



# Corporate Governance Report

03

# INTRODUCTION CORPORATE GOVERNANCE

**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.

Section 8 of this report also includes the information referred to in articles 447 and 448 of the Portuguese Companies' Code (CSC), in paragraphs 6 and 7 of article 14 of CMVM Regulation No. 5/2008 (Transactions of Directors) and in article 3 of Law No. 28/2009, of 19 July (Remuneration Policy).

## PART I MANDATORY INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE



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# 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 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
<b>Qualifying interests:</b>			
Amorim Capital, S.G.P.S., S.A.	67,830,000	51.000%	51.000%
Investmark Holdings, B.V.	24,975,157	18.778%	18.778%
Amorim International Participations, B.V.	20,064,387	15.086%	15.086%
<b>Free float</b>	20,130,456	15.136%	15.136%
<b>Total</b>	133,000,000	100.000%	100.000%

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)).

At 17 September 2015, Corticeira Amorim held a treasury stock of 7,399,262 shares, representing 5.563% of its share capital and which would correspond to 5.563% of the voting rights if those rights had not been suspended pursuant to the provisions of Article 324(1)(a) of the Portuguese Companies' Code.

Corticeira Amorim held no treasury stock at 31 December 2015.

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)).

At 31 December 2015 there were loan agreements entered into by **Corticeira Amorim** and several banking institutions containing covenants requiring the maintenance of **Corticeira Amorim's** controlling interest in contracts regarding loans totalling 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.

There are no other agreements according to the terms set out in this paragraph.

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. Details of the natural or legal persons who, directly or indirectly, are holders of qualifying interests (Article 245-A/1/c) & /d) and Article 16) with details of the percentage of capital and votes attributed and the source and causes of the attribution.

Shareholder	No. of shares (quantity)	Share capital with voting rights
<b>Amorim Capital SGPS, S.A.</b>		
Directly	67,830,000	51.000%
<b>Attributable total</b>	<b>67,830,000</b>	<b>51.000%</b>
<b>Amorim Investimentos e Participações, SGPS, S.A.</b>		
Directly	–	–
Through Amorim Capital SGPS, S.A., which holds a 100% interest	67,830,000	51.000%
<b>Attributable total</b>	<b>67,830,000</b>	<b>51.000%</b>
<b>Interfamília II, SGPS, S.A. <sup>[a]</sup></b>		
Directly	–	–
Through Amorim Investimentos e Participações, SGPS, S.A., in which it holds a 100% interest	67,830,000	51.000%
<b>Attributable total</b>	<b>67,830,000</b>	<b>51.000%</b>
<b>Investmark Holding BV</b>		
Directly	24,975,157	18.778%
<b>Attributable total</b>	<b>24,975,157</b>	<b>18.778%</b>
<b>Warranties, SGPS, S.A.</b>		
Directly	–	–
Through Investmark Holding BV, in which it holds a 100% interest	24,975,157	18.778%
<b>Attributable total</b>	<b>24,975,157</b>	<b>18.778%</b>
<b>Américo Ferreira de Amorim</b>		
Directly	–	–
Through the shareholder Warranties, SGPS, S.A., in which it holds a 70% interest.	24,975,157	18.778%
<b>Attributable total</b>	<b>24,975,157</b>	<b>18.778%</b>
<b>Amorim International Participations, BV</b>		
Directly	20,064,387	15.086%
<b>Attributable total</b>	<b>20,064,387</b>	<b>15.086%</b>
<b>Amorim, Sociedade Gestora de Participações Sociais, S.A. <sup>[b]</sup></b>		
Directly	–	–
Through Amorim International Participations BV, in which it holds a 100% interest	20,064,387	15.086%
<b>Attributable total</b>	<b>20,064,387</b>	<b>15.086%</b>

<sup>a</sup>The capital of Interfamília II is wholly owned by three companies (Amorim Holding Financeira, SGPS, S.A. (5.63%), Amorim Holding II, SGPS, S.A. (44.37%) and Amorim - Sociedade Gestora de Participações Sociais, S.A. (50%)) none of which has a controlling interest in the company. The capital of first two companies is held by Américo Ferreira de Amorim and by his wife and daughters and the third by António Ferreira de Amorim and by his wife and children. As far as the Company is aware, there are no agreements between the referred companies for the purpose of the concerted exercise of the voting rights in Interfamília II, SGPS, S.A.

<sup>b</sup>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

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:

- i. The members of the governing bodies did not trade any shares representing the share capital of the Company during the 2015 financial year. At 31 December 2015, they did not hold any shares in Corticeira Amorim.

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

- i. Amorim Capital, SGPS, S.A. in which António Rios de Amorim, Chairman of the Board of Directors of Corticeira Amorim, holds the position of Member of the Board of Directors, did not trade any shares of Corticeira Amorim. This means that at the end of year he held 67,830,000 shares, representing 51% of the share capital, which correspond to 51% of the voting rights.
- ii. Amorim International Participations, BV, in which Cristina Rios de Amorim Baptista, Member of the Board of Directors of Corticeira Amorim, holds the position of Director, did not trade any shares of Corticeira Amorim. This means that at the end of year she held 20,064,387 shares, representing 15.086% of the share capital, which correspond to 15.086% of the voting rights.

The share ownership referred to in paragraphs i. and ii. refers to 31 December 2015, remaining unchanged at the date of publication of this report.

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

- i. Amorim Capital, SGPS, S.A. held 67,830,000 shares of **Corticeira Amorim**, corresponding to 51% of the share capital and 51% of the voting rights;
- ii. Investmark Holdings, B.V. held 24,975,157 shares in **Corticeira Amorim**, representing 18.778% of this Company's share capital and 18,778% of voting rights;

- iii. Amorim International Participations, B.V. held 20,064,378 shares in **Corticeira Amorim**, representing 15.086% of this Company's share capital and 15.086% of voting rights.

