants are presented as Other financial liabilities following the recognition and measurement principles of IFRS 9.

Reimbursable grants with "out of market" interest rates are measured at fair value when they are initially recognised. For each grant, the fair value determination at the initial time corresponds to the present value of the future payments associated with the grant, discounted at the company's financing rate at the date of recognition, for loans with similar maturities.

Difference between nominal and fair value at initial recognition is included in "refundable grants", at Other financial liabilities, being afterwards recognised in net result as "Other income and gains" over the estimated useful life of the related asset. Subsequently these grants are measured at amortized cost.

The grants received are classified as a financial activity in the Statement of Cash Flows.

o. RIGHT OF USE AND LEASING

Corticeira Amorim assesses, at the commencement date of the contract, whether it is or contains a lease. That is, if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

Corticeira Amorim applies a unique recognition and measurement approach to all leases, except for short-term and low-value asset leases. Corticeira Amorim recognizes lease liabilities corresponding to payments made and right-of-use assets that represent the right to use the underlying assets.

Right of use

As a lessee, Corticeira Amorim recognizes the Right of use assets on the lease start date (that is, the date on which the underlying asset is available for use). The Right of use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the Right of use assets includes the amount of recognized lease liabilities, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated using the straight-line method over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Number of years
Lands	60
Buildings	3 to 10
Vehicles	3 to 5

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are also subject to impairment, in accordance with the policy presented in note g) Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, Corticeira Amorim recognizes lease liabilities measured at the present value of the payments to be made over the term of the contract. Lease payments include fixed payments less any incentives receivables, variable lease payments that depend on an index or rate and amounts you expect to pay related to residual value guarantees. Lease payments also include the exercise price of a purchase option, if it is reasonably expected to be exercised by Corticeira Amorim and payments of penalties for terminating the lease, if the lease term reflects the Corticeira Amorim exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, Corticeira Amorim uses an incremental borrowing rate on the lease start date, because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Corticeira Amorim's lease liabilities are included in interest-bearing debt (note 22).

Short-term lease and lease of low-value assets

Corticeira Amorim applies the short-term lease recognition exemption, i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Corticeira Amorim as a lessor

Leases in which Corticeira Amorim does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified

as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

As of December 31, 2019, Corticeira Amorim has no assets as a rental company.

p. EQUITY

Ordinary shares are included in equity.

When Corticeira Amorim acquires own shares, acquisition value is recognised deducting from equity in the line treasury stock.

q. NON-RECURRENT RESULTS

Non-recurring operating results that due to their material or nature may distort the financial performance of Corticeira Amorim, as well as their comparability, are presented in a separate line on the Consolidated Income Statement by Nature. These results include, but are not limited to, restructuring costs, transaction costs for the acquisition of subsidiaries and expenses for leaving certain markets.

r. CASH AND CASH EQUIVALENTS

The caption "cash and cash equivalents" includes cash, deposits and cash investments with short maturities that are readily available without significant risk of change in value.

For the purposes of the statement of cash flows, the caption "Cash and cash equivalents" also includes bank overdrafts included in the caption "Bank loans" and financial assets held for trading.

s. LOAN EXPENSES

The Group capitalizes the borrowing expenses (interest and other costs incurred due to borrowings of funds) that are directly attributable to the acquisition, construction or production of an asset that qualifies as part of the cost of that asset, that is, a asset that necessarily takes a substantial amount of time to get ready for its intended use or for sale. All other borrowing costs must be accounted for as an expense in the period in which they are incurred.

t. SUBSEQUENT EVENTS

Corticeira Amorim recognizes in the financial statements the events that, after the balance sheet date, provide additional information on the conditions that existed on the balance sheet date, including the estimates inherent in the preparation of the financial statements. The group does not recognize events that, after the balance sheet date, provide information on conditions that occur after the balance sheet date.



[3.] Financial Risk Management

Corticeira Amorim activities expose it to a variety of financial risks: market risks (including currency risk, interest rate risk and raw material price risk), credit risk, liquidity risk and capital risk.

Market risk

a. EXCHANGE RATE RISK

Exchange rate risk management policy established by Corticeira Amorim Board points out to a total hedging of the assets deriving from sales in the most important currencies and from USD acquisitions. As for book orders up to 90 days, each Business Unit responsible will decide according to exchange rate evolution. Book orders, considered relevant, due after 90 days, will be presented by the Business Unit responsible to the Corticeira Amorim Board.

As of December 31, 2019, taking into account the relationship between the amount of the group's exposure to financial assets and liabilities in foreign currency and the notional amount of hedges contracted, exchange rates different from the Euro currency (particularly USD), would have no material effect in the consolidated results of the group. As for hedge book orders any effect would be registered in Equity. As for non-euro net investments in subsidiaries/associate, any exchange rate effect would be registered in Equity, because Corticeira Amorim does not hedge this type of assets. The amount recorded under currency translation differences, including the effect of not covering these investments, reached the amount of -4,127 K€ as of December 31, 2019 (2018: -4,060 K€).

b. INTEREST RATE RISK

As at 31 December 2019, of the total interest-bearing debt, 32.7 M€ had interest at a fixed rate, of which 30 M€ until March 4, 2025. As of December 31, 2018, of the total interest-bearing debt, 25 M€ were linked to fixed interest rate for a 10 year period.

Most of the risk derives from the non current debt at variable rate (6.8 M€ as of 31/12/2019 and 18.1 M€ as of 31/12/2018) and from the commercial paper program.

As of December 31, 2019, if interest rates were 0.1 percentage points higher, with the remaining variables remaining constant, the pre-tax result would be lower by around 150 thousand euros (136 thousand euros in 2018) as a result of the increase in financial costs with variable rate debt.

c. RAW MATERIAL PRICE RISK

In view of the critical nature of this factor, the procurement, storage and preparation management of the only variable common to all Corticeira Amorim activities, which is the raw material (cork), is assembled in an autonomous BU, which, among other objectives, makes it possible to prepare, discuss and decide within the Board of Directors the orientation or the multiannual supply policy to be developed.

The Group's cork procurement team is made up of a group of highly specialized staff, mainly in Portugal, Spain and North Africa. The objective of the buyer's team is to maximize the price / quality ratio of the purchased cork and simultaneously ensure the purchase of sufficient quantity for the desired level of production.

The cork market is an open market where price is determined by the supply and demand law. The price offered by Corticeira Amorim is determined business by business, and depends essentially on the estimated quality of cork. Corticeira Amorim does not have the ability to set the purchase price of the campaign, and this is a result of the operation of the market.

The purchase is concentrated in a certain period of the year, in which the raw material supply is guaranteed for the whole of the following year, the sales prices of the finished products and margins of the business are defined taking into account the cost of acquiring the raw material and estimated availability for the annual campaign.

Credit risk

Credit risk is due, mainly, to receivables from customers related to trade sales. Credit risk is monitored by the operating companies Financial Departments, taking in consideration its history of trade relations, financial situation as well as other types of information that Corticeira Amorim business network has available related with each trading partner. Credit limits are analysed and revised, if necessary, on a regular basis. Due to the high number of customers, spread through all continents, the most important of them weighting less than 3% of total sales, credit risk is naturally diminished.

Normally no guarantees are due from customers. Corticeira Amorim in non-recurring situations use credit insurance.

Credit risk derives also from cash and cash equivalents balances and from financial derivative instruments. Corticeira Amorim previously analysis the ratings of the financial institutions so that it can minimize the failure of the counterparts.

The maximum credit risk is the one that results from the failure to receive all financial assets (December 2019: 220 million euros and December 2018: 226 million euros).

Corticeira Amorim's Cash and Equivalents is dispersed by more than 90 subsidiaries, with the largest weight being 31% of Cash and Equivalents. In terms of the quality of credit risk, associated to Cash and Equivalents, as of December 31, 2019, Corticeira Amorim selects financial institutions whose rating does not risk the realization of these assets.

Liquidity risk

Corticeira Amorim financial department regularly analyses future cash flows so that it can deliver enough liquidity for the group to provide operating needs, and also to comply with credit lines payments. Excess of cash is invested in interest bearing short-term deposits. This police offer the necessary flexibility to conduct its business.

Financial liabilities estimated non-discounted cash flows maturities are as follows:

thousand euros					
	Up to 1 year	1 to 2 years	2 to 4 years	More than 4 years	Total
Interest-bearing loans (Note 22)	121,200	8,444	13,759	17,299	160,703
Other financial liabilities (note 24)	41,039	8,608	15,897	5,758	71,302
Trade payables (Note 23)	165,008				165,008
Total as of December 31, 2018	327,247	17,052	29,656	23,057	397,013
Interest-bearing loans (Note 22)	124,108	10,712	31,916	16,498	183,234
Other financial liabilities (note 24)	43,040	9,558	10,242	3,470	66,310
Trade payables (Note 23)	132,086				132,086
Total as of December 31, 2019	299,234	20,270	42,158	19,967	381,630

Liquidity risk hedging is achieved by the existence of non-used credit line facilities and, eventually bank deposits.

Based in estimated cash flows, 2020 liquidity reserve, composed mainly by non-used credit lines, will be as follows:

million euros	
	2020
Opening balance	210
Operating cash-flow	128
Capex	-45
Interest and dividends	-26
Income tax	-14
Financial cash-flow (including bank debt payments)	-15
Closing balance	238
Note: includes dividends to be approved in the April 20, 2020 shareholders meeting	

The financial cash-flow assumes that at the end of 2020, the level of unused credit lines (188 M€) is equal to that of the beginning of the year and cash and cash equivalents will be approximately 22 M€.

The Covid-19 pandemic is not expected to threaten Corticeira Amorim's liquidity.

Capital risk

Corticeira Amorim key objective is to assure business continuity, delivering a proper return to its shareholders and the correspondent benefits to its remaining stakeholders. A careful management of the capital employed in the business, using the proper combination of capital in order to reduce its costs, obtains the fulfilment of this objective. In order to achieve the proper combination of capital employed, the Board can obtain from the General Shareholders Meeting the approval of the necessary measures, namely adjusting the dividend pay-out ratio, the treasury stock, raising capital through new shares issue, sale of assets or other type of measures.

The key indicator for the said combination is the Equity/Assets ratio. Corticeira Amorim establishes as a target a level of not less than 40% of Equity/Assets ratio attending the company features and of the economic sector that she belongs.

The ratio register was:

thousand euros			
	December 31, 2019	December 31, 2018	December 31, 2017
Equity	539,543	498,234	459,991
Assets	994,152	966,074	869,407
Equity/Assets	54.3	51.6	52.9

Financial assets and liabilities fair value

The Group measures part of its financial assets and liabilities at fair value at the reference date of the financial statements. Derivative financial instruments are included in the categories mentioned above. The derivatives used by Corticeira Amorim have no public quotation because they are not traded in an open market (over the counter derivatives).

According to the accounting standards, a fair value hierarchy is established that classifies three levels of data to be used in measurement techniques at fair value of financial assets and liabilities:

- Level 1 data – public quotation (non-adjusted) in liquid markets for comparable assets or liabilities;
- Level 2 data – different data of public quotation observable for the asset or the liability, directly or indirectly;
- Level 3 data – non observable data for the assets or the liability.

During the year, there were no transfers between the levels mentioned above.

As of December 31, 2019, derivative financial instruments recognised as assets in the consolidated statement of financial position rise 111 K€ as asset (2018: 132 K€) and 234 K€ as liabilities (2018: 565 K€), as stated in notes 18 and 24.

Corticeira Amorim uses forward outright and options to hedge exchange rate risk, as shown below. Evaluating exchange rate hedge instruments requires the utilisation of observable inputs (level 2). Fair value is calculated using a proprietary model of Corticeira Amorim, developed by Reuters, using discounted cash flows method for forwards outright. As for options, it is used the Black & Scholes model.

Summary of the financial instruments derivatives fair value:

milhares de euros						
Nature	Hierarchy	Type	31.12.2019		31.12.2018	
			Notional	Fair Value	Notional	Fair Value
		Cash flow hedge	0	0	0	0
		Fair value hedge	12,880	111	11,067	132
		Trading derivatives	0	0	0	0
	Level 2 Total		12,880	111	11,067	132
Total Assets			12,880	111	11,067	132
		Cash flow hedge	24,015	- 272	6,162	- 1
		Fair value hedge	15,333	295	43,969	457
		Trading derivatives	0	212	0	109
	Level 2 Total		39,349	234	50,131	565
		Agreement for the acquisition of additional ownership interest in a subsidiary	15,349	14,963	19,035	20,410
	Level 3 Total		15,349	14,963	19,035	20,410
Total Liabilities			54,698	15,197	69,166	20,975

The main inputs used in valuation are forward exchange rate curves and estimates of currency volatility.

Exchange rate contracts

As of December 31, 2019, options contracts and forward outright related with sales currencies were as follows:

thousand euros				
	2019		2018	
USD	40,986	93%	45,107	95%
ZAR	2,572	6%	2,225	5%
HUF	0	0%	78	0%
RUB	352	1%	259	1%
Forward - long positions	43,910	100%	47,669	100%
USD	1,118	100%	1,746	100%
Forward - short positions	1,118	100%	1,746	100%
USD	7,200	100%	11,343	100%
Options - long positions	7,200	100%	11,343	100%
USD	-	-	440	100%
Options - short positions	-	-	440	100%

It is expected that hedged highly probable transactions in foreign currencies occur during the first half of 2020. The corresponded value recognised in equity as hedge accounting will be recorded in income statement in that same period.

