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# 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%
<b>Total</b>	<b>133,000.000</b>	<b>100.000%</b>	<b>100.000%</b>

\* 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%
<b>Attributable total</b>	<b>67,830,000</b>	<b>51.000%</b>

(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.

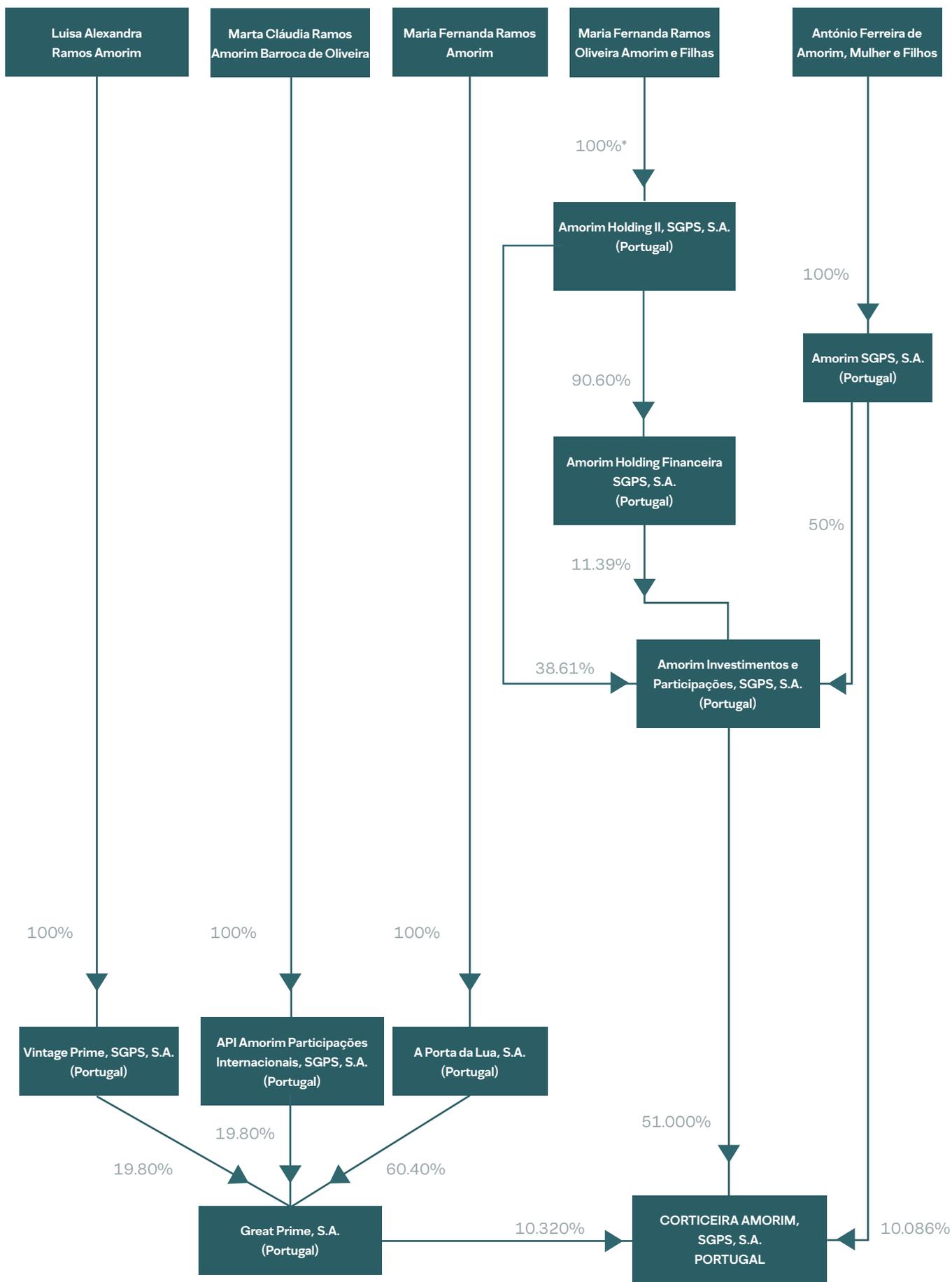
Shareholder Great Prime S.A. (b)	No. of shares	% of share capital with voting rights
Directly	13,725,157	10.320%
<b>Attributable total</b>	<b>13,725,157</b>	<b>10.320%</b>