The share ownership referred to in paragraphs i., ii. and iii. refers to 31 December 2015, remaining unchanged at the date of publication of this report.

d) Transactions involving Directors and Officers:

In accordance with the provisions set out in sections 14.6 and 14.7 of Regulation no. 5/2008 of CMVM and according to notices received from persons/entities covered by this regulation, it is hereby reported that no transactions involving the Company's shares were carried out in the second half of 2015 by **Corticeira Amorim's** Directors and Officers.

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.

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.



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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>[2]</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 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.*



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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.

<sup>2</sup> The company's Articles 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.

# B.

## CORPORATE BOARDS AND COMMITTEES

### I. GENERAL MEETING

#### a) Composition of the Presiding Board of the General Meeting

11. 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 (2014 to 2016) by:

**Chairman: Augusto Fernando Correia de Aguiar-Branco**

**Secretary: Rita Jorge Rocha e Silva**

Beginning of first term of office:

**24 May 2014**

End of current term of office:

**31 December 2016**, 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 2015.

#### b) Exercising the right to vote

12. 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 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 presiding Board decides that the technical requirements for voting by electronic means are met, such information shall be included in the Notice calling the meeting. 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.

13. 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.

14. 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:

- ✦ 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;
- ✦ Removal from office of a director elected under the special rules set out in article 392 of the Portuguese Companies' Code, in the event that shareholders accounting for at least 20 per cent of the share capital have not voted against the removal of such director;
- ✦ 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

15. Details of corporate governance model adopted.

**Corticeira Amorim** has adopted a system of corporate governance commonly known as the "strengthened Latin" model, which is based on a clear separation between administrative 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 prescribed in the CMVM 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 – in the presence of the market relations officer – and by the Board of Directors.

**16. 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 members over 2015:

**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 2016**, 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 2016**, remaining in office until a new election pursuant to law.

**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 2016**, remaining in office until a new election pursuant to law.

**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 2016**, remaining in office until a new election pursuant to law.

**Member: Luísa 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 2016**, remaining in office until a new election pursuant to law.

**Member: Juan Ginesta Viñas**

Date of first appointment to the Board of Directors:

**20 July 2012**

End of term of current office:

**31 December 2016**, 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.

The **Board of Directors** of CORTICEIRA AMORIM is composed of three executive members and three non-executive members. Its composition remained unchanged during 2015:

**Executive Members:**

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

**Non-Executive Members:**

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

None of the non-executive members are independent.

19. 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.

Age: 48

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

Age: 45

**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**.

Age: 54

**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 and a postgraduate degree in International Management from the Portuguese Catholic University in 2001. She began working in 1992, for international institutions such as S.G. Warburg España in Madrid (Corporate Finance), N.M. Rothschild & Sons Limited (Corporate Finance) in London, Rothschild Asset Management Limited (Asset Management) in London, and Soserfin, S.A. (management of economic studies and research). She was a Member of the Board of Directors of Fundação Casa da Música (2006 to March 2013) and of Fundação AEP (2009 to April 2013).

She joined the upper management of the Amorim Group in 1994 and is currently Director and CFO of Amorim. In 1997 she took office as Investor Relations Officer at **Corticeira Amorim**. In July 2012 she took the role of Director of **Corticeira Amorim**, SGPS, S.A.

Age: 47

**Luísa Alexandra Ramos Amorim (Member):**

Bachelor's degree in Hotel Management and graduate (CESE) in Marketing, from ISAG. Director of Amorim – Investimentos e Participações (since 2002). Executive Manager of Natureza, S.G.P.S (since 2002) and Marketing Manager of J. W. Burmester (2000-2002). Began working in the Amorim Group as Assistant to Hotel Management in Amorim Hotéis e Serviços and Sociedade Figueira Praia (1996-1997). She worked in various business areas of the Group in Portugal and abroad, between 1998 and 2000.

Age: 42

**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.

Age: 75

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 is a member of the Board of Directors of Amorim Capital, SGPS, S.A.
- ✘ António Rios de Amorim, Nuno Filipe Vilela Barroca de Oliveira, Cristina Rios de Amorim Baptista and Luísa Alexandra Ramos Amorim are members of the Board of Directors of Amorim Investimentos e Participações, SGPS, S.A.
- ✘ António Rios de Amorim, Nuno Filipe Vilela Barroca de Oliveira, Cristina Rios de Amorim Baptista and Luísa Alexandra Ramos Amorim are members of the Board of Directors of Interfamília II, SGPS, S.A.
- ✘ Cristina Rios de Amorim Baptista is a member of the management body of Amorim International Participations, B.V.
- ✘ 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.

Américo Ferreira de Amorim is Luísa Alexandra Ramos Amorim's father, and Nuno Filipe Vilela Barroca de Oliveira's father-in-law.

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

There are no 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), ensure the authenticity and security of communications;
- ✘ Choose 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;
- ✘ Chair 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;
- ✘ Authorise the presence in the general meeting of 3rd parties from outside the company; the general meeting may revoke this authorisation;

- ✘ Adjourn the general meeting, immediately setting its restart date at no more than 90 days; the same session cannot be suspended twice;
- ✘ End the session, ensure the minutes are drafted and sign 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;
- ✘ Draw up the minutes and sign them.

#### Board of Directors

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

#### Advisors to the Board of Directors

The meetings of the Board of Directors can rely on, besides the presence of its members, the presence of its advisors, Mr. Américo Ferreira de Amorim, who has held the post since 2001, and Mr. Joaquim Ferreira de Amorim, appointed in July 2012.

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.