The amount recognised in comprehensive income statement as change in derivative financial instruments fair value reached 206 thousand euros (2018: -462 thousand euros).

In relation with fair value hedging, during 2019 a loss of 1,087 K€ was recorded in the hedging instruments (2018: loss of 908 K€) and a gain of 136 K€ was recorded in the hedged items (2018: loss of 594 K€).

[4.] Critical Estimates and Judgments

The preparation of consolidated financial statements requires the Group's management to make judgments and estimates that affect the statement of financial position and the reported results. These estimates are based on the best information and knowledge about past and/or present events and on the operations that the Company considers it may implement in the future. However, at the date of completion of such operations, their results may differ from these estimates.

Changes to these estimates that occur after the date of approval of the consolidated financial statements will be corrected in the income statement in a prospective manner, in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".

The estimates and assumptions that imply a greater risk of giving rise to a material adjustment in assets and liabilities are described below:

Entities included in the consolidation perimeter

To determine the entities to be included in the consolidation perimeter, the Group assesses the extent to which it is exposed, or has rights, to variability in return from its involvement with that entity and can take possession of them through the power it holds over this entity.

The decision that an entity must be consolidated by the Group requires the use of judgment, estimates, and assumptions to determine the extent to which the Group is exposed to return variability and the ability to take possession of them through its power.

Other assumptions and estimates could lead to the Group's consolidation perimeter being different, with direct impact on the consolidated financial statements.

Impairment of non-current assets, excluding goodwill

The determination of a possible impairment loss can be triggered by the occurrence of various events, such as the availability of future financing, the cost of capital or other market, economic and legal changes or changes with an adverse effect on the technological environment, many of which are beyond the Group's control.

The identification and assessment of impairment indicators, the estimation of future cash flows, and the calculation of the recoverable value of assets involve a high degree of judgment by the Board.

Impairment of goodwill

Goodwill is annually subjected to impairment tests or whenever there are indications of a possible loss of value in accordance with the criteria described in Note 2 b). The recoverable values of the cash-generating units to which goodwill is allocated are determined based on the calculation of current use values. These calculations require the use of estimates by management.

Intangible and tangible assets

The life of an asset is the period during which the Company expects that an asset will be available for use and this should be reviewed at least at the end of each financial year. The determination of the useful lives of assets, the amortisation/depreciation method to be applied, and the estimated losses resulting from the replacement of equipment before the end of its useful life due to technological obsolescence is crucial in determining the amount of amortisation/depreciation to be recognised in the consolidated income statement each period.

These three parameters are defined using management's best estimates for the assets and businesses concerned, and taking account of the practices adopted by companies in the sectors in which the Group operates.

Provisions

The Group periodically reviews any obligations arising from past events, which should be recognised or disclosed. The subjectivity involved in determining the probability and amount of internal resources required to meet obligations may give rise to significant adjustments, either due to changes in the assumptions made, or due to the future recognition of provisions previously disclosed as contingent liabilities.

Deferred income tax assets

Deferred income tax assets are recognised only when there is strong assurance that there will be future taxable income available to use the temporary differences or when there are deferred tax liabilities whose reversal is expected in the same period in which the deferred tax assets are reversed. The assessment of deferred income tax assets is undertaken by management at the end of each period taking account of the expected future performance of the Group.

Expected credit loss

The credit risk on the balances of accounts receivable is assessed at each reporting date, through the use of a collection matrix, which is based on the history of past collections adjusted for the future expectation of evolution of collections, to determine the non-receipt rate. Expected credit losses on accounts receivable are adjusted by the evaluation made, which may differ from the actual risk incurred in the future.

Fair value of financial assets and liabilities

When the fair value of a financial asset or liability is calculated, on an active market, the respective market price is used. When there is no active market, which is the case with some of Corticeira Amorim financial assets and liabilities, valuation techniques generally accepted in the market, based on market assumptions, are used.

The Group applies evaluation techniques for unlisted financial instruments, such as derivatives, financial instruments at fair value and instruments measured at amortised cost. The most frequently used valorisation models are models of discounted cash flows and option models, which incorporate, for example, interest rate and market volatility curves.

For certain types of more complex derivatives, more advanced valuation models are used containing assumptions and data that are not directly observable in the market, for which the Group uses the proprietary model specified in Note 3.

Revenue - return rights / quantity discounts

Some contracts give the customer the right to return goods and volume rebates. The right of return and volume discounts give rise to variable remuneration. When estimating the variable consideration, Corticeira Amorim determined that the use of a combination of the most probable quantity method and the value method expected is most appropriate. Before including any amount of variable consideration in the transaction price, Corticeira Amorim considers whether the amount of the variable consideration is restricted. Corticeira Amorim determined that the variable compensation estimates are not limited based on their historical experience, forecast of business and economic conditions. In addition, uncertainty over variable consideration will be resolved in a short period of time.

[5.] Consolidated Accounts Preparation Process

The description of the main elements of the internal control system and risk management of the group, in relation to the process of the consolidated accounts, is as follows:

The financial information preparation process is dependent on the actors in the registration process of operations and support systems. In the group there is an Internal Control Procedures Manual and Accounting Manual, implemented at the level of the Corticeira Amorim Group. These manuals contain a set of rules and policies to ensure that in the financial information preparation process homogeneous principles are followed, and to ensure the quality and reliability of financial information.

The implementation of accounting policies and internal control procedures relating to the preparation of financial information is subject to the evaluation by the internal and external audit.

Every quarter, the consolidated financial information by business unit is assessed, validated and approved by the management of each of the group's business units.

Before its release, the consolidated financial information of Corticeira Amorim is approved by the Board of Directors and presented to the Supervisory Board.



[6.] Companies Included in the Consolidated Financial Statements

Company		Head Office	Country	2019	2018
Raw Materials					
Amorim Natural Cork, S.A.		Vale de Cortiças - Abrantes	PORTUGAL	100%	100%
Amorim Florestal, S.A.		Ponte de Sôr	PORTUGAL	100%	100%
Amorim Florestal II, S.A.		Ponte de Sôr	PORTUGAL	100%	100%
Amorim Florestal III, S.A.		Ponte de Sôr	PORTUGAL	100%	100%
Amorim Florestal España, S.L.		San Vicente Alcántara	SPAIN	100%	100%
Amorim Florestal Mediterrâneo, S.L.		Cádiz	SPAIN	100%	100%
Amorim Tunisie, S.A.R.L.		Tabarka	TUNISIA	100%	100%
Comatral - C. de Maroc. de Transf. du Liège, S.A.		Skhirat	MOROCCO	100%	100%
Cosabe - Companhia Silvo-Agrícola da Beira S.A.		Lisbon	PORTUGAL	100%	100%
SIBL - Société Industrielle Bois Liège		Jijel	ALGERIA	51%	51%
Société Nouvelle du Liège, S.A. (SNL)		Tabarka	TUNISIA	100%	100%
Société Tunisienne d'Industrie Bouchonnière		Tabarka	TUNISIA	55%	55%
Vatrya - Serviços de Consultadoria, Lda.		Funchal - Madeira	PORTUGAL	100%	100%
Cork Stoppers					
Amorim Cork, SGPS, S.A.	(i)	Santa Maria Lamas	PORTUGAL	100%	100%
ACI Chile Corchos, S.A.	(d)	Santiago	CHILE	-	100%
ACIC USA, LLC		California	USA	100%	100%
Agglotap, S.A.		Girona	SPAIN	91%	91%
All Closures In, S.A.		Paços de Brandão	PORTUGAL	75%	75%
Amorim Cork, S.A.	(j)	Santa Maria Lamas	PORTUGAL	100%	100%
Amorim Australasia Pty Ltd.		Adelaide	AUSTRALIA	100%	100%
Amorim Bartop, S.A.		Vergada	PORTUGAL	75%	75%
Amorim Champcork, S.A.		Santa Maria Lamas	PORTUGAL	100%	100%
Amorim Cork América, Inc.		California	USA	100%	100%
Amorim Cork Beijing Ltd.		Beijing	CHINA	100%	100%
Amorim Cork Bulgaria EOOD		Plovdiv	BULGARIA	100%	100%
Amorim Cork Deutschland GmbH & Co KG		Mainzer	GERMANY	100%	100%
Amorim Cork España, S.L.		San Vicente Alcántara	SPAIN	100%	100%
Amorim Cork Itália, SPA		Conegliano	ITALY	100%	100%
Amorim Cork South Africa (Pty) Ltd.		Cape Town	SOUTH AFRICA	100%	100%
Amorim France, S.A.S.		Champfleury	FRANCE	100%	100%
Amorim Top Series France, S.A.S.		Merpins	FRANCE	100%	100%
Amorim Top Series, S.A.		Vergada	PORTUGAL	75%	75%
Amorim Top Series Scotland, Ltd	(f)	Dundee	SCOTLAND	100%	-
Biocape - Importação e Exportação de Cápsulas, Lda.		Mozelos	PORTUGAL	60%	60%
Bouchons Prioux		Epernay	FRANCE	91%	91%
Chapuis, S.L.		Girona	SPAIN	100%	100%
Corchera Gomez Barris	(c)	Santiago	CHILE	50%	50%
Corchos de Argentina, S.A.	(b)	Mendoza	ARGENTINA	50%	50%
Corpack Bourrasse, S.A.	(e)	Santiago	CHILE	70%	60%
Elferson & Co. AB		Paryd	SWEDEN	53%	53%

Company		Head Office	Country	2019	2018
Equipar, Participações Integradas, Lda.		Coruche	PORTUGAL	100%	100%
S.A.S. Ets Christian Bourassé	(e)	Tosse	FRANCE	70%	60%
FP Cork, Inc.		California	USA	100%	100%
Francisco Oller, S.A.	(e)	Girona	SPAIN	94%	92%
Hungarocork, Amorim, RT		Budapest	HUNGARY	100%	100%
Indústria Corchera, S.A.	(c)	Santiago	CHILE	50%	50%
Korken Schiesser Ges.M.B.H.		Viena	AUSTRIA	69%	69%
Olimpiadas Barcelona 92, S.L.		Girona	SPAIN	100%	100%
Portocork América, Inc.		California	USA	100%	100%
Portocork France, S.A.S.		Bordeaux	FRANCE	100%	100%
Portocork Internacional, S.A.		Santa Maria Lamas	PORTUGAL	100%	100%
Portocork Itália, s.r.l		Milan	ITALY	100%	100%
Sagrera et Cie		Reims	FRANCE	91%	91%
S.A. Oller et Cie	(e)	Reims	FRANCE	94%	92%
S.C.I. Friedland		Céret	FRANCE	100%	100%
S.C.I. Prioux		Epernay	FRANCE	91%	91%
Socori, S.A.	(e)	Rio Meão	PORTUGAL	70%	60%
Socori Forestal, S.L.		Cáceres	SPAIN	70%	60%
Société Nouvelle des Bouchons Trescases	(b)	Perpignan	FRANCE	50%	50%
TKCork – Advanced Cork Technology, S.A.	(h)	Santa Maria Lamas	PORTUGAL	-	100%
Trefinos Australia		Adelaide	AUSTRALIA	91%	91%
Trefinos Italia, s.r.l		Treviso	ITALY	91%	91%
Trefinos USA, LLC		Fairfield, CA	USA	91%	91%
Trefinos, S.L.		Girona	SPAIN	91%	91%
Victor y Amorim, S.L.	(c)	Navarrete - La Rioja	SPAIN	50%	50%
Vinolok a.s	(b)(g)	Jablonec nad Nisou	CZECH REP.	50%	-
Wine Packaging & Logistic, S.A.	(b)	Santiago	CHILE	50%	50%
Floor & Wall Coverings					
Amorim Cork Flooring, S.A.	(k)	S. Paio de Oleiros	PORTUGAL	100%	100%
Amorim Benelux, BV		Tholen	NETHERLANDS	100%	100%
Amorim Deutschland, GmbH	(a)	Delmenhorts	GERMANY	100%	100%
Amorim Subertech, S.A.	(l)	S. Paio de Oleiros	PORTUGAL	100%	100%
Amorim Flooring (Switzerland) AG		Zug	SWITZERLAND	100%	100%
Amorim Flooring Austria GesmbH		Viena	AUSTRIA	100%	100%
Amorim Flooring Investments, Inc.		Hanover - Maryland	USA	100%	100%
Amorim Flooring North America Inc.		Hanover - Maryland	USA	100%	100%
Amorim Flooring Rus, LLC		Moscovo	RUSSIA	100%	100%
Amorim Flooring Sweden AB	(e)	Möndal	SWEDEN	84%	52%
Amorim Flooring UK, Ltd.		Manchester	UK	100%	100%
Amorim Japan Corporation		Tokyo	JAPAN	100%	100%
Cortex Korkvertriebs, GmbH		Fürth	GERMANY	100%	100%
Dom KorKowy, Sp. Zo. O.	(c)	Krakow	POLAND	50%	50%
Korkkitrio Oy	(g)	Tampere	FINLAND	51%	-
Timberman Denmark A/S		Hadsund	DENMARK	100%	100%
Composite Cork					
Amorim Cork Composites, S.A.		Mozelos	PORTUGAL	100%	100%
Amorim (UK), Ltd.		Horsham West Sussex	UK	100%	100%
Amorim Comp Cork, Lda.	(n)	Mozelos	PORTUGAL	-	100%
Amorim Cork Composites, LLC		São Petersburgo	RUSSIA	100%	100%
Amorim Cork Composites, GmbH		Delmenhorts	GERMANY	100%	100%
Amorim Cork Composites, Inc.		Trevor - Wisconsin	USA	100%	100%