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%
<b>Attributable total</b>	<b>13,725,157</b>	<b>10.320%</b>

(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%
<b>Attributable total</b>	<b>13,414,387</b>	<b>10.086%</b>

(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 Association<sup>1</sup> 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 powers<sup>2</sup> 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](http://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 Directors<sup>3</sup>**

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)**

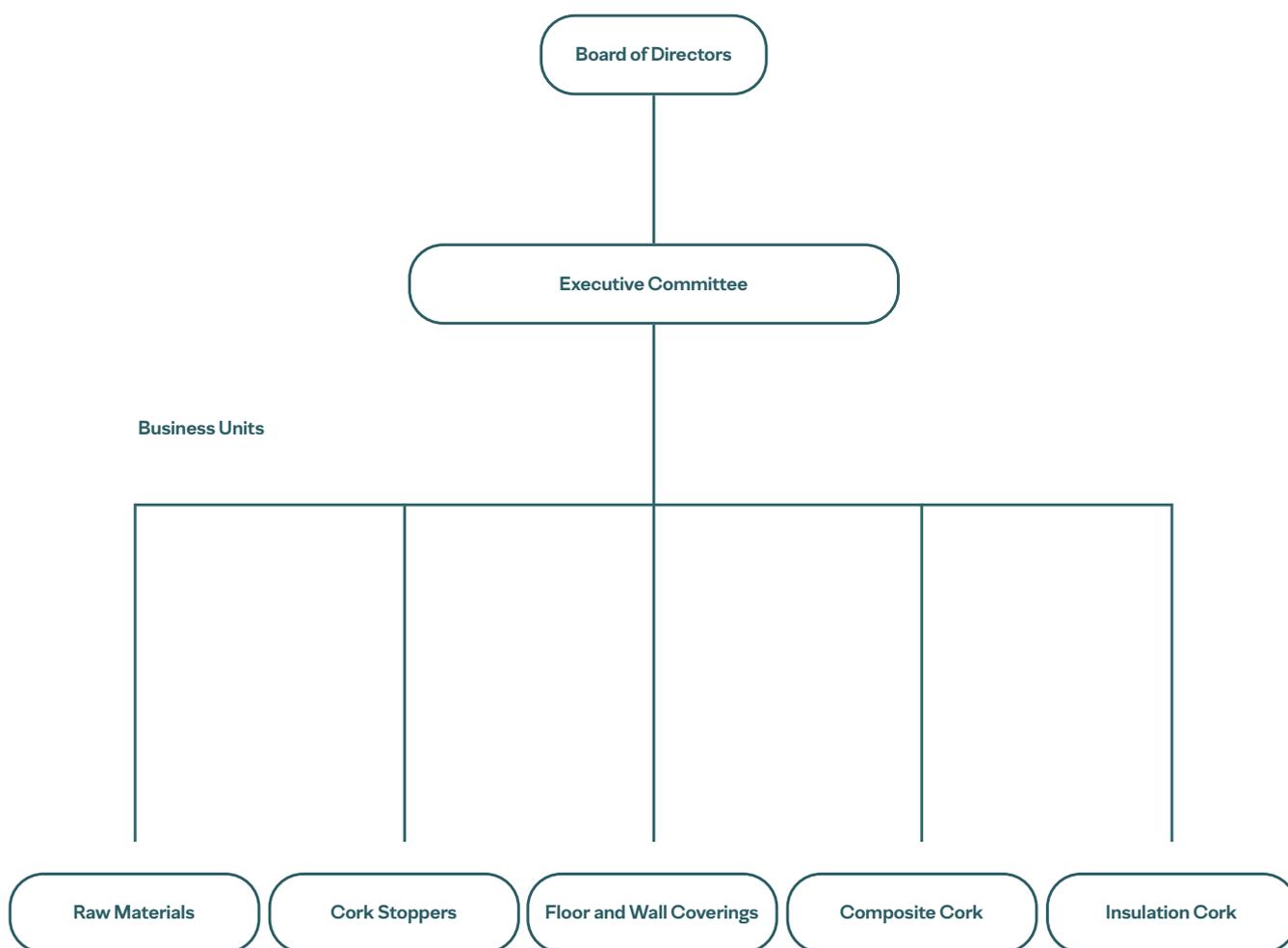
Adopting a management model based on a strategic-operational holding concept, the BUs are coordinated by the Executive Board of Corticeira Amorim.