In the specific case of **Corticeira Amorim**, the unrivalled experience, vision of the future and entrepreneurial spirit of Mr. Américo Ferreira de Amorim and the extensive knowledge of the cork industry of Mr. Joaquim Ferreira de Amorim are an important contribution to the development of the Company, assuming an important role in the meetings of the Board: informed and knowledgeable advisors while simultaneously challenging and driving new initiatives and approaches.

#### 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



CORK BEEHIVE, BY ANNA LOSKIEWICZ

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.

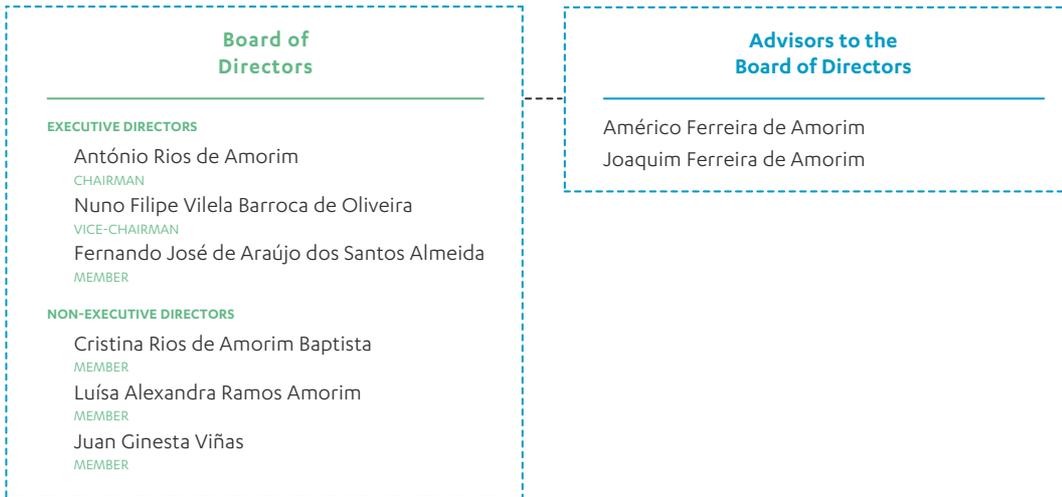
The organisation of meetings allows all Directors – both executive and non-executive directors – to adequately prepare themselves in advance in order to participate fully in the meeting and to assess and devise measures to improve meeting productivity and organisation efficiency. The calendar of regular 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.

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.

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.