Company		Head Office	Country	2019	2018
Amorim Deutschland, GmbH	(a)	Delmenhorts	GERMANY	100%	100%
Amorim Industrial Solutions - Imobiliária, S.A.		Corroios	PORTUGAL	100%	100%
Amorim Sports, Lda.		Mozelos	PORTUGAL	100%	100%
Amosealtek Cork Co., Ltd.	(b)	Xangai	CHINA	50%	50%
Chinamate (Shaanxi) Natural Products Co., Ltd.		Shaanxi	CHINA	100%	100%
Chinamate Development Co. Ltd.		Hong Kong	CHINA	100%	100%
Compruss – Investimentos e Participações, Lda.		Mozelos	PORTUGAL	100%	100%
Corticeira Amorim - France, SAS		Lavardac	FRANCE	100%	100%
Florconsult – Consultoria e Gestão, Lda.		Mozelos	PORTUGAL	100%	100%
Postya - Serviços de Consultadoria, Lda.		Funchal - Madeira	PORTUGAL	100%	100%
Insulation Cork					
Amorim Cork Insulation, S.A.	(m)	Vendas Novas	PORTUGAL	100%	100%
Holding					
Corticeira Amorim, SGPS, S.A.		Mozelos	PORTUGAL	100%	100%
Ginpar, S.A. (Générale d' Invest. et Participation)		Skhirat	MOROCCO	100%	100%
Amorim Cork Research, Lda.		Mozelos	PORTUGAL	100%	100%
Amorim Cork Services, Lda.		Mozelos	PORTUGAL	100%	100%
Amorim Cork Ventures, Lda.		Mozelos	PORTUGAL	100%	100%
Corecochic - Corking Shoes Investments, Lda.	(b)	Mozelos	PORTUGAL	50%	50%
Gröwancork - Estruturas isoladas com cortiça, Lda.	(b)	Mozelos	PORTUGAL	25%	25%
TDCork - Tapetes Decorativos com Cortiça, Lda.	(b)	Mozelos	PORTUGAL	25%	25%
Soc. Portuguesa de Aglomerados de Cortiça, Lda.		Montijo	PORTUGAL	100%	100%
Supplier Portal Limited	(h)	Hong Kong	CHINA	-	100%

(a) – One single company: Amorim Deutschland, GmbH

(b) – Equity method consolidation.

(c) – CORTICEIRA AMORIM directly or indirectly controls the relevant activities – line-by-line consolidation method.

(d) – Company merged into Corpack in 2019.

(e) – Increase in the percentage of interest.

(f) – Company set-up in 2019.

(g) – Company acquired in 2019.

(h) – Company liquidated in 2019.

(i) – Company previously designated Amorim & Irmãos, SGPS, SA.

(j) – Company previously designated Amorim & Irmãos, SA.

(k) – Company previously designated Amorim Revestimentos, SA.

(l) – Company previously designated Amorim Flooring, SA.

(m) – Company previously designated Amorim Isolamentos, SA.

(n) – Company merged into Amorim Cork Composites, S.A. in 2019.

The percentages indicated are the percentages of interests and not of control.

For entities consolidated by the full consolidation method, the percentage of voting rights held by “Non-Controlling Interests” is equal to the percentage of share capital held.

[7.] Exchange Rates used in Consolidation

Exchange rates		December 31, 2019	Average 2019	Average 2018	December 31, 2018
Argentine Peso	ARS	67.103	53.851	32.918	43.145
Australian Dollar	AUD	1.600	1.611	1.580	1.622
Lev	BGN	1.956	1.956	1.956	1.956
Brazilian Real	BRL	4.516	4.413	4.308	4.444
Canadian Dollar	CAD	1.460	1.485	1.529	1.561
Swiss Franc	CHF	1.085	1.112	1.155	1.127
Chilean Peso	CLP	842.430	786.305	756.762	794.630
Yuan Renminbi	CNY	7.821	7.735	7.808	7.875
Czech Koruny	CZK	25.408	25.670	25.647	25.743
Danish Krona	DKK	7.472	7.466	7.453	7.467
Algerian Dinar	DZD	133.159	133.320	137.334	135.454
Euro	EUR	1.000	1.000	1.000	1.000
Pound Sterling	GBP	0.851	0.878	0.885	0.895
Hong Kong Dollar	HKD	8.733	8.769	9.253	8.982
Forint	HUF	330,530	325.297	318.890	320.980
Yen	JPY	121,940	122.006	130.396	125.850
Moroccan Dirham	MAD	10.721	10.759	11.077	10.960
Zloty	PLN	4.257	4.298	4.261	4.301
Ruble	RUB	69.452	72.365	74.042	79.715
Coroa sueca	SEK	10.447	10.589	10.258	10.255
Tunisian Dinar	TND	3.126	3.277	3.108	3.427
Turkish Lira	TRL	6.684	6.358	5.708	6.059
US Dollar	USD	1.123	1.119	1.181	1.145
Rand	ZAR	15.777	16.176	15.619	16.459

[8.] Segment Report

Corticeira Amorim is organised in the following Business Units (BU): Raw Materials, Cork Stoppers, Floor and Wall Coverings, Composite Cork and Insulation Cork.

There are no differences between the measurement of profit and loss and assets and liabilities of the reportable segments, associated to differences in accounting policies or centrally allocated cost allocation policies or jointly used assets and liabilities.

For purposes of this Report, the Business approach was selected as the primary segment. This is consistent with the formal organization and evaluation of business. Business Units correspond to the operating segments of the company and the segment report is presented the same way they are analysed for management purposes by the board of Corticeira Amorim.

The following table shows the main indicators of the said units, and, whenever possible, the reconciliation with the consolidated indicators:

thousand euros								
2019	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjustm.	Consolidated
Trade Sales	14,798	549,196	106,025	99,241	11,753	47	0	781,060
Other BU Sales	189,993	9,891	2,606	5,244	2,401	4,360	-214,495	-
Total Sales	204,791	559,087	108,631	104,484	14,154	4,407	-214,495	781,060
EBITDA (current)	18,109	101,056	-2,515	12,389	222	-3,023	-1,514	124,724
Assets (non-current)	37,410	198,534	38,021	45,649	4,180	1,553	31,488	356,836
Assets (current)	188,400	331,926	61,904	55,844	9,832	183	-10,773	637,316
Liabilities	44,398	159,814	42,698	35,274	2,264	9,431	160,729	454,609
Capex	8,847	33,529	4,873	10,910	451	143	0	58,752
Year Depreciation	-3,795	-21,257	-6,207	-3,259	-544	-115	0	-35,177
Gains/Losses in associated companies	0	2,551	2,874	166	0	-10	0	5,581

2018	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjustm.	Consolidated
Trade Sales	20,479	526,179	108,654	97,383	10,318	103	0	763,117
Other BU Sales	165,966	7,801	3,525	4,788	1,661	4,318	-188,060	-
Total Sales	186,446	533,980	112,179	102,171	11,979	4,422	-188,060	763,117
EBITDA (current)	30,464	92,755	2,965	10,319	642	-3,397	236	133,984
Assets (non-current)	31,936	170,547	38,496	36,854	4,242	711	33,298	316,084
Assets (current)	207,445	333,080	62,986	51,736	10,225	966	-16,449	649,990
Liabilities	50,539	190,439	43,795	38,970	2,526	8,547	133,024	467,840
Capex	5,802	40,898	3,805	6,543	735	67	0	57,851
Year Depreciation	-3,208	-18,548	-5,671	-2,978	-532	-342	0	-31,279
Gains/Losses in associated companies	0	1,897	817	0	0	-22	0	2,691

- Adjustments = eliminations inter-BU and amounts not allocated to BU.
- EBITDA = Profit before net financing costs, depreciation, non-controlling interests, income tax and non-recurrent results.
- Provisions and asset impairments were considered the only relevant non-cash material cost

The decision to report EBITDA figures allows a better comparison of the different BU performances, disregarding the different financial situations of each BU. This is also coherent with the existing Corporate Departments, as the Financial Department is responsible for the bank negotiations, being the tax function the responsibility of the Holding Company.

Cork Stoppers BU main product is the different types of existing cork stoppers. The main markets are the bottling countries, from the traditional ones like France, Italy, Germany, Spain and Portugal, to the new markets like USA, Australia, Chile, South Africa and Argentina.

Raw Materials BU is, by far, the most integrated in the production cycle of Corticeira Amorim, with 90% of its sales to others BU, specially to Cork Stoppers BU. Main products are bark and discs.

The remaining Business Units produce and sell a wide range of products that use the raw material left over from the production of stoppers, as well as the cork raw material that is not susceptible to be used in the production of stoppers. Main products are cork floor tiles, cork rubber for the automotive industry and antivibratic systems, expanded agglomerates for insulation and acoustic purposes, technical agglomerates for civil construction and shoe industry, as well as granulates for agglomerated, technical and champagne cork stoppers.

Major markets for flooring and insulation products are in Europe and for composites products the USA. Major production sites are in Portugal, where most of the invested capital is located. Products are distributed in practically all major markets through a fully owned network of sales companies. About 70% of total consolidated sales are achieved through these companies.

Capex was concentrated in Portugal. Assets in foreign subsidiaries totalize 380 M€, and are mostly composed by inventories (131 M€), trade receivables (112 M€) and tangible fixed assets (71 M€).

In non-current assets, special note to 208 M€ (2018: 194 M€) of tangible fixed assets, 5.4 M€ (2018: 5.3 M€) of property investment, 7.6 M€ (2018: 4.2 M€) of intangible assets and 0.1 M€ (2018: 0.2 M€) of other financial assets, located in Portugal.

Sales by markets:

thousand euros				
Mercados	2019		2018	
European Union	512,289	65.6%	501,509	65.7%
From which:	54,736	7.0%	55,455	7.3%
Portugal				
Other European countries	31,321	4.0%	30,338	4.0%
United States	135,814	17.4%	127,856	16.8%
Other American countries	46,976	6.0%	47,114	6.2%
Australasia	42,026	5.4%	44,397	5.8%
Africa	12,634	1.6%	11,904	1.6%
TOTAL	781,060	100%	763,117	100%

The value of sales relates in its entirety, as in 2018, to contracts covered by IFRS 15 - Revenue from contracts with customers.

[9.] Tangible Assets

thousand euros					
	Land and Buildings	Machinery	Other	Tangible Fixed Assets in Progress	Total Tangible Assets
Gross Value	256,656	402,649	33,620	28,040	720,964
Depreciation and impairments	-158,628	-304,938	-29,493	0	-493,059
Opening balance (Jan 1, 2018)	98,029	97,711	4,126	28,040	227,905
ACQUISITION OF A SUBSIDIARY	5,335	933	94	183	6,544
INCREASE	10,522	15,604	2,218	26,249	54,593
PERIOD DEPREC. AND IMPAIRMENTS	-5,031	-22,290	-1,977	0	-29,298
SALES AND OTHER DECREASES	-221	-571	-56	-585	-1,433
TRANSFERS AND RECLASSIFICATIONS	11	13,972	333	-13,516	799
TRANSLATION DIFFERENCES	375	-15	-32	-6	322
Gross Value	273,001	432,314	35,482	40,365	781,162
Depreciation and impairments	-163,982	-326,970	-30,777	0	-521,729
Closing balance (Dec 31, 2018)	109,019	105,344	4,705	40,365	259,433
Gross Value	273,001	432,314	35,482	40,365	781,162
Depreciation and impairments	-163,982	-326,970	-30,777	0	-521,729
Opening balance (Jan 1, 2019)	109,019	105,344	4,705	40,365	259,433
IFRS 16 adoption					
Gross Value	0	-2,883	0	0	-2,883
Depreciation and impairments	0	914	0	0	914
Opening balance after IFRS 16 adoption (Jan 1, 2019)	109,019	103,375	4,705	40,365	257,464
INCREASE	11,362	22,981	3,139	15,085	52,567
PERIOD DEPREC. AND IMPAIRMENTS	-5,834	-23,845	-2,235	0	-31,914
SALES AND OTHER DECREASES	-70	-736	-11	-30	-847
TRANSFERS AND RECLASSIFICATIONS	1,470	23,348	1,300	-24,989	1,129
TRANSLATION DIFFERENCES	160	52	3	-15	200
Gross Value	282,493	469,983	38,047	30,416	820,940
Depreciation and impairments	-166,386	-344,808	-31,146	0	-542,340
Closing balance (Dec 31, 2019)	116,107	125,175	6,901	30,416	278,600

Due to the adoption of IFRS 16, tangible assets under financial leasing were reclassified to Right of use.

The implementation of SAP at BU Cork Stoppers implied the split between gross values and accumulated depreciations of certain tangible assets that were previously presented at net value. This split had no impact on the net financial position.

Impairment losses recognized in 2019 and 2018 were recognised on the "Depreciation/Amortization" line in the consolidated income statement by nature.

Expenses to place the assets in the required location and condition related with tangible fixed assets had no impact.

No interest was capitalised during the period.