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:



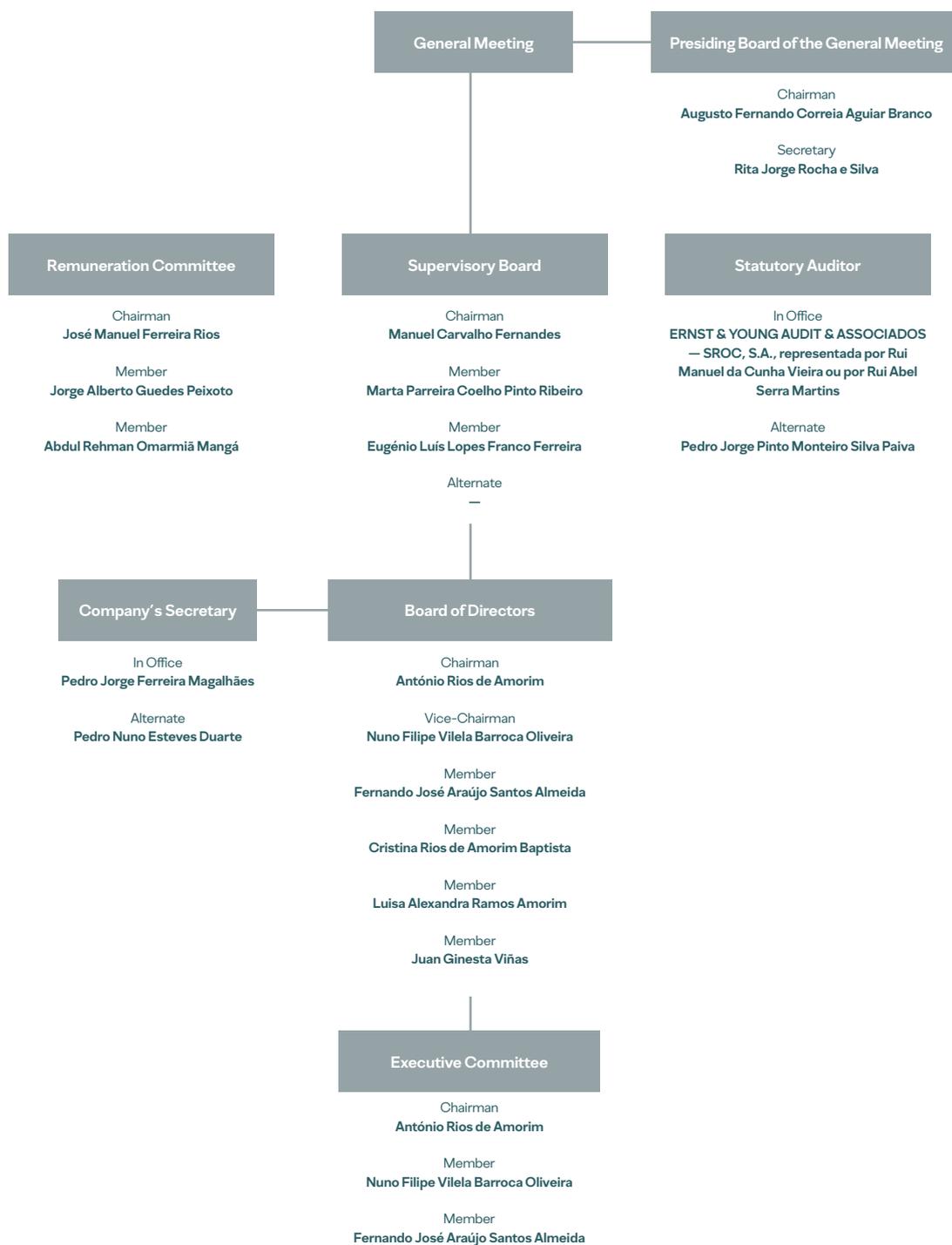
The **Support Divisions** are responsible for monitoring and coordinating the operation of the BUs and their functional areas, under the coordination of the members of the Executive Committee, as shown in the diagram below:

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.