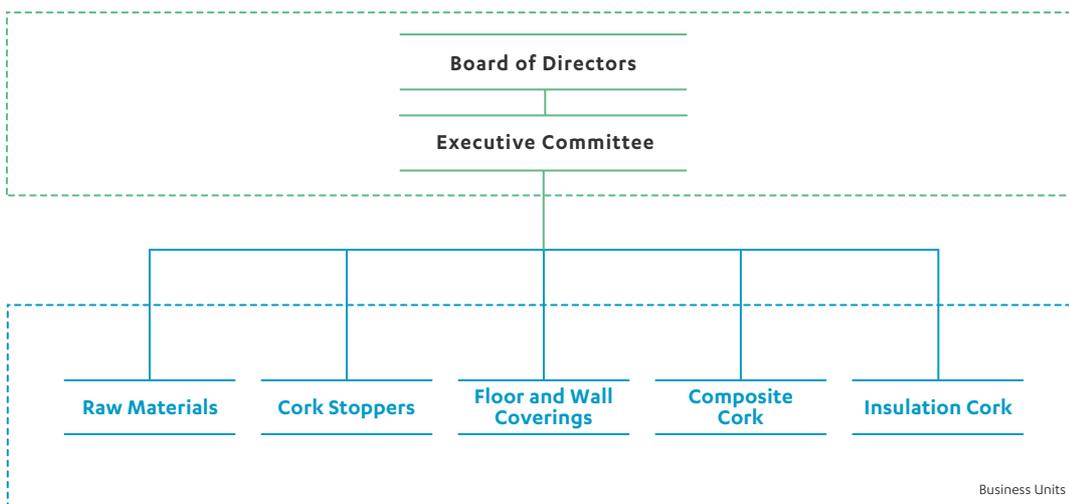


**Corticeira Amorim’s operating structure is divided into five Business Units (BUs).**

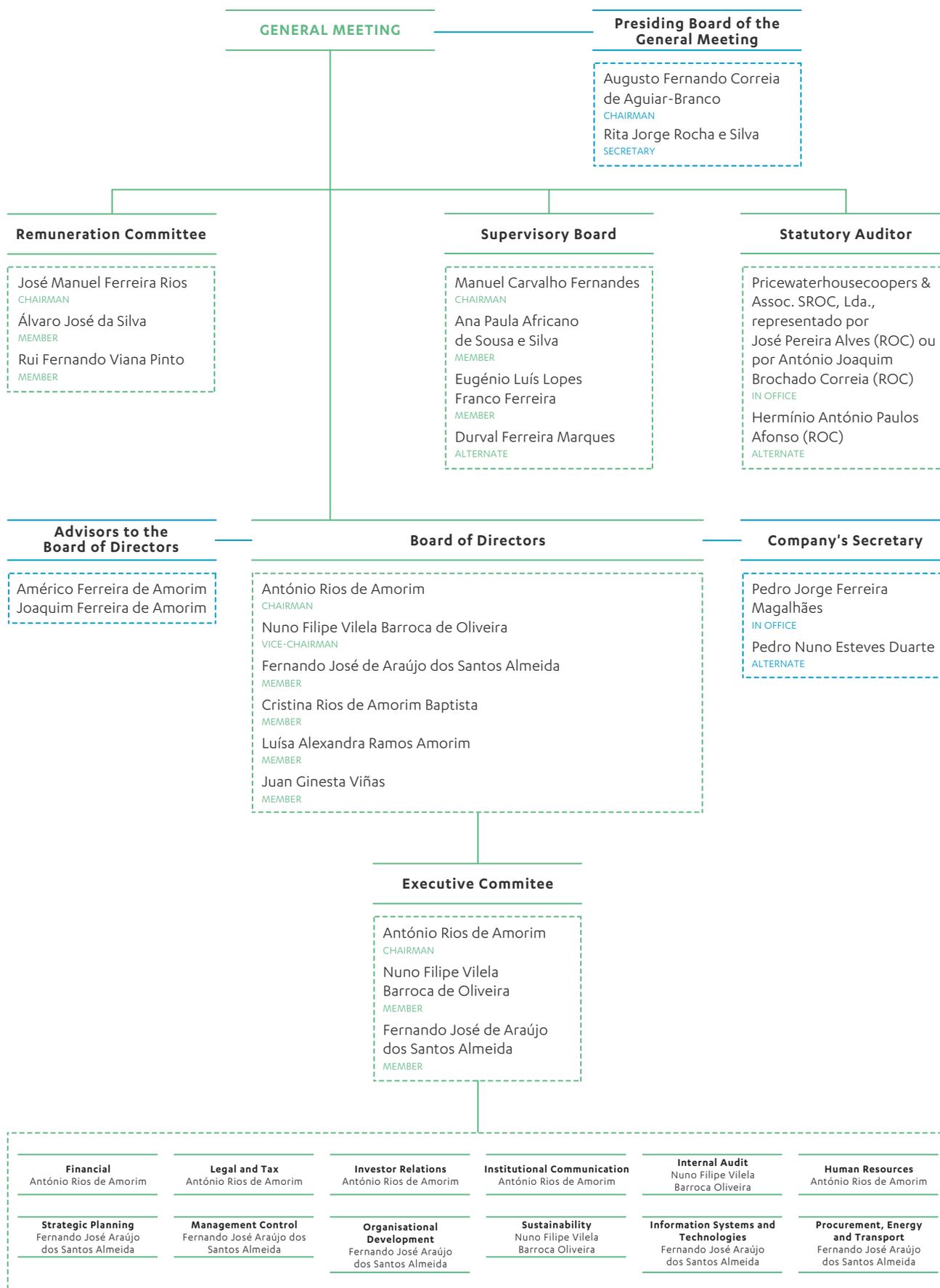
Using a management model based on a strategic-operational holding company concept, these BUs are co-ordinated by **Corticeira Amorim’s** Executive Committee, which has very broad management powers, except for those specifically reserved to the Board of Directors by law or the Company’s articles of association.

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 and (ii) specifically for **Corticeira Amorim** and each BU.

Each BU has a Board of Directors composed of non-executive and executive members, including the General Manager of the BU. This body is the authority responsible for deciding on all matters deemed relevant. 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: (situation as at 31 December 2015).





ALMA GÉMEA COLLECTION, AMORIM IN PARTNERSHIP WITH MATECERÂMICA

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.

## 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 during 2015, and all the members of the Board in office attended or were represented at the 10 meetings. Overall attendance was 100%. If the representation of directors is eliminated from this calculation, the attendance rate will be 95.3%.

The following were represented by another director: Nuno Filipe Vilela Barroca de Oliveira and Juan Ginesta Viñas at the meeting of 4 May; and Luísa Alexandra Ramos Amorim at the meeting of 12 January. The other members of the Board of Directors attended all the meetings in person.

### 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 executive directors.

As stated in section 67 of this report, there is a Remuneration Committee (term of office of three years, 2014 to 2016), 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 General Shareholders' Meeting of 24 March 2015 (Section 69), as proposed by the company's Remuneration Committee, a variable remuneration shall be added, if deemed adequate and feasible, to the fixed remuneration for executive directors. This variable remuneration shall be calculated weighing up financial and non-financial indicators, and according to the contribution of the executive directors, that is impartial and measurable through

the balanced scorecard method (which establishes, defines and implements three-year goals and targets: results, innovation, financial soundness, value creation, competitiveness and growth) on an individual and/or collective basis, to the sustainable development of the business activity, to the medium/long term profitability of the Company and to the creation of value for the Shareholder.

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 Natural Cork, S.A.	Chairman of the Board
Amorim Florestal, S.A.	Chairman of the Board
Amorim Florestal España, S.L.	Chairman of the Board
Amorim & Irmãos, S.A.	Chairman of the Board
Amorim Compcork, Lda.	Manager
Amorim & Irmãos, S.G.P.S., S.A.	Chairman of the Board
Amorim Industrial Solutions – Imobiliária, S.A.	Chairman of the Board
Amorim Isolamentos, S.A.	Chairman of the Board
Amorim Revestimentos, S.A.	Chairman of the Board
Amorim Cork Composites, S.A.	Chairman of the Board
Amorim Cork Research, Lda.	Manager
Amorim Cork Services, Lda.	Manager
Chapius, S.L.	Chairman of the Board
Comatral – Compagnie Marocaine de Transformation du Liège, S.A.	Chairman of the Board and Chairman of the Presiding Board of the General Meeting
Dom Korkowy, Sp. Zo.o	Member of the Board of Directors
Equipar – Participações Integradas, SGPS, Lda.	Manager
Korken Schiesser GmbH	Manager
Francisco Oller, S.A.	Member of the Board of Directors
Olimpíadas Barcelona 92, S.L.	Chairman of the Board
Société Nouvelle des Bouchons Trescasses, S.A.	Administrator
SIBL – Société Industrielle Bois Liège, S.A.R.L.	Manager
<b>Other Companies</b>	
Afaprom – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Agolal, S.A.	Member of the Board of Directors
Amorim, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Capital – Sociedade Gestora de Participações Sociais, S.A.	Member of the Board of Directors
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Participações Agro-Florestal, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Participações Imobiliárias, S.G.P.S., S.A.	Member of the Board of Directors
Bomsobro – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Caneicor – Sociedade Agro-Florestal da Caneira, S.A.	Member of the Board of Directors
Cimorim – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Corunhal – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Fruticor – Sociedade Agrícola de frutas e Cortiças, S.A.	Member of the Board of Directors
Interfamília II, S.G.P.S., S.A.	Member of the Board of Directors
Agropecuária Mirantes e Freires, S.A.	Member of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Manager
QM1609 – Investimentos Imobiliários, S.A.	Member of the Board of Directors
Quinta Nova de Nossa Senhora do Carmo, S.A.	Member of the Board of Directors
Resiféria – Construções Urbanas, S.A.	Member of the Board of Directors
Clube de Tiro, Caça e Pesca a Agolal	Treasurer