[10.] Intangible Assets and Goodwill

thousand euros		
	Intangible Assets	Goodwill
Gross Value	10,217	9,848
Depreciation and impairments	-6,140	0
Opening balance (Jan 1, 2018)	4,077	9,848
ACQUISITION OF A SUBSIDIARY	0	4,259
INCREASE	3,542	0
PERIOD DEPREC. AND IMPAIRMENTS	-934	-103
SALES AND OTHER DECREASES	14	0
TRANSFERS AND RECLASSIFICATIONS	881	0
TRANSLATION DIFFERENCES	5	-17
Gross Value	14,424	14,090
Depreciation and impairments	-6,839	-103
Closing balance (Dec 31, 2018)	7,585	13,987
Gross Value	14,424	14,090
Depreciation and impairments	-6,839	-103
Opening balance (Jan 1, 2019)	7,585	13,987
Opening balance (Jan 1, 2019)	7,585	13,987
INCREASE	4,615	98
PERIOD DEPREC. AND IMPAIRMENTS	-1,043	0
SALES AND OTHER DECREASES	-20	0
TRANSFERS AND RECLASSIFICATIONS	-287	0
TRANSLATION DIFFERENCES	2	-341
Gross Value	18,613	13,847
Depreciation and impairments	-7,761	-103
Closing balance (Dec 31, 2019)	10,852	13,744

Intangible Assets essentially include software, autonomous product development projects and innovative solutions.

With the exception of goodwill, there are no intangible assets of indefinite life.

Detail of goodwill according to the following table:

thousand euros					
2018	Opening Balance	Increase	Decrease	Translation differences	End Balance
Bourrassé	9,745				9,745
Elfverson	0	4,242			4,242
Sodiliège	103		103		0
Goodwill	9,848	4,242	103	0	13,987
thousand euros					
2019	Opening Balance	Increase	Decrease	Translation differences	End Balance
Bourrassé	9,745				9,745
Elfverson	4,242			-341	3,901
Korkkitrio	0	98			98
Goodwill	13,987	98	0	-341	13,744

As stated in note 2 b), impairment tests are made each year. Cash flows were estimated, based on the budget and plans approved by management. The growth assumptions contemplated the expected growth in the wine, champagne and sparkling wine markets, as well as the evolution of the market share of the subsidiaries in this business. In the tests, growth rates of 14% and 22% were used in Bourrassé and Elfverson, respectively, for the period 2020-2022 and 2% for the following years. The discount rate used was 6.98%.

The results of the impairment tests show that the recoverable amounts are sufficiently higher than the accounting values, even in the case of unfavourable developments in the main variables. Even in a scenario of loss of 25% of sales (e.g. resulting from the Covid-19 pandemic), the group would not recognize impairment losses on the recorded goodwill.



[11.] Right of Use

thousand euros	
	Right of Use
Opening balance (Jan 1, 2019)	0
IFRS 16 adoption	
Gross Value	9,560
Depreciation and impairments	-3,402
Opening balance (Jan 1, 2019)	6,158
INCREASE	1,967
PERIOD DEPREC. AND IMPAIRMENTS	-2,087
SALES AND OTHER DECREASES	0
TRANSFERS AND RECLASSIFICATIONS	0
TRANSLATION DIFFERENCES	0
Gross Value	10,187
Depreciation and impairments	-4,150
Closing balance (Dec 31, 2019)	6,037

Depreciation of the right of use includes leases previously classified as financial, included in tangible assets.

[12.] Investment Property

thousand euros	
	Investment Property
Gross Value	22,127
Depreciation and impairments	-16,449
Opening balance (Jan 1, 2018)	5,678
ACQUISITION OF A SUBSIDIARY	0
INCREASE	3
PERIOD DEPREC. AND IMPAIRMENTS	-140
SALES AND OTHER DECREASES	-1
TRANSFERS AND RECLASSIFICATIONS	-59
TRANSLATION DIFFERENCES	0
Gross Value	22,070
Depreciation and impairments	-16,589
Closing balance (Dec 31, 2018)	5,481
Opening balance (Jan 1, 2019)	5,481
INCREASE	0
PERIOD DEPREC. AND IMPAIRMENTS	-71
TRANSFERS AND RECLASSIFICATIONS	-24
TRANSLATION DIFFERENCES	0
Gross Value	0
Valores Brutos	22,116
Depreciation and impairments	-16,730
Closing balance (Dec 31, 2019)	5,387

The amount of 5,387 K€, referred as Investment Property (December 2018: 5,481 K€), is due, mainly, to land and buildings that are not used in production.

The fair value of the Investment Property related to the lands and buildings of Corroios (determined on the basis of an independent evaluation) corresponds to the amount recorded in the accounts. This item also includes a property (Interchampagne with a value of 1,410 K€) with a recent valuation that corresponds to the book value. At the end of the year, the management made an analysis of these evaluations considering that they were kept up to date. The remaining Investment Property include a property with an accounting value of 896 K€ whose yield, updated to a market WACC, will correspond approximately to the amount by which they are recorded (cost model) in the financial statements.

These properties are not generating income and conservation and repair costs are insignificant.

[13.] Investments in Associates and Joint-Ventures

thousand euros		
	2019	2018
Opening Balance	9,537	11,006
In / Out	11,000	0
Results	2,708	1,874
Dividends	- 500	- 500
Exchange Differences	-1,071	-2,919
Other	693	75
End Balance	22,366	9,537
Equity method	2,708	1,874
Gains on disposal of associates	2,874	817
Share of (loss)/profit of associates and joint-ventures	5,581	2,691

The associates and joint-ventures are entities through which the group operates in the markets in which they are based, acting as distribution channels of products.

Gain on the disposal of associates due to the final recognition of the contingent amount receivable from the sale of US Floors, occurred in 2016, which was received in the year.

Wine is life. Cork expands it. Noble and magical, cork and wine interact in a symbiotic relationship that has developed over the centuries.



thousand euros				
	2019			
	Share in net assets	Goodwill	Total	Contribution to net income
Trescases	4,735	1,715	6,450	1,250
Wine Packaging & Logistic	1,254	0	1,254	0
Corchos Argentina	2,986	0	2,986	1,153
Vinolok	11,266	0	11,266	149
Other	410	0	410	156
End Balance	20,651	1,715	22,366	2,708

thousand euros				
	2018			
	Share in net assets	Goodwill	Total	Contribution to net income
Trescases	3,985	1,715	5,700	49
Wine Packaging & Logistic	1,164	0	1,164	-62
Corchos Argentina	2,556	0	2,556	1,910
Other	117	0	117	- 23
End Balance	7,822	1,715	9,537	1,874

In July 2019, Corticeira Amotim acquired 50% of Vinolok (for the amount of 11.0 million euros) which it started to consolidate using the equity method since July this year. Vinolok serves the premium international wine and spirits market with an innovative seal that combines creativity and appealing design with strong technical characteristics. This acquisition significantly complements and reinforces the portfolio of solutions made available by Amorim through its unique worldwide distribution network.

thousand euros	
Fair value recognized on the acquisition date	
Net asset	22,034
50% of identifiable net assets	11,017
Acquisition cost	10,987
Goodwill/(Badwill)	-30

Vinolok's net assets include the intellectual property relating to Vinolok's seals that will be depreciated over a period of 15 years. No significant differences were identified between the fair value and the respective book value. An almost zero value badwill was determined. The badwill recognized in the accounts is not expected to be tax deductible.

The costs of this transaction, totaling 236 thousand euros, were recorded as non-recurring expenses.

A summary of the respective financial information is presented below:

2019	Trescases (50%)	Corchos Argentina (50%)	Vinolok (50%)	Wine Packaging & Logistic (50%)
	K €	K ARS	K CZK	K CLP
Current assets	22,391	NA	231,242	1,746,947
Non-current assets	1,256	NA	544,155	6,792,747
Assets	23,647	NA	775,397	8,539,694
Equity	11,113	406,325	572,451	3,241,879
Current liabilities	12,534	NA	102,946	1,997,815
Non-current liabilities	0	NA	100,000	3,300,000
Sales	36,007	540,373	146,232	2,773,265
Operating profit	1,815	234,120	5,313	756,816
Net income	1,255	175,122	6,833	396,343
Comprehensive income	1,255	175,122	6,833	396,343
NA – Associate's financial statements were not concluded by the date of consolidated accounts approval.				
2018	Trescases (50%)	Corchos Argentina (50%)	Vinolok	Wine Packaging & Logistic (50%)
	K €	K ARS	K CZK	K CLP
Current assets	21,948	323,464	-	1,074,438
Non-current assets	1,345	23,718	-	7,051,748
Assets	23,293	347,182	-	8,126,186
Equity	10,858	231,204	-	2,804,476
Current liabilities	12,435	115,978	-	2,021,710
Non-current liabilities	0	0	-	3,300,000
Sales	37,158	393,857	-	1,813,195
Operating profit	2,213	176,784	-	135,906
Net income	1,509	123,494	-	-184,487
Comprehensive income	1,509	123,494	-	-184,487

The information in the Vinolok Income Statement corresponds to the period from July to December 2019.

In addition to the above, the Group has significant influence on a set of other individually immaterial associates.



[14.] Other Financial Assets

Assets included in Other financial assets (December 31, 2019: 1,550 K€, December 31, 2018: 1,632 K€) refer to financial assets at fair value through profit or loss, including essentially equity instruments. They are measured at fair value and when it is estimated that there are no significant differences in relation to the cost this is maintained. The assets were acquired with the main purpose of sale or resale, as appropriate, and in certain cases ensuring the maintenance and survival of entities that Corticeira Amorim considers partners for its business. The effective management of the underlying operations and assets continues to be exclusively provided by the partners, serving the financial participation as a mere “guarantee” of the investment made.

[15.] Deferred Tax / Income Tax

Deferred tax and income tax

The difference between the tax due for the current period and prior periods and the tax already paid or to be paid of said periods is booked as “deferred tax” in the consolidated income statement and amounts to 1,331 K€ (31/12/2018: 1,579 K€).

On the consolidated statement of financial position this effect, excluding tax contingencies, amounts to 14,396 K€ (31/12/2018: 13,346 K€) as asset, and to 7,676 K€ (31/12/2018: 7,737 K€) as liability.

According to IFRIC 23, the deferred tax liability item now includes provisions for tax contingencies in the amount of 42.7 M€. In September 2019, the IFRS Interpretation Committee issued a document in which it concluded that a company is required to present liabilities relating to uncertainty over income tax treatment in current tax or deferred tax. Corticeira Amorim considers that taking into account the previous treatment (in which these liabilities were presented as non-current) and the fact that these contingencies do not imply a transfer of economic resources in the short term, it would be more appropriate to present it under the caption Deferred tax.

Deferred tax related with items directly registered in equity was -36 K€ (debt balance) and relates to hedge accounting. No other deferred tax values related with other equity movements were booked.

It is conviction of the Board that, according to its business plan, the amounts registered in deferred tax assets will be recovered as for the tax carry forward losses.

thousand euros		
	2019	2018
Related with Inventories and third parties	6,760	6,584
Related with tax losses carry forward	2,650	2,359
Related with Fixed Tangible Assets / Intang. / Inv. Prop	1,102	1,220
Related with other deductible temporary differences	3,884	3,182
Deferred Tax Assets	14,396	13,346
Related with Fixed Tangible Assets	4,217	3,931
Related with other taxable temporary differences	3,459	3,806
Tax contingencies	42,694	0
Deferred Tax Liabilities	50,370	7,737
Current Income Tax	-13,283	-20,972
Deferred Income Tax	1,331	1,579
Income Tax	-11,951	-19,393

The difference between the variation in the financial position (net of 1,111 K€ if excluding tax contingencies) and the value recognised in income statement (1,331 K€) is justified by the translation differences in the non-euro subsidiaries financial position, by the variation in deferred tax related with other comprehensive income of 36 K€ (credit) and by the integration of the new companies within the consolidated perimeter.

Following chart explains the effective income tax rate, starting from the original income tax rate of most of Portuguese companies:

Income Tax Reconciliation	2019	2018
Income Tax - Legal	21.0%	21.0%
Effect of additional tax rates over base rate (Portugal)	4.3%	4.1%
Effect of tax benefits	-6.1%	-3.8%
Effect of provisions for contingencies	-3.0%	-2.5%
Effect of non-taxable gains and losses	0.1%	-0.3%
Effect of different tax rates (foreign subsidiaries)	0.5%	1.5%
Effect of recognising/non-recognising of differed taxes (foreign subs.)	-0.3%	0.1%
Equity method	-0.6%	-0.4%
Effect of tax benefit related to subsidiaries issued shares	-0.6%	0.0%
Effect of excess tax estimate and others	-2.3%	-0.6%
Income tax - effective tax rate (1)	13.1%	19.0%

(1) Income Tax / Pre-tax Profit

During 2019, a total of 13.4 M€ (2018: 9.8 M€) of income tax was paid. Of this amount, 3.5 M€ (2018: 2.7 M€) was paid in Portugal. In terms of income tax, the decrease in the effective rate was mainly due to the fact that provisions for tax losses of a subsidiary in Spain were reversed and due to the reversal of provisions for tax benefits.

Corticeira Amorim and a large group of its Portuguese subsidiaries are taxed since January 1, 2001, as a group special regime for tax purposes (RETGS), as according to article 69, of the income tax code (CIRC). The option for this special regime is renewable every five years.