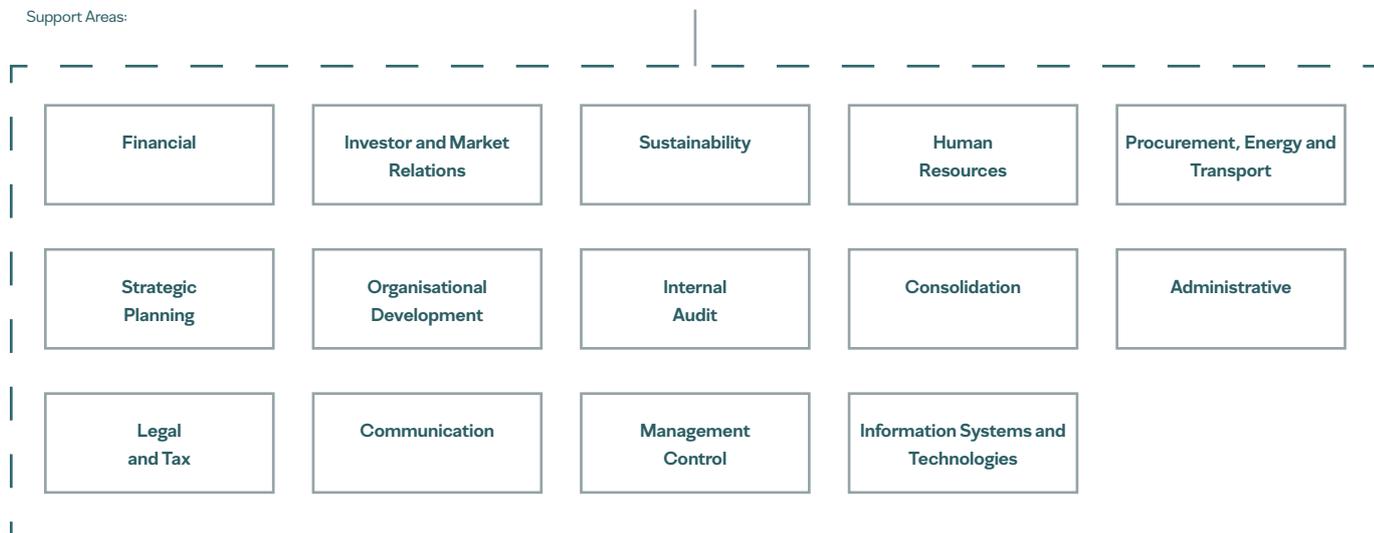
At intervals deemed appropriate, the managing director of the relevant support division or the Executive Committee or even the Board of Directors may request a review (and they effectively do so) of the activity carried out by the different support divisions in order that the need or opportunity to create 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](http://www.cmvm.pt)) or at the Company's website ([www.corticeiraamorim.com](http://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
<b>CORTICEIRA AMORIM Group</b>	
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
<b>OTHER COMPANIES</b>	
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
<b>CORTICEIRA AMORIM Group</b>	
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
<b>OTHER COMPANIES</b>	
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
<b>CORTICEIRA AMORIM Group</b>	
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
<b>OTHER COMPANIES</b>	
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
<b>OTHER INSTITUTIONS:</b>	
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
<b>OUTRAS SOCIEDADES</b>	
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
<b>OTHER INSTITUTIONS:</b>	
Associação Bagos D'Ouro – IPSS	Chairman of the Board

**Juan Ginesta Viñas (Member):**

Company	Position Held
<b>CORTICEIRA AMORIM Group</b>	
Trefinos, S.A.	Chairman of the Board of Directors
<b>OTHER COMPANIES</b>	
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:

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

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](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
<b>Group AFSA, SGPS, S.A. - management positions:</b>	
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
<b>Other Companies – management positions:</b>	
Faceril – Fábrica de Cerâmica do Ribatejo, S.A.	
Coeprimob – promoção Imobiliária, S.A.	
Quaternaire, S.A.	Director
<b>Group AFSA, SGPS, S.A. – other positions:</b>	
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
<b>Other companies - management positions:</b>	
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 MOZÉLOS  
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](http://www.cmvm.pt)); second, via the Company's website ([www.corticeiraamorim.com](http://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](mailto: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](http://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 holdings<sup>4</sup> 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.

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[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](http://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](http://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.