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

<b>Company</b>	<b>Position Held</b>
<b>Corticeira Amorim Group</b>	
Amorim Florestal, S.A.	Member of the Board of Directors
Amorim Natural Cork, S.A.	Member of the Board of Directors
Amorim & Irmãos, S.A.	Vice-Chairman of the Board of Directors
Amorim & Irmãos, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Cork Ventures, Lda.	Manager
Amorim Isolamentos, S.A.	Member of the Board of Directors
Amorim Revestimentos, S.A.	Member of the Board of Directors
Amorim Cork Composites, S.A.	Member of the Board of Directors
Amorim Industrial Solutions – Imobiliária, S.A.	Member of the Board of Directors
<b>Other Companies</b>	
Amorim – Investimentos e Participações, S.G.P.S., 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
Interfamlia II, S.G.P.S., S.A.	Member of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Manager
Paisagem de Alqueva, S.A.	Member of the Board of Directors
Quinta Nova de Nossa Senhora do Carmo, S.A.	Manager

**Fernando José de Araújo dos Santos Almeida (Member):**

<b>Company</b>	<b>Position Held</b>
<b>Corticeira Amorim Group</b>	
Amorim Revestimentos, S.A.	Member of the Board of Directors
Amorim Cork Services, Lda.	Manager
Vatrya – Consultoria e Marketing, Lda.	Manager

**Cristina Rios de Amorim Baptista (Member):**

<b>Company</b>	<b>Position Held</b>
<b>Corticeira Amorim Group</b>	
Amorim & Irmãos, S.A.	Chairman of Remuneration Committee
Amorim Cork Services, Lda.	Manager
<b>Other Companies</b>	
Afaprom – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Agolal – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Agro-Pecuária Mirante e Freires, S.A.	Member of the Board of Directors
Amorim – Investimentos e Participações, S.G.P.S., S.A.	First Vice-Chairman of the Board of Directors
Amorim – Participações Agro-Florestais, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Participações Imobiliárias, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Serviços e Gestão, S.A.	Member of the Board of Directors
Amorim – Sociedade Gestora de Participações Sociais, S.A.	Member of the Board of Directors
Amorim – Viagens e Turismo, Lda.	Manager
Amorim Desenvolvimento, S.G.P.S., S.A.	Member of the Board of Directors
Imotur – Fundo Especial de Investimento Imobiliário Fechado	Member of Advisory Committee
Amorim Global Investors, S.G.P.S., S.A.	Member of the Board of Directors
Bomsobro – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Caneicor – Sociedade Agro-Florestal da Caneira, S.A.	Member of the Board of Directors
Cimorim – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Corunhal – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors

Company	Position Held
Fruticor – Sociedade Agrícola de Frutas e Cortiças, S.A.	Member of the Board of Directors
Interfamlia II, S.G.P.S., S.A.	First Vice-Chairman of the Board of Directors
Amorim International Participations, B.V.	Director
Resiféria – Construções Urbanas, S.A.	Member of the Board of Directors
MCMAB – Serviços e Gestão, Lda.	Manager

#### Luísa Alexandra Ramos Amorim (Member):

Company	Position Held
<b>Other Companies</b>	
Amorim – Investimentos e Participações, SGPS, S.A.	Member of the Board of Directors
Bucozal – Investimentos Imobiliários e Turísticos, Lda.	Manager
Interfamlia II, SGPS, S.A.	Member of the Board of Directors
Quinta Nova de Nossa Senhora do Carmo, S.A.	Chairman of the Board
Vintage Prime, SGPS, S.A.	Member of the Board of Directors

#### Juan Ginesta Viñas (Member):

Company	Position Held
<b>Corticeira Amorim Group</b>	
Trefinos, S.L.	Chairman of the Board
<b>Other Companies</b>	
Les Finques, S.A.	Sole 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 for 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. The composition of this board remained unchanged in 2015, so the members at the end of the year continued to be:

**Chairman: António Rios de Amorim**

**Member: Nuno Filipe Vilela Barroca de Oliveira**

**Member: Fernando José de Araújo dos Santos Almeida**

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

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

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

According to **Corticeira Amorim's** articles of association, the Executive Committee is vested with the power to implement the decisions made by the Board of Directors, manage the Company's ordinary course of business and implement certain management duties. The activity of the Executive Committee was conducted in 2015 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);



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- ✘ 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.

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 meetings of the Executive Committee meetings to the Chairman of the Supervisory Board.

The Executive Committee, met sixteen times during 2015. The attendance rate was 93.8%. Individually, the attendance rate of António Rios de Amorim and Fernando José de Araújo dos Santos Almeida was 100%; while that of Nuno Filipe Vilela Barroca de Oliveira was 81% (three absences; reason: representation of the company abroad).