According to law, tax declarations for Corticeira Amorim and its Portuguese subsidiaries are subject of revision and possible correction from tax authorities generally during the next four years.

No material effects in the financial statements, are expected by the Board of Corticeira Amorim and subsidiaries from the revisions of tax declarations that will be held by the tax authorities. The tax rate applicable to Portuguese subsidiaries is 21%.

The activity of the subsidiaries of the Group located outside Portugal is subject to the general tax regime in the respective countries and states. During the year 2019 there were no significant changes in the tax rate applicable to subsidiaries in countries where the Group has significant operations.

The only deferred tax amount related to items credited / debited directly in equity is related to the fair value of hedging instruments and amounts to -36 K€ (80 K€ in 2018).

The amount of deferred taxes, excluding tax contingencies, is essentially related to temporary differences that can be realized in the short term. The recovery of tax assets is based on future forecasts for normal rates of return for companies and growth in line with those of business units.

Tax losses carried forward are related with foreign subsidiaries. Total amounts to 19.9 M€, of which around 11.2 M€ are considered to be utilised. This report has a term of use beyond 2023.

Tax relating to components of other comprehensive income is as follows:

thousand euros			
	2019		
	before tax	tax	after tax
Items that could be reclassified through income statement:			
Change in derivative financial instruments fair value	242	-36	206
Change in translation differences	624	0	624
Share of other comprehensive income of investments accounted for using the equity method	-378	0	-378
Other comprehensive income	-832	0	-832
Other comprehensive income	-344	-36	-380

thousand euros			
	2018		
	before tax	tax	after tax
Items that could be reclassified through income statement:			
Change in derivative financial instruments fair value	-542	80	-462
Change in translation differences	-626	0	-626
Share of other comprehensive income of investments accounted for using the equity method	-2,844	0	-2,844
Other comprehensive income	92	0	92
Other comprehensive income	-3,920	80	-3,840

Income tax (Statement of Financial Position)

thousand euros		
	2019	2018
Income tax - minimum advances	9	19
Income tax - advances / to be recovered	11,603	8,758
Income tax - withholding	162	138
Income tax - special payment (RERD)	2,093	2,587
Income tax - special payment (RERD) impairment	-2,093	-2,587
Income tax - special payment (PERES)	5,383	5,383
Income tax - special payment (PERES) impairment	-5,383	-5,383
Income tax (assets)	11,773	8,915
Income tax - Estimation and others	1,911	1,924
Income tax (liabilities)	1,911	1,924

In 2013, Corticeira Amorim made the payment instituted by DL 151-A/2013 (RERD) in the amount of 4.3 M€, a payment that does not imply the abandonment by Corticeira Amorim of defending the respective processes. In 2016, a final decision was made on one of the paid processes relating to stamp taxes, which was partially won by Corticeira Amorim, which received 1.2 M€ of the amount paid of 1.7 M€. In 2019, the final decision of another process was won by Corticeira Amorim, which implied the receipt of 0.5 M€. In this way, the amount that remains open for ongoing proceedings paid under the RERD is 2.1 M€.

At the end of 2016, a special Plan for the Reduction of Indebtedness to the State (PERES) was approved by Decree-Law no. Corticeira Amorim decided to partially adhere to that measure. In December, approximately 7.4 M€ were paid in respect of Stamp Tax / VAT (2 M€) and Income Tax (IRC) in the amount of 5.4 M€.

To be noted that Corticeira Amorim was not a debtor to the social security and to the tax authority. Those amounts were subject to court litigation. The disputes that were chosen to adhere are old cases whose values of interest on late payments and fines to be paid, in case of losing, would be high.

RERD and PERES allowed for the payment of the capital without any payment regarding late payment interests and other costs. Due to the fact that adhesion to RERD and PERES does not imply a mandatory abandonment of the court cases and those processes are still in court, Corticeira Amorim will continue to fight for its rights.

The liability amount under this caption includes the estimate of income tax payable by some foreign subsidiaries when the tax return for the year 2019 is presented.

Provisions for tax contingencies

In the year ended December 31, 2019, the main movement in tax contingencies corresponds to the reclassification of contingencies to deferred taxes (Note 25) resulting from the application of IFRIC 23 (note 2 point a), with the item ending with 42.7 million euros.

During the year, the provisions in the Balance Sheet increased by 2.5 M€.

Corticeira Amorim's claims are pending, both in the judicial phase and in the non-contentious phase, and which may adversely affect Corticeira Amorim, refer to the financial years 1997, 1998, 1999 and 2003 to 2015. The most recent fiscal year analysed by Portuguese tax authorities was 2016.

These tax cases are basically related with questions like non-remunerated guarantees given between group companies, group loans (stamp tax), interest costs of holding companies (SGPS), and with the acceptance as tax costs of losses related with the closing of subsidiaries.

At the end of each year, an analysis of the tax cases is made. The procedural development of each case is important to decide new provisions, or reverse or reinforce existing provisions. Provisions correspond to situations that, for its procedural development or for doctrine and jurisprudence newly issued, indicate a probability of an unfavourable outcome for Corticeira Amorim and, if that happens, a cash outflow can be reasonably estimated. Note that during the year there were no developments worthy of note in the processes mentioned above.

The value of tax processes to date for the 2019 accounts amounted to 8.6 M€, being fully provisioned.

In addition to the tax provisions referred to above, Corticeira Amorim has recorded a provision to cover the tax benefits to apply for 2019 and applied in previous years. The certification requirement by ANI of SIFIDE projects, the requirement for maintenance of jobs over five years in RFAI projects as well as other constraints to the realization of benefits, has led Corticeira Amorim to record provisions in order to take account of future breaches of such requirements. It should be noted that the determination of the tax benefits can not be concluded, since its constraints extend over several years, in particular as regards the maintenance of jobs. The main increase in the provision for tax contingencies relates to the provision to cover the tax benefits mentioned, having increased by 4.7 M€. This provision at the end of 2019 has a value of 31.9 M€.

To note that Corticeira Amorim has been recognizing provisions due to the uncertainty about the acceptance by the tax authorities of the existence of tax reports in two Spanish subsidiaries. In 2019, the inspection of one of these companies was completed, and the tax losses used were validated. As a result, the provisions of 2.7 M€ that were previously recognized for these tax losses were reversed. The provision related to the other Spanish subsidiary, which at the end of the year totaled 1.0 M€, still remains booked.

There are no tax proceedings that have not been provisioned, thus, contingent liabilities are zero.

Corticeira Amorim has a large number of other favourable processes. They refer, in essence, to payments related with autonomous taxation, inspection fees and tax benefits. The value of these processes amounts to 1.0 M€, which is not recorded as part of its assets. Total contingent assets amounts to 10.5 M€ (including amounts paid under the RERD and PERES).

[16.] Inventories

thousand euros		
	2019	2018
Goods	18,169	18,387
Raw materials	218,654	226,922
Finished and semi-finished goods	134,078	135,704
Work in progress	34,431	31,736
Finished and semi-finished goods impairments	-5,764	-4,986
Raw materials impairments	-1,728	-1,673
Inventories	397,840	406,090

milhares de euros		
Impairment losses	2019	2018
Initial Balance	6,659	6,206
Increases	1,887	1,174
Decreases	1,054	720
End Balance	7,492	6,659

Raw materials essentially include reproduction cork (“amadia”) and virgin cork from pruning the tree (“falcas”) (Raw Material BU), products and work in progress essentially include boiled cork and discs (Raw Materials BU) and finished products essentially include a variety of types of cork stoppers (Cork Stoppers BU), coverings (Floor and Wall Coverings BU) and composite products (Composite Cork BU).

Increases in impairment are booked on Costs of goods sold and materials consumed in the income statement.

[17.] Trade Receivables

thousand euros		
	2019	2018
Gross amount	179,179	187,669
Impairments	-13,695	-13,186
Trade receivables	165,484	174,483
Impairment losses	2019	2018
Initial Balance (reported)	13,186	11,860
IFRS 9 application	0	458
Initial Balance (after IFRS 9 application)	13,186	12,318
Increases	2,787	3,813
Decreases	-1,898	-2,672
Others	-381	-273
End Balance	13,695	13,186

Increases and decreases were recognized under impairment of assets caption in the income statement. In the 2018 increases, the perimeter entry effect is included which was 70 K€.

At the end of each period, Trade receivables credit quality is analysed. As a result of the adoption of IFRS 9 to the balances up to 90 days, an expected credit loss is recognized. From 90 to 120 days a 30% impairment register is considered and from 120 to 180 days 60%. Over 180 days as well as all doubtful balances are fully impaired. These rules do not overcome specific cases analysis.

Due and past due balances are as follows:

million euros		
	2019	2018
Due	133	142
Past due between 0 and 90 days	29	31
Past due between 90 and 120 days	2	2
Past due between 120 and 180 days	5	4
Doubtful and past due over 180 days	10	10
	179	188

[18.] Other Debtors and Other Assets

Other debtors

thousand euros		
	2019	2018
Advances to suppliers	6,078	7,399
Hedge accounting assets	111	132
VAT	21,336	20,783
Stamp tax/VAT - special payment (PERES)	2,051	2,051
Stamp tax/VAT - special payment (PERES) impairment	- 2,051	- 2,051
Others	9,442	7,390
Other debtors	36,967	35,704

As of December 31, 2019 and 2018, there were no overdue in the amounts of VAT.

Other non-current debtors include advances to suppliers (3,906 K€), which will only be fulfilled for more than 12 months.

Other assets

thousand euros		
	2019	2018
Accrued income	292	330
Deferred costs	2,817	2,773
Other assets	3,108	3,103

[19.] Cash and Equivalents

thousand euros	2019	2018
Cash	368	368
Bank Balances	13,829	13,704
Term deposits	7,759	7,482
Others	187	141
Cash and cash equivalents as for statement of financial position	22,144	21,695
Overdrafts	-46,131	-60,435
Cash and cash equivalents as for cash flow statement	-23,988	-38,740

[20.] Capital and Reserves

Share Capital

As of December 31, 2019, the share capital is represented by 133,000,000 ordinary registered shares, conferring dividends, with a par value of 1 Euro.

The Board of Corticeira Amorim is authorised to raise the share capital, one or more times, respecting the conditions of the commercial law, up to 250,000,000€.

Treasury stock

As of December 31, 2019, Corticeira Amorim held no treasury stock.

No purchases were registered during 2019.

Legal reserve and share premium

Legal reserve and share premium are under the legal reserve rule and can only be used for (art. 296 CSC -Portuguese commercial law):

- offset losses in the financial position that cannot be offset by the use of other reserves;
- offset losses of prior year that cannot be offset by the profit of the year nor the use of other reserves;
- incorporation in share capital.

Legal reserve and share premium values are booked in Corticeira Amorim, SGPS, S.A. separate accounts.

Other reserves

Value is composed from other reserves account and prior year's results of Corticeira Amorim, SGPS, S.A. books, as well as non-distributed cumulative results of Corticeira Amorim, SGPS, S.A. subsidiaries.

Dividends

In the Shareholders' General Meeting of April 12, 2019 and December 2, 2019, a dividend distribution of 0.185 and 0.085 euros per share was approved.

thousand euros	2019	2018
Approved dividends	35,910	35,910
Dividends paid	35,910	35,910

[21.] Non-Controlling Interest

thousand euros		
	2019	2018
Initial Balance	31 871	29 524
In	562	528
Out	-4,397	- 427
Results	4,514	5,220
Dividends	-1,901	-2,445
Exchange Differences	- 380	- 530
Others	- 188	0
End Balance	30,081	31,871

The amount of Dividends corresponds to the amounts paid by the entities to non-controlling interests.

Out value for 2019 is essentially related to the acquisition of 10% of Bourrassé.

thousand euros						
	2019			2018		
	Balance Sheet	Net Income	Dividends paid	Balance Sheet	Net Income	Dividends paid
Amorim Bartop	278	-3	1,036	1,319	3	1,192
Amorim Top Series	2,970	1,469	0	1,501	1,272	0
Ets. Christian Bourrassé	4,818	420	0	6,237	672	0
Francisco Oller	1,621	9	0	2,160	46	34
Industria Corchera	6,345	339	90	6,477	414	31
Socori	7,042	630	0	8,550	1,323	0
Elferson	981	311	0	568	236	0
Trefinos	1,699	230	436	1,905	206	136
Victor y Amorim	1,017	291	300	1,026	350	145
Others	3,309	817	39	2,695	934	906
End Balance	30,081	4,514	1,901	31,871	5,220	2,445

thousand euros									
2019	Bourrasé	Socori	Trefinos	Francisco Oller	Elfverson	Amorim Bartop	Amorim Top Series	Industria Corchera	Victory y Amorim
	K€	K€	K€	K€	KSEK	K€	K€	KCLP	K€
Current assets	18,291	43,891	15,387	17,327	24,680	3,663	24,352	11,652,357	2,463
Non-current assets	13,711	16,642	16,261	20,821	18,659	10,009	4,072	3,862,095	838
Assets	32,002	60,534	31,649	38,148	43,339	13,672	28,424	15,514,452	3,301
Total Equity	18,478	31,595	18,825	25,812	20,218	5,068	16,010	10,576,571	2,036
Current liabilities	12,661	24,142	10,629	10,033	6,403	8,604	11,340	4,937,881	114
Non-current liabilities	863	4,798	2,195	2,304	16,718	0	1,075	0	151
Sales	43,457	51,171	39,444	26,353	59,518	0	39,493	14,533,670	7,985
Operating profit	1,515	1,219	3,316	185	8,501	-1	7,768	874,766	1,039
Net Income	1,117	1,353	2,468	80	3,514	-7	6,007	755,237	807
Comprehensive income	1,117	1,353	2,468	80	3,514	-7	6,007	755,237	807
Cash flow from operating activities	3,567	8,497	7,390	963	10,499	406	1,952	-1,228,958	483
Cash flow from investing activities	-2,161	-2,024	-3,170	-1,210	-5,711	2,267	-1,081	-1,283,691	-131
Cash flow from financing activities	-1,058	-2,926	-4,880	245	-284	-2,666	-1,064	-17,482	-619
Net cash flow	348	3,546	-659	-2	4,504	6	-192	-2,530,131	-267

thousand euros									
2018	Bourrasé	Socori	Trefinos	Francisco Oller	Elfverson	Amorim Bartop	Amorim Top Series	Industria Corchera	Victory y Amorim
	K€	K€	K€	K€	KSEK	K€	K€	KCLP	K€
Current assets	19,408	45,846	16,331	18,032	20,151	7,202	19,884	10,959,251	2,954
Non-current assets	11,723	15,947	15,171	20,977	11,942	11,359	3,803	2,535,011	788
Assets	31,131	61,793	31,502	39,009	32,093	18,561	23,687	13,494,262	3,742
Total Equity	17,373	28,536	21,158	26,158	18,989	13,990	10,003	9,677,996	2,054
Current liabilities	12,452	25,011	8,085	9,846	10,866	4,571	12,768	3,816,266	1,528
Non-current liabilities	1,305	8,246	2,259	3,005	7,239	0	916	0	160
Sales	44,370	47,522	32,975	28,397	51,176	0	35,230	16,036,230	8,394
Operating profit	2,662	4,001	3,131	628	7,299	10,259	6,747	612,816	906
Net Income	1,943	1,949	2,300	527	5,096	10,247	5,357	581,097	800
Comprehensive income	1,943	1,949	2,300	527	5,096	10,247	5,357	581,097	800
Cash flow from operating activities	2,186	12,082	3,516	1,922	-1,904	-427	10,723	1,848,763	755
Cash flow from investing activities	-24	-2,530	-3,199	-3,041	-2,248	2,909	-1,124	-290,326	-187
Cash flow from financing activities	-2,849	-25,623	114	1,341	2,495	-2,485	-11,299	-351,918	-344
Net cash flow	-687	-16,071	431	222	-1,657	-3	-1,700	1,206,519	224

[22.] Interest Bearing Debt

Loans were denominated in euros, except 15% (Dec. 2018: 11%).

thousand euros		
	2019	2018
Overdrafts and bank loans	67,426	85,850
Leasing	1,683	350
Commercial paper	55,000	35,000
Interest-bearing loans - current	124,108	121,200

Non-current interest bearing loans was as follows:

At the end of the period, 94% of loans were denominated in euros

thousand euros		
	2019	2018
Bank loans	34,507	37,948
Reimbursable grants	47	70
Leasing	4,572	1,485
Commercial paper	20,000	0
Interest-bearing loans - non-current	59,126	39,503

(Dec. 2018:100%).

As of December 31, 2019, maturity of non-current interest bearing debt was as follows:

thousand euros	
Between 01/01/2021 e 31/12/2021	10,712
Between 01/01/2022 e 31/12/2022	30,448
Between 01/01/2023 e 31/12/2023	6,468
After 01/01/2024	11,498
Total	59,126

From non-current and current interest bearing debt, 150,497 K€ carries floating interest rates. Remaining 32,737 K€ carries fixed interest rate. Average cost, during 2019, for all the credit utilized was 1.14% (2018: 1.09%).

On March 5, 2015, Corticeira Amorim entered into a loan agreement with the EIB in the amount of 35 M€, ten years, with a four-year grace period. This loan allowed Corticeira Amorim to expand substantially its maturity curve at a competitive price.

In 2019 Corticeira Amorim contracted a commercial paper program with guarantee of subscription by a bank entity. The program has an effective maturity of 3 years, so the emissions made during the first two years are classified as non-current. Only Corticeira Amorim has the option to revoke the program when the first year of the contract has passed.

As of December 2019, Corticeira Amorim had credit lines with contractual clauses that include covenants generally used in these type of contracts, namely: cross-default, pari-passu and in some cases negative pledge.

As of December 31, 2019, two foreign subsidiaries have a 3.9 million euro loan mortgage guarantee on assets. These assets are booked on Statement of financial position of those subsidiaries.

Corticeira Amorim uses credit lines (for a total of 9.6 M€) with associated financial covenants. These included ratios accomplishment that allowed for an accompaniment of the financial position of the company, namely:

- interest coverage rate;
- fixed charge coverage ratio;
- Equity / Total Asset ratio; and
- (Interest-bearing loans and equivalent) / total cash-flow.

The above ratios are not restrictive and the requirements contained in the contracts that formalized the referred financing were largely and fully complied with. In the event of non-compliance, there would be a possibility that this would lead to the early repayment of the debts.

In addition, it is important to inform that the capacity to ensure debt service was further enhanced by the existence, as of December 31, 2019, of 188 million euros of credit lines approved, but not used.

[23.] Trade Payables

thousand euros		
	2019	2018
Trade payables - current account	63,220	77,584
Trade payables - confirming	59,994	77,441
Trade payables - invoices pending	8,872	9,983
Trade payables	132,086	165,008

From the total values, 53% comes from Cork Stoppers BU (2018: 58%) and 21% from Raw Materials BU (2018: 26%).

[24.] Other Financial Liabilities and Other Liabilities

Other financial liabilities

thousand euros		
	2019	2018
Repayable grants	12,568	13,884
Agreement to acquire non-controlling interests	10,007	15,454
Other	695	925
Other financial liabilities - non current	23,269	30,263
Repayable grants	2,464	3,573
Agreement to acquire non-controlling interests	4,955	4,956
Accrued costs - supplies and services	3,545	3,735
Accrued costs - others	8,337	8,843
Other deferred income - others	93	139
VAT	8,470	6,072
State and social security - withholding and others	5,907	6,529
Other	9,269	7,192
Other financial liabilities - current	43,040	41,039

thousand euros		
	2019	2018
Non-repayable - grants	3,081	3,818
Accrued costs - staff costs	12,154	12,646
Other liabilities - current	15,235	16,464

In Other financial liabilities is included a value of 234 K€ (2018: 565 K€), which refers to exchange rate hedge derivatives.

In Other financial liabilities – non-current (23,269 K€), maturity is as follows: from 1 to 2 years (10,629 K€), from 2 to 4 years (9,385 K€) and more than 4 years (3,255 K€).

The agreement to acquire non-controlling interests results from the purchase of S.A.S. ETS CHRISTIAN BOURRASSE, in which 60% of the share capital was first acquired, for the amount of 29 M €. The agreement provides for the subsequent acquisition by 2022 of the remaining 40% (“agreement for acquisition of non-controlling interests”) at a price which, based on the value already paid for the first 60%, will also depend on the evolution of BOURRASSE’s

performance in next years. The first tranche of 10% was acquired during the month of July, and in June 2020 the second tranche corresponding to + 10% of Bourrassé will be acquired.

Other liabilities

thousand euros		
	2019	2018
Non-repayable - grants	3,081	3,818
Accrued costs - staff costs	12,154	12,646
Other liabilities - current	15,235	16,464

The balances on grants have evolved as follows:

thousand euros		
	2019	2018
Non-repayable grants		
Opening Balance	3,818	5,342
Transfer to gains	- 978	-1,612
Received during the year	0	124
Reclassifications/Transfers	241	-36
Closing Balance	3,081	3,818

thousand euros		
	2019	2018
Repayable grants		
Opening Balance	17,457	17,257
Paid during the year	-5,031	-2,340
Received during the year	2,679	2,293
Reclassifications/Transfers	-72	248
Closing Balance	15,032	17,457

Transfers is due largely to repayable benefits that were in the meantime, in some subsidiaries, converted into non- repayable and to the recognition of interest through measurement at amortized cost.

Most of the grants received by Corticeira Amorim is intended for investments aimed at increasing the production capacity and modernization of industrial facilities, improving the quality of manufactured products, or improving energy and utilizing its main raw material (cork).

Most of the projects that gave rise to grants classified as repayable; these are normally subject to evaluation, already at cruising stage, and if agreed targets are met, part or even all of the grant is converted into non-refundable.

There are no unpaid amounts associated with subsidies classified as non- repayable, nor are there conditions that are not yet to be met for recognition.

[25.] Provisions

thousand euros		
	2019	2018
Tax contingencies	707	40,829
Guarantees to our customers	936	577
Others	2,133	1,675
Provisions	3,777	43,081

thousand euros							
		Tax Contingencies			Customer Guarantees	Others	
		Income tax	Stamp tax	Others			
Opening balance 2018		36,276	62	8	408	4,186	40,940
Recognition	Other Costs - Note 30	40				175	215
	Sales				168		168
	Income tax	7,422					7,422
Reversal	Non-recurrent costs		0			-2,214	-2,214
	Other gains - Note 30	-200				-1,868	-2,068
	Sales					750	750
	Income tax	-2,774					-2,774
Translation differences		-5				0	-5
perimeter variation						743	743
Direct allocation						-96	-96
Ending balance 2018		40,759	62	8	577	1,676	43,081

thousand euros							
		Tax Contingencies			Customer Guarantees	Others	
		Income tax	Stamp tax	Others			
Opening balance 2019		40,759	62	8	577	1,676	43,081
Reclassification		-40,759		573			-40,186
Recognition	Other costs - Note 30			64		549	612
	Sales				360		360
Translation differences	Other gains - Note 30					-161	-161
Translation differences						16	16
perimeter variation							0
Direct allocation						53	53
Ending balance 2019		0	62	645	936	2,133	3,777

In the year ended December 31, 2019, the movement in Income tax contingencies corresponds to the reclassification of contingencies to deferred taxes (Note 15) resulting from the issue of IFRIC 23 (note 2 point a), in the amount of 40.2 million euros. The amount disclosed in 2018 as Income tax includes 573 K € of other taxes that were reclassified.

Claims by the tax authorities are related with income tax, stamp tax and marginally VAT.

Trade receivables guarantees are essentially from Floor and wall coverings BU and are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Other contingencies

Other contingencies include provisions for termination of employment and ongoing law suits.

Regarding the ongoing lawsuits, it should be noted that, following the acquisition of 100% of the shares of the subsidiary Cosabe, carried out in October 2019, and subsequent legal action by a third party claiming a preference right, Corticeira Amorim informs that on February 21, 2020, first instance sentence favorable to its claims was issued.

As the referred sentence is subject to judicial appeal, and in the unlikely event that the appeal sentence is unfavorable, there is no financial risk on the amount invested, as in that circumstance, Corticeira Amorim would be reimbursed for 100% of the investment made, and have the possibility of legally requesting cover loss damage liability. In this sense, Corticeira Amorim will proceed with the projected investments in Herdade da Baliza as an integral part of its Forestry Intervention Project.

[26.] Post-Employment Benefits

thousand euros		Post-employment benefits
Opening balance 2018		975
Recognition	Others	10
Reversal	Other gains - Note 30	-5
Translation differences		
perimeter variation		641
Direct allocation		
Ending balance 2018		1,621

thousand euros		Post-employment benefits
Opening balance 2019		1,621
Recognition	Others	83
Reversal	Non-current costs	
	Other gains - Note 30	-16
perimeter variation		
Direct allocation		
Ending balance 2019		1,687

At the Elfverson subsidiary, the company provides a defined benefit pension plan for administrative employees born in 1978 or earlier. The plan is managed by the PRI Pensionsgaranti. In order to estimate its liabilities for the payment of these benefits, the procedure for calculating the actuarial liabilities was determined in accordance with the "Projected Unit Credit Method", in accordance with IFRS.

The main assumptions assumed were as follows: discount rate 2.2%, salary increase 2.2%; median life expectancy: DUS 14 (as determined by the Actuarial Research Board). The total number of employees benefiting from the plan is 27. The estimated responsibility for the end of the year is 657 K€.

Amorim Cork Italia has responsibilities regarding TFR (trattamento di fine rapporto). This is due by the company to the employee when the contractual relationship ends, whether the company or the employee to terminate the connection or at the time of retirement. This amount equals about 1 month / year of work. Amorim Cork Italia has accrued this amount, following the update rules defined by the government (a law is issued annually with the revaluation percentage of amounts from previous years). The value of the liabilities is approximately 588 K€.

Remaining amounts related mainly to the liabilities of the Bourrassé (221 K€), Korcken Schiesser (161 K€) and Portocork Italia (55 K€).