### 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 members and one or several alternate members. The Supervisory Board was composed of three members and one alternate member during the current mandate (2014-2016):

**Chairman: Manuel Carvalho Fernandes**

**Member: Ana Paula Africano de Sousa e Silva**

**Member: Eugénio Luís Lopes Franco Ferreira**

Date of first appointment to the Supervisory Board:

**24 March 2014**

End of term in office:

**31 December 2016**, remaining in office until a new election pursuant to law

**Alternate: Durval Ferreira Marques**

Date of first appointment to the Supervisory Board:

**28 May 2007**

Date of first appointment as Alternate to the Supervisory Board:

**24 March 2014**

End of term in office:

**31 December 2016**, remaining in office until a new election pursuant to law

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.

The alternate member of this board, Durval Ferreira Marques, is not considered to be independent since he does not meet the criterion set out in subparagraph (b), paragraph 5 of Article 414 (after three terms as Chairman of the Supervisory Board, he was elected the alternate for that same body). He meets the remaining requirements of independence as well as the incompatibility rules referred to in the preceding paragraph.

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 Universiteit te Leuven Kaholieke (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).

In the last five years he has held several director level positions in a number of companies (other than those referred to in number 36): BANIF, SGPS, S.A., BANIF – Banco Internacional do Funchal, S.A., Tecnocrédito, SGPS, S.A., Banco MAIS, S.A., Finpro, SCR, S.A. and Finpro Unipessoal, Lda.

**Ana Paula Africano de Sousa e Silva (Member):**

Graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics. PhD degree in Economics (specialisation in International Economics) from the University of Reading - England, in 1995; equivalence to a PhD degree from the Faculty of Economics of the University of Porto in January 1996. Completed the lecture part of the Master in Economics in 1989, Faculty of Economics of Porto. Senior technician (part-time) in the Studies Department of the Portuguese Statistics Agency (Instituto Nacional de Estatística), Porto Regional Office, from March 1996 to February 1998. Working in the Economics Faculty of Porto University, where he is a member of the Scientific Board and also lectures: Theory and Foreign Trade Policy (Master of Economics), International Commerce (Master of Economics and International Management), International Strategic Management (MEGI), International Economics (Bachelors of Economics and Management); Economic Integration, Applied Economic Studies, Microeconomics and Macroeconomics (Bachelor's Degree in Economics).

Combines teaching with extensive scientific work (supervising PhD theses, master's degree dissertations, sitting on juries) and academic publications.

Member of the Inter-university Association of European Studies in Portugal and the European Union Studies Association (Pittsburgh, USA).

For the past five years he has not held any director level positions.

**Eugénio Luís Lopes Franco Ferreira (Member):**

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. Began working in 1966. In 1977 he joined Price Waterhouse, currently, PricewaterhouseCoopers (Partner in 1991). He worked in the Audit Department, participating in numerous audits of corporations and other entities, mainly in the industrial and service areas. In most cases, the extension of the responsibilities as auditor



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included becoming a member of supervisory boards or working as a sole supervisor. He also performed at the same time a variety of in-house roles, namely: manager of the Porto office; nationwide responsibility for the technical function of auditing and risk management (“Technical Partner” and “Risk Management Partner”); nationwide responsibility for the administrative, financial and IT functions (“Finance & Operations Partner”); responsibility of the Audit Department; Member of the Executive Committee (“Territory Leadership Team”). He ceased to work for PricewaterhouseCoopers in 2009, becoming a self-employed professional consultant.

He is a member of the Portuguese Statutory Auditors Association (member of the Board of Governors in 2009 -2011), of the Portuguese Economists Association, of the Portuguese Accountants Association and Partner of the Portuguese Institute of Corporate Governance.

For the past five years he has not held any director level positions.

**Durval Ferreira Marques (Alternate Member):**

Graduated with a Bachelor’s Degree in Economics from the University of Porto, Faculty of Economics, he was a technical education lecturer and a technical assistant at the Directorate-General of the Central Bank of Angola. He held management positions in the finance, insurance, media and industry sectors in South Africa for over 25 years. He was

also a representative of the Portuguese Business Association in South Africa and Mozambique.

For the past five years he has not held any director level positions.

**b) Functioning**

34. Availability and place where the rules on the functioning of the Supervisory Board may be viewed.

The **Rules of the Supervisory Board of the Company** can be viewed at [http://www.amorim.com/xms/files/Investidores/2\\_Orgaos\\_Sociais/2014-2016\\_Regulamento\\_do\\_Conselho\\_Fiscal.pdf](http://www.amorim.com/xms/files/Investidores/2_Orgaos_Sociais/2014-2016_Regulamento_do_Conselho_Fiscal.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. Five meetings of the Supervisory Board were held during 2015. The Chairman of the Supervisory Board missed only one of the meetings because he was out of the country. Nevertheless, he still participated by video conference in part of that meeting.

The overall attendance was 93.3%; that of the Chairman was 80% and of the other members it was 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>Grupo 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
QMETRICS – Serviços, Consultoria e Avaliação da Satisfação, S.A.	Director
<b>Other companies - management positions:</b>	
Faceril – Fábrica de Cerâmica do Ribatejo, S.A.	Director
Coeprimob – Promoção Imobiliária, S.A.	Director
Qdata, Lda.	Manager
Quaternaire, S.A.	Director
<b>Grupo AFSA, SGPS, S.A. - other positions:</b>	
Douro Empreendimentos Imobiliários, Lda.	Advisory Board
Brasilimo Empreendimentos Imobiliários, Lda.	Advisory Board
<b>Other companies - other positions:</b>	
Oriente Foundation	Curator

**Ana Paula Africano de Sousa e Silva (Member):**

Institution	Position Held
<b>Other companies</b>	
University of Porto	Lecturer
Faculty of Economics from the University of Porto	Member of the Board of Representatives Member of the Scientific Committee of the Master's Degree in Economics and International Management
CEFUP (Centre of Economic and Financial Studies)	Member

**Eugénio Luís Lopes Franco Ferreira (Member):**

Company	Position Held
<b>Other companies</b>	
NOS, SGPS, S.A.	Member of the Supervisory Board

Since 2009, he acts professionally as a self-employed consultant.