[27.] Third Party Supplies and Services

thousand euros		
	2019	2018
Communications	1,309	1,353
Data systems	6,418	6,184
Insurance	3,884	3,946
Subcontractors	2,595	4,856
Energy	14,399	14,843
Security	1,361	1,156
Professional Fees	1,589	1,375
Tools	2,316	2,151
Oil and gas	2,074	1,934
Royalties	915	856
Rentals	4,659	6,641
Transports	26,520	26,172
Representation expenses	1,288	1,123
Travel	5,180	4,949
Commissions	8,767	8,503
Specialized Services	9,778	9,797
Advertising	7,782	7,054
Maintenance	12,973	11,820
Others	10,946	9,433
Capitalized Costs	0	-7
Third party supplies and services	124,753	124,140

[28.] Staff Costs

thousand euros		
	2019	2018
Board remuneration	839	783
Employees remuneration	109,280	104,990
Social Security and other	22,511	21,994
Severance costs	2,766	2,405
Post-employment benefits	503	374
Other	4,087	3,762
Capitalized Costs	-84	-69
Staff costs	139,902	134,239
Average number of employees	4,505	4,399
Final number of employees	4,428	4,448

Board's remuneration includes Corticeira Amorim, SGPS, SA and any of its subsidiaries. Includes also Fiscal Board and General Meeting board members expenses.

Contributions related with defined contributions plans amounted to 503 K€ (2018: 374 K€).

[29.] Impairments of Assets

thousand euros		
	2019	2018
Receivables	1,458	1,615
Tangible, intangible assets and others	- 263	-1,688
Impairments of assets and non-current costs	1,194	-73

Receivables include customers and other debtors.

[30.] Other Income and Gains / Other Costs and Losses

thousand euros		
	2019	2018
Exchange rate hedging: var. derivative fair value (note 3a))	136	0
Gain in fixed assets and p. investment disposals	828	436
Provisions reversals	161	1,074
Operating subsidies	314	81
Investment subsidies	978	1,612
Supplementary income	1,972	2,076
Building revenues	318	605
Own works	272	23
Other	5,069	5,692
Other income and gains	10,046	11,599

thousand euros		
	2019	2018
Exchange rate hedging: exchange differences (note 3a))	1,087	908
Exchange rate hedging: var. derivative fair value (note 3a))	0	594
Taxes (other than income)	2,052	1,836
Provisions	549	215
Loss in fixed assets and p. investment disposals	55	78
Bank charges	446	588
Bad debts	279	52
Loss in inventory differences	177	80
Donations and fees	480	448
Other	1,726	966
Other costs and losses	6,851	5,765

[31.] Non-Recurrent Results

As for the non-recurring amounts (Note 2 q), the most significant amount recorded in 2019 relates to restructuring expenses, essentially from Floor and wall covering BU in Portugal. Also included in non-recurring expenses are expenses incurred primarily with consultants and attorneys for the acquisition of associate Vinolok.

thousand euros		
	2019	2018
Restructuring costs	-1,384	-1,428
Goodwill impairment	0	- 293
Reversal of provisions in the investment in Amorim Argentina	0	2,214
Transaction costs	- 236	- 436
Non-current results	-1,620	57

[32.] Financial Costs and Financial Income

thousand euros		
	2019	2018
Interest costs - bank loans	1,528	1,620
Interest costs - other entities	-98	1,551
Stamp tax	166	143
Interest costs - other	580	234
	2,177	3,547
Interest gains - bank deposits	28	42
Interest gains - other loans	6	7
Interest gains - delayed payments	19	2
Interest gains - other	28	43
	81	95
Net financial costs	2,096	3,452

Interest costs – other entities includes 61 K€ (2018: 118 K€) is included to apply the amortized cost and the effect of updating the liability for the acquisition of interests that do not control (-0.5 M€).

[33.]

Related-Party Transactions

Corticeira Amorim consolidates directly in AMORIM – INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. with head-office at Mozelos (Santa Maria da Feira, Portugal), Amorim Group holding company.

As of December 31, 2019, financial stake of AMORIM – INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. in Corticeira Amorim was 51%, corresponding to 51% of the voting rights.

Corticeira Amorim related party transactions are, in general, due to the rendering of services through some of AIP subsidiaries (Amorim Serviços e Gestão, S.A., Amorim Viagens e Turismo, S.A., OSI – Sistemas Informáticos e Electrotécnicos, Lda.). Total sales of these subsidiaries to the remaining Corticeira Amorim companies totalled 11,107 K€ (2018: 10,346 K€).

Sales from Quinta Nova, S.A., AMORIM - INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. subsidiary to Corticeira Amorim subsidiaries reached 46 K€ (2018: 48 K€). Purchases totaled 318 K€ (2018: 161 K€).

Cork acquired during 2019, from companies held by the main indirect shareholders of Corticeira Amorim, amounted to 444 K€ (2018: 1,121 K€). This corresponds to less than 2% of total acquisitions of that cork raw-material.

Balances at year-end 2019 and 2018 are those resulting from the usual payment terms (from 30 to 60 days) and so are considered to be immaterial.

Services are usually traded with related parties on a “cost plus” basis in the range of 2% to 5%.

[34.] Auditor's Fees

EY auditor's remuneration for the group of subsidiaries and for

thousand euros						
Nature of service			Audit	Review of interim financial information and other assurance engagements	Other services	TOTAL
EY SROC	Corticeira Amorim	Value	22,200	15,000	0	37,200
		%	60%	40%	0%	100%
	Entities that integrate the group	Value	147,950	0	58,000	205,950
		%	72%	0%	28%	100%
	Total	Value	170,150	15,000	58,000	243,150
		%	70%	6%	24%	100%
EY global network companies	Corticeira Amorim	Value	0	0	0	0
		%	0%	0%	0%	0%
	Entities that integrate the group	Value	69,040	0	0	69,040
		%	100%	0%	0%	100%
	Total	Value	69,040	0	0	69,040
		%	100%	0%	0%	100%
Total	Corticeira Amorim	Value	22,200	15,000	0	37,200
		%	60%	40%	0%	100%
	Entities that integrate the group	Value	216,990	0	58,000	274,990
		%	79%	0%	21%	100%
	Total	Value	239,190	15,000	58,000	312,190
		%	77%	5%	19%	100%

Corticeira Amorim was 312 K€ (2018: 254 K€) and detailed as follows:

The Review of interim financial information and other assurance engagements line includes the limited review of the consolidated financial statements for the six-month period ended June 30, 2019 and the independent review of the sustainability report.

The Other services item includes a study to assess the Group's

[35.] Other Information

environmental, social and economic impacts.

a) Net profit per share calculation used the average number of issued shares deducted by the number of average owned shares. The non-existence of potential voting rights justifies the same net

	2019	2018
Total issued shares	133,000,000	133,000,000
Average nr. of treasury shares	0	0
Average nr. of outstanding shares	133,000,000	133,000,000
Net Profit (thousand euros)	74,947	77,389
Net Profit per share (euros)	0.564	0.582

profit per share for basic and diluted

b) Guarantees

During its operating activities Corticeira Amorim issued in favour of third-parties guarantees amounting to 1,624 K€ (Dec. 2018: 2,094

thousand euros		
Beneficiary	Amount	Purpose
Government agencies	1,266	Capex grants / subsidies
Other	358	Miscellaneous guarantees
TOTAL	1,624	

K€).

Cork purchase commitments amount to 19,014 K€ (2020: 10,624 K€; 2021: 1,085 K€, 2022: 424 K€ and 2023 and further 6,882 K€).

c) Financial Assets and Liabilities

Financial Assets are mainly registered in the Loans and Other Receivables caption. As for Financial Liabilities they are included in

the Amortized Liabilities caption.

Detail is as follows:

thousand euros					
	Financial assets at amortized cost	Financial assets at fair value	Derivatives as hedging	Derivatives not designated as hedging	Total
Trade receivables (note 17)	174,483				174,483
Other debtors (note 18)	28,173		132		28,305
Other financial assets (note 14)		1,632			1,632
Cash and cash equivalents (note 19)	21,695				21,695
Total as of December 31, 2018	224,351	1,632	132	0	226,115
Trade receivables (note 17)	165,484				165,484
Other debtors (note 18)	30,778		111		30,889
Other financial assets (note 14)		1,550			1,550
Cash and cash equivalents (note 19)	22,144				22,144
Total as of December 31, 2019	218,405	1,550	111	0	220,066

thousand euros						
	Loans and payables	Accounts payable	Agreement to acquire non-controlling interests	Derivatives as hedging	Derivatives not designated as hedging	Total
Interest-bearing loans (note 22)	160,703					160,703
Trade payables (note 23)		165,008				165,008
Other financial liabilities (note 24)	17,457	32,870	20,410	457	108	71,302
Total as of December 31, 2018	178,160	197,878	20,410	457	108	397,013
Interest-bearing loans (note 22)	183,234					183,234
Trade payables (note 23)		132,086				132,086
Other financial liabilities (note 24)	15,032	36,081	14,962	23	212	66,310
Total as of December 31, 2019	198,266	168,167	14,962	23	212	381,630

Customers balances are denominated in USD (7.7%), CLP (5.8%), AUD (2.5%), GBP (1.6%), DKK (1.0%) and ZAR (0.9%), being the remaining almost totally euro based. Exchange differences are due, mainly, to non-euro based customer's balances, as well as foreign currency loans used as a hedge accounting instrument.

Corticeira Amorim understands that the fair value of the classes of financial instruments presented does not differ significantly from its book value, taking into account the contractual conditions of each of these financial instruments.

Current assets and liabilities, given their short-term nature, have an accounting value similar to fair value

Non-current net debt is mostly payable at a variable rate. The only fixed-rate was contracted during the year 2015. As there were no significant changes in the reference interest rates, the rate does not differ substantially from the current market conditions, and therefore the fair value does not differ significantly from the value Accounting.

In the case of Other financial liabilities (mainly grants with no interest bearing measured at fair value at initial recognition), given the initial adjustment differential for recognizing in income, maturities and current interest rate levels, difference between book value and fair value is not significant.

d) Reconciliation of Alternative Performance Measures

According to the guidelines of the ESMA (European Sales and Marketing Association) of October 2015 on Alternative Performance Measures (APM), Corticeira Amorim presents below a table to reconcile APMs that are not directly readable in the primary financial statements.

Management report	Consolidated Financial Statements
Gross Margin	Sales - Cost of goods sold and materials consumed + Change in manufactured inventories
Gross Margin %	Gross margin / (Sales + Change in manufactured inventories)
Operational costs	Third party supplies and services + Staff costs + Impairments of assets - Other income and gains + Other costs and losses + Depreciation
Working capital	Inventories + Trade receivables - Trade payables + other operating assets - other operating liabilities
Invested capital	Goodwill + Tangible fixed assets + intangible assets + right of use + working capital + investment properties + Investments in associates and joint ventures + other operating assets / (liabilities)
Net interest-bearing debt / consolidated debt	Current and non-current Interest-bearing loans - cash and cash equivalents
Financial autonomy	Equity / Total assets

[36.] Subsequent Events

The worldwide spread of the Covid-19 virus epidemic, and the impact of the containment measures meanwhile taken by the various authorities, anticipate a sharp deterioration in the profile of economic growth in 2020.

Corticeira Amorim is an international company (more than 90% sales outside Portugal as detailed in note 9.3 of the management report) and, as such, exposed to the global economy, in particular to private consumption. The spread of the Covid-19 outbreak, if it significantly affects consumption, could impact customers and, consequently, the value chain, and therefore, could have an effect on the activity carried out. The scale, dimension and duration of the current moment of uncertainty, makes it difficult to assess the extent of its direct and indirect impacts, and, as such, to estimate, today, its value. However, the following considerations should be highlighted:

Impacts on the activity:

- a possible global economic slowdown and / or changes in behavior patterns may affect or postpone levels of consumption of wine and other products;
- the market's behavior is not homogeneous and varies according to geographies and Corticeira Amorim's objective is to be prepared to respond to market needs;
- an example of this situation is the resumption of the Cognac market in China, which means that customers in the sector have to reopen to respond to demand from China. Another example is that, despite California's shut-down, the wine and agricultural products sector was seen as essential to farmers' subsistence. In this way, Corticeira Amorim keeps its activity open because it is part of the supply chain;
- commercial activity is being affected by the cancellation of fairs and other events, as well as travel restrictions to / from customers, which may have an impact on the Group's sales;
- there are still no blockages in the movement of products for export, just difficulties in being able to hire some types of transport that have been solved with some increase in costs;
- customers have so far not experienced any relevant difficulties in terms of payments or requesting any type of assistance to deal with cash flow difficulties.

Impacts on the value chain:

- production shutdown will only occur if Corticeira Amorim is required by law or by closing customers. Corticeira Amorim has strong responsibilities in supplying the supply chain for the wine sector and will do everything to continue to serve its customers;
- cork represents the largest component of production costs; this raw material is mainly supplied in Portugal and Spain (around 80% of world production);
- exposure to some Chinese manufacturers of other components, but levels of internal inventories and the existence of other supply alternatives should minimize the risk of disruption of production processes.

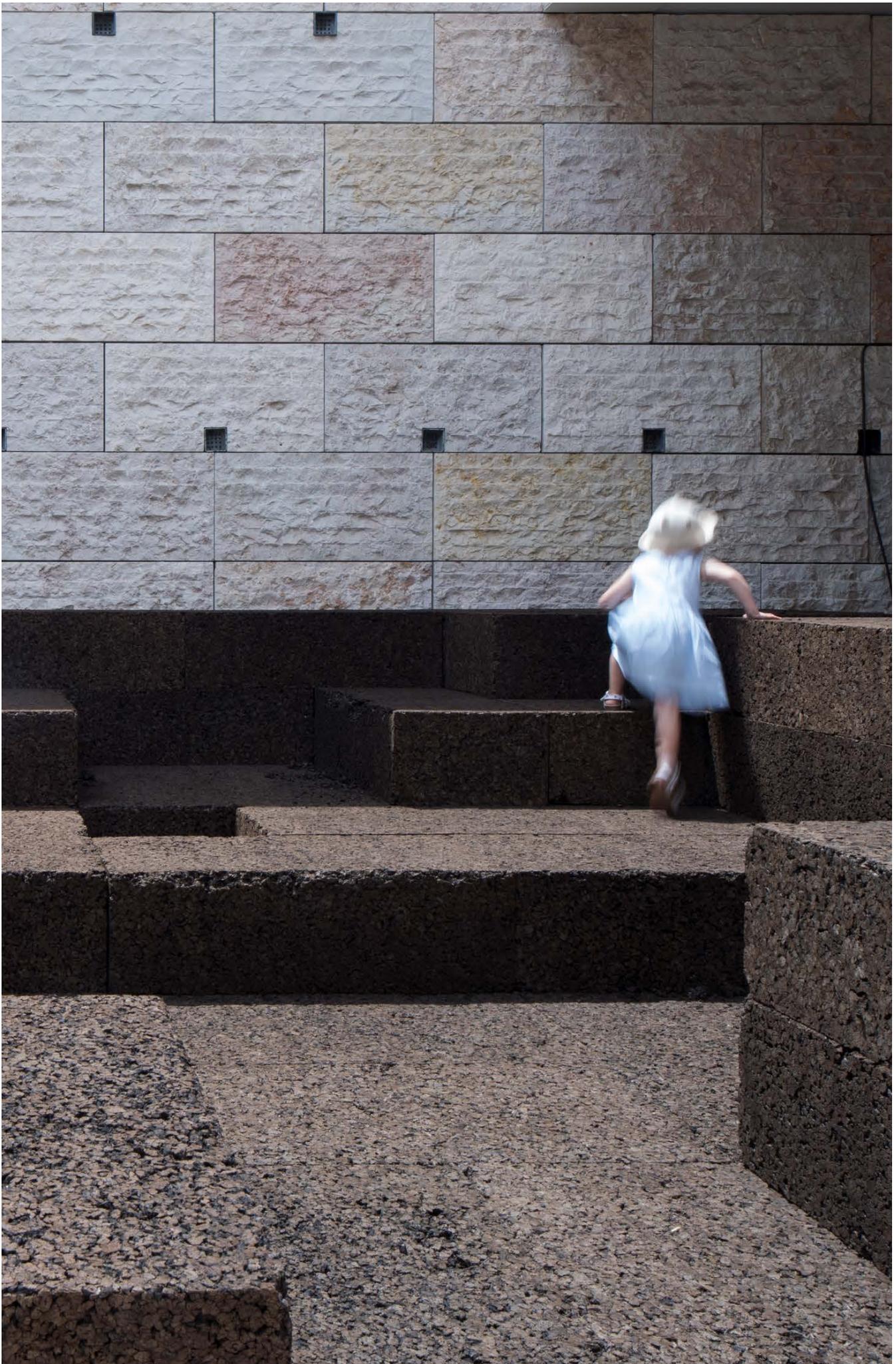
Impact on Employees:

- ensuring the permanent well-being of all Employees, their families and communities, is a priority for Corticeira Amorim in the current context of the covid-19 pandemic;
- implementation of a set of preventive actions to protect the health and safety of our Employees, based on the recommendations of the portuguese general health authority;
- conducting continuous monitoring of the evolution of the disease in different countries and the recommendations issued by the competent health organizations, reevaluating the need for new measures whenever other specific data may justify it.

At the date of issuance of this report, there were no material events that could materially affect the financial position and future results of Corticeira Amorim and all subsidiaries included in the consolidation.

Mozelos, March 23, 2020

The Board of
Corticeira Amorim, S.G.P.S., S.A.



07

[←] Cork is known for its natural-regulating properties and it is known to maintain a similar temperature to our own bodies, thus providing a unique connection between us and the product.

Reports and Opinions of the Supervisory Board and the Statutory Auditor

REPORT AND OPINION OF THE SUPERVISORY BOARD - 2019 FINANCIAL YEAR

Dear Shareholders,

Pursuant to the Law and the mandate given to us, we hereby submit our Report on our supervisory activity and issue our Opinion on the Annual Report and Individual and Consolidated Financial Statements presented by the Board of Directors of CORTICEIRA AMORIM, SGPS, SA for the year ended 31 December 2019.

I – ACTIVITY CARRIED OUT

The Supervisory Board closely monitored the activities developed by the Company and its main subsidiaries and supervised compliance with the Law and the Articles of Association, having inspected the work conducted by the Company's management, the effectiveness of the risk management, internal auditing and internal audit systems and the preparation and disclosure of individual and consolidated financial information. In addition, the Board monitored the completeness and accuracy of the accounting records, of the individual and consolidated financial statements and of the accounting policies and valuation criteria adopted by the company. It also appraised the reasonableness of the management's estimates and judgments in matters that presuppose a higher level of subjectivity, in order to ensure that they adequately reflect the company's assets and its individual and consolidated results and cash flows.

In carrying out its duties, the Supervisory Board met regularly with representatives of the External Audit Firm, in order to monitor the auditing work carried out, from the planning stage to the respective conclusions of the final audit, and also appraised its independence. In this regard, the Supervisory Board analysed the proposals presented to it for the provision of services other than auditing services by the External Audit Firm, and approved those that respected permitted services that would not affect the independence of the External Audit Firm and fulfilled other legal requirements. In accordance with its duty and responsibility, the Board monitored the transactions carried out with shareholders who have qualifying shareholdings, and also monitored the operation of the system for reporting irregularities.

The Supervisory Board also met with the departmental representatives with responsibility for preparing the individual and consolidated accounts, as well as with the Internal Auditor and the heads of the legal and tax Departments, and it received full collaboration from them. The Supervisory Board also met with the Board of Directors and the Executive Committee, which clarified all issues raised by it and explained the Company's plans and objectives.

The Supervisory Board analysed the Legal Certifications of the Accounts and Auditors Report on the Individual and Consolidated Financial Statements for the year of 2019, which comprise the Consolidated and Individual Statements of the Financial Position on December 31, 2019, the Individual and Consolidated Statements of Results by Nature of Expense, the Individual and Consolidated Statements of Comprehensive Income, the Individual and Consolidated Statements of Changes in Equity and the Individual and Consolidated Statements of Cash Flows and related notes. No reservations were raised in relation to any of these documents. The Supervisory Board also analysed (1) the Confirmation of Independence and (2) Additional Report sent to it by the External Audit Firm, both sent on the date of completion of the auditing work.

The Supervisory Board also analysed the Corporate Governance Report, with the sole responsibility to certify whether it includes all the elements stipulated in Article 245-A of the Portuguese Securities Code, which the Supervisory Board verified.

II - OPINION

Within the framework of the Supervisory Board's powers, it is hereby stated that, to the best of the Board's knowledge and belief, the aforementioned accounts statements have been drawn up in accordance with the applicable accounting standards, and give a true and appropriate image of the assets and liabilities, financial situation and results of CORTICEIRA AMORIM, SGPS, SA and the GROUP led by it, and that the annually report faithfully presents the evolution of the GROUP's business, performance and position, and contains an appropriate description of the main risks and uncertainties faced. The Board also certifies that the Corporate Governance Report includes all elements stipulated in article 245-A of the Securities Code.

Under these terms, and taking into account the steps taken, the opinions and the information received from the Board of Directors, the Company's Services and the Statutory Auditor and External Auditor, the Supervisory Board is of the opinion that:

1. The Individual and Consolidated Management Report for the year of 2019 should be approved;
2. The Individual and Consolidated Financial Statements for 2019 should be approved;
3. The proposal for the appropriation of profits presented by the Board of Directors, which is duly substantiated, should be approved.

Mozelos, 25 March 2020

The Supervisory Board

Manuel Carvalho Fernandes - Chairman

Marta Parreira Coelho Pinto Ribeiro - Member

Eugenio Luís Lopes Franco Ferreira - Member

(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Corticeira Amorim, SGPS, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 31 December 2019 (showing a total of 994.152 thousand euros and a total equity of 539.543 thousand euros, including a net profit for the year attributable to the equity holders of the Group of 74.947 thousand euros), the Consolidated Statement of Income by Nature, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Corticeira Amorim, SGPS, S.A. as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter on Covid-19

The recent developments resulting from Covid-19 pandemic (Coronavirus) have a significant impact on people's health and on society as a whole, increasing the uncertainty on operational and financial performance of the Organizations. The impacts and uncertainties resulting from Covid-19 pandemic (Coronavirus), estimated by the Board of Directors in regard of Corticeira Amorim, SGPS, S.A., based on available information as at this date are disclosed in Note 36 of the notes to the consolidated financial statements. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Inventories

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As at 31 December 2019, Inventories amount to 397.840 thousand euros, net of impairment losses of 7.492 thousand euros, representing around 40% of total assets.</p> <p>They are comprised of cork, cork stoppers and other cork derived processed products, which are spread across several locations.</p> <p>As disclosed in Note 2 i) of the notes to the consolidated financial statements, inventories are valued at the lower of cost and net realizable value. The Group applies a criteria based on rotation to record impairment losses on inventories. This methodology is based on assumptions made by the Board of Directors to determine appropriate percentages to provide for impairment losses for each category of inventories.</p>	<p>Our audit approach included the performance of the following procedures:</p> <ul style="list-style-type: none"> ▶ We obtained an understanding of the inventories process and tested the operational effectiveness of the controls implemented related to the existence and valuation of inventories in the relevant subsidiaries; ▶ We attended the physical counts of inventories in all relevant subsidiaries and geographies, carried at or near year-end, with the focus on the identification of indicators of impairment of inventories due to obsolescence or damage as well as evaluating their correct classification; ▶ We verified the underlying contractual terms for an extended sample of contracts with suppliers of the main raw material; ▶ We performed analytical review procedures on the valuation of finished goods and work in progress and tested in detail the inventories cost accounting process by selecting a representative sample of bill of materials; ▶ We tested the underlying assumptions in the determination of impairment losses on inventories, in the light of available information on rotation of inventories, obsolete inventories and consumptions/sales; and ▶ We evaluated the consistency of the criteria utilized in comparison with prior years. <p>We also considered the adequacy of the applicable disclosures (IAS 2), included in Notes 2 i) and 16 of the notes to the consolidated financial statements.</p>

2. Provisions and contingencies

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As disclosed in notes 15 and 25 of the notes to the consolidated financial statements, the Group has identified several tax and legal contingencies. Provisions for tax and legal contingencies are accounted for whenever the Group considers that an unfavourable outcome is probable, in accordance with IAS 37 and, in the case of contingencies related to income tax, in accordance with IFRIC 23. The assessment of the likelihood of the outcome is supported by the opinion of legal and tax advisors.</p> <p>As at 31 December 2019, the provisions presented in the consolidated financial</p>	<p>Our audit approach included the performance of the following procedures:</p> <ul style="list-style-type: none"> ▶ Understanding and evaluating the monitoring processes for tax contingencies and reviewing all existing documentation; ▶ Performing an analysis of pending tax claims, as well as potential tax contingencies, with the support of our tax specialists; ▶ Making inquiries to the Board of Directors and to the Directors of the legal and tax departments regarding the basis for their estimates and judgements;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>statements amount to 3.777 thousand euros (Note 25) and the balance in liabilities of fiscal contingencies related to income tax amount to 42.694 thousand euros (Note 15). The estimate of the potential outflow of resources requires a high degree of judgement by the Board of Directors and it is therefore considered a key matter.</p>	<ul style="list-style-type: none"> ▶ Analysing the replies to the information requests made to the external lawyers; and ▶ Evaluating the consistency of the criteria utilized in comparison with the prior years, considering the provisions of IFRIC 23. <p>We also considered the adequacy of the applicable disclosures (IAS 37), included in Notes 2 j), 2 l), 15 and 25 of the notes to the consolidated financial statements.</p>

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- ▶ the preparation of consolidated financial statements that present a true and fair view of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- ▶ the preparation of the Management Report, including the Corporate Governance Report in accordance with applicable laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- ▶ communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- ▶ from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- ▶ we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the Management Report with the consolidated financial statements, and the verification under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code, as well as the verification that the statement of non-financial information was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatement.

On the Statement of non-financial information set out in article 508-G of the Commercial Companies Code

Pursuant to article 451, nr. 6, of the Commercial Companies Code, we inform that the Group has included in its Consolidated Annual Report the statement of non-financial information as per article 508-G of the Commercial Companies Code.

On the Corporate Governance Report

In our opinion, the Corporate Governance Report includes the information required of the Group in accordance with article 245-A of the Securities Code, and we have not identified any material misstatements of the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- ▶ We were appointed as auditors of Corticeira Amorim, SGPS, S.A. (the Group's parent company) for the first time in the shareholders' general meeting held on 7 April 2017 for a mandate from 2017 to 2019;
- ▶ Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the consolidated financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement in the consolidated financial statements due to fraud;
- ▶ We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group as of today; and
- ▶ We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Group in conducting the audit.

Oporto, 25 March 2020

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Rui Manuel da Cunha Vieira - ROC nr. 1154
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Consolidated
Annual
Report
2019

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