**Durval Ferreira Marques (Alternate Member):** Does not hold any post in any other company.

**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.

The Supervisory Board is aware of the company's practices on this topic (described in the following paragraphs). The Supervisory Board ensured it was fully informed during the year of

the nature and extent of the contracted services and the respective amounts. It did not identify in the current year any situation, taking into account the mitigating factors of risk, that might affect the independence of the Statutory Auditor.

Other services are contracted from PricewaterhouseCoopers (and not the additional services provided by the external auditor), subject to approval by the Executive Committee. Such services essentially refer to assistance for the implementation of administrative mechanisms to address legal formalities.

Under such services:

- i. PricewaterhouseCoopers does not lead the underlying projects. These projects are always headed by the appropriate department of **Corticeira Amorim**;
- ii. The representatives from PricewaterhouseCoopers 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.

It is to be noted that the entry into force on 1 January 2016 of Law No. 140/2015 of 7 September, approving the new Statutes of the Order 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 30% of the total fees paid to the Statutory Auditor) and that the non-prohibited services require the prior approval of the Supervisory Board.

### 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;
- ✦ Receive reports of irregularities presented by shareholders, company employees or others, giving them due treatment;



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- ✘ 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 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 their health temporarily prevents them from performing their duties, or when 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;
- ✘ Must assess the management report, the annual accounts, the legal certification of accounts or impossibility of certification and issue and send the report and opinion to the Board of Directors, within fifteen days from the date of receipt of said components of the report of accounts;
- ✘ 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 preparing and disclosing financial information;
- ✘ Propose to the General Meeting the appointment of a Statutory Auditor;
- ✘ Supervise the audit of the company's accounts and accounting documents;
- ✘ Supervise the independence of the Statutory Auditors, especially in relation to the provision of additional 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 entry into force of the laws referred to in section 37, on 1 January 2016 means the Supervisory Board will have added responsibilities particularly in terms of interaction with the Statutory Auditor. The Supervisory Board is assigned the following duties:

- ✘ Inform the Board of Directors of the results of the statutory audit and explain how this contributed to the integrity of the process of preparation and disclosure of financial information, as well as the role played by the Supervisory Board in this process;
- ✘ Monitor the process of preparation and disclosure of financial information and submit recommendations or proposals to ensure its integrity;
- ✘ Supervise the effectiveness of the internal quality control, risk management and internal audit systems, as regards the process of preparation and disclosure of financial information;
- ✘ Monitor the statutory audit of the individual and consolidated annual accounts, in particular the implementation of the same;
- ✘ Check and monitor the independence of the statutory auditor and, in particular, verify the adequacy and approve the provision of other services besides the audit services;
- ✘ Select the Statutory Auditor to propose to the General Meeting for contracting.

#### 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 members of this body in office on 31 December 2013, elected for the 2011 to 2013 term, remained in office according to law until an election was held, which was on 24 March 2014, in the General Meeting. This General Meeting re-elected all members for a new term, namely from 2014 to 2016:

**Member:** PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda, registered in the CMVM since 15 July 2004 under number 20161485, represented by José Pereira Alves (Statutory Auditor) or António Joaquim Brochado Correia (Statutory Auditor).

**Alternate:** Hermínio António Paulos Afonso (Statutory Auditor)  
End of term of office:  
**31 December 2016**, 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:

The correctness of the accounting records and documents supporting those records;

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;

The accuracy of the financial statements;

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.

Pricewaterhousecoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. has performed the duties for eleven consecutive years, while the Statutory Auditor representing that company has been in this role for four years.

There is no policy of rotation of the Statutory Auditor. Continuation in service of the statutory auditor is subject to a careful assessment of the advantages and disadvantages thereof, in particular the expertise and experience acquired in the type of business in which the Company is engaged in. **Corticeira Amorim's** external auditors, PricewaterhouseCoopers & Associados, S.R.O.C., Lda., meet the independence requirements and this is reinforced by the fact the partner in charge of the Company's audit is proposed to be rotated every seven years, a procedure in line with the best international practices. The audit of the company over the last four years has been conducted by António Joaquim Brochado Correia.

The Supervisory Board is effectively responsible for annually assessing the Statutory Auditor, supervising the audit of the accounts and the financial statements of the company, overseeing the independence of the Statutory Auditor, notably as regards the provision of additional services. It may also propose the dismissal or termination of the contract celebrated with the Statutory Auditor.



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41. Description of other services that the statutory auditor provides to the company.

The Company and companies with which it is in a group relationship contracted the following services from PricewaterhouseCoopers, including other entities belonging to the same network, services whose nature and value are detailed in the following table:

Type of service	Corticeira Amorim		Other group companies		Total	
	€	%	€	%	€	%
Audit of accounts	54,000	94.9%	254,159	66.2%	308,159	69.9%
Assurance	1,000	1.8%	7,176	1.9%	8,176	1.9%
Tax consultancy	1,892	3.3%	9,953	2.6%	11,845	2.7%
Others (besides auditing)	0	0.0%	112,371	29.3%	112,371	25.5%
<b>Total</b>	<b>56,892</b>	<b>100.0%</b>	<b>383,659</b>	<b>100.0%</b>	<b>440,551</b>	<b>100.0%</b>

The term "Other services" essentially refers to assistance for the implementation of administrative mechanisms to address legal formalities.

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**.

## 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 following services.

As set out in section 41 above.

# 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 MOZELOS  
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 whistleblower 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 whistleblowers regarding confidentiality) that safeguard the rights of both whistleblowers 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.

**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 the 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 BUs have implemented processes that allow the systematic monitoring of these actions, which are subject to periodic monitoring and monthly evaluation by the Board of Directors of the BU.

**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 an autonomous BU, given the critical nature of this factor across all the BUs. This permits the following:

- ✦ 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;
- ✦ Prepare, discuss and enable the Board of Directors to decide on a multi-annual purchasing policy to be implemented;
- ✦ 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.

#### 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.

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 prevention and detection. 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.

#### 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 prevention, 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 (FB), 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 measures, 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.

#### 54. Description of the procedure for identification, assessment, monitoring, control and risk management.

The system of internal control and risk management 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. 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 Rules of Procedure 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 Control Procedures Manual and Accounting Manual, approved by the Board and which is mandatorily adopted by all companies of the Corticeira Amorim Group. 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 Group'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.

Through its **Investor Relations Department, Corticeira Amorim** maintains permanent contact with the Market, thus ensuring that the principle of equality among shareholders is upheld and that uneven access of investors to information is prevented.

This Department, headed by the Investor Relations Officer, brings together and coordinates the work of professionals from other departments (Management Control, Legal and tax, Administrative and financial) of Corticeira Amorim in order to provide impartial and timely replies to all requests from investors (whether existing or potential).

##### Role:

The Investor Relations Department, supervised by **Corticeira Amorim's** Investor Relations Officer, 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 and meetings with investors and analysts.

The following measures carried out in 2015 in the context of contact with investors are especially noteworthy:

- ✦ Presentation of annual business activity and results via audio-conferencing, thereby promoting interaction in the disclosure of that information;
- ✦ One-on-one meetings held by invitation on the premises of investment banks;
- ✦ Participation in international road shows;
- ✦ Meetings held on the Company's premises with investors and teams of analysts, to whom the major industrial facilities were presented.

**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 biannual and quarterly information on the Company's business affairs;
- ✦ 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 post of Investor Relations Officer of **Corticeira Amorim** is held by Cristina Rios de Amorim Baptista.

**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 (reply within 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. Such cases accounted for less than 5% of all information requests received in 2015. At the end of 2015 there were no unanswered requests.

**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.**

<http://www.amorim.com/investidores/informacao-institucional/estruturas-juridica/>.

**61. Place where the articles of association and rules of procedure of the boards and/or committees are available.**

Articles of Association:

<http://www.amorim.com/investidores/informacao-institucional/estruturas-juridica/>.

Rules of procedure of the Supervisory Board:

<http://www.amorim.com/investidores/informacao-institucional/orgaos-sociais/>.

**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:

<http://www.amorim.com/investidores/informacao-institucional/orgaos-sociais/>.

Investor Relations Officer:

<http://www.amorim.com/investidores/informacao-institucional/>.

The Office of Investor Assistance, its duties and means of accessing this Office:

<http://www.amorim.com/investidores/informacao-institucional/>.

**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:

<http://www.amorim.com/investidores/relatorio-e-contas/>.

<http://www.amorim.com/investidores/resultados/>.

Half-yearly calendar of company events:

<http://www.amorim.com/investidores/calendario-de-eventos/>.

**64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed.**

<http://www.amorim.com/investidores/informacao-institucional/assembleia-geral/>.

<http://www.amorim.com/investidores/informacao-institucional/assembleia-geral/>.

**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.**

<http://www.amorim.com/investidores/informacao-institucional/assembleia-geral/>.

<http://www.amorim.com/investidores/informacao-institucional/assembleia-geral/>.



LUNCH BOX, AMORIM IN PARTNERSHIP WITH NABA AND T12 LAB

# D.

## REMUNERATION

### I. POWER TO ESTABLISH

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, positions held by:

**Chairman: José Manuel Ferreira Rios;**

**Member: Álvaro José da Silva;**

**Member: Rui Fernando Viana Pinto**

End of term in office:

**31 December 2016**, remaining in office until a new election pursuant to law.

No natural or legal person was hired to assist the Remuneration Committee.

The Remuneration Committee met four times in 2015, with the attendance of all the members in office.

Pursuant to the Articles of Association of Corticeira Amorim, the task of this Committee is to decide on the fixed remuneration to be paid to the members of the Presiding Board of the General Meeting, the Supervisory Board and the Statutory Auditors. 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 University of Oporto, Faculty of Economics and attended the third year of law school at the Catholic University of Oporto. Attended various safety and human resources courses organised by the Portuguese Insurance Association (Associação Portuguesa de Seguros), between 2005 and 2008. Has held director posts in several companies since 1975 including, among others, leadership in the area of human resources. Manager and responsible for the management of information technology, information systems, human resource management and performance analysis and assessment (1999 to date, in the company: OSI – Sistemas Informáticos e Electrotécnicos, Lda). Head of the Corporate Department of Asset and Human risk analysis, of the Amorim Group, from 2002 to the present date.

#### **Álvaro José da Silva (Member):**

Graduated with a Bachelor's Degree in Economics from the University of Porto; Post graduation course in Finances, from ISAG. Held the post of manager of the Studies, Information and Control Office of Portucel (1978-1983); Financial Director of Isopor Portugal and Dow Chemical Portugal (1983 – 1989). Head of the Consolidation and Management Control Department of the Amorim Group, from 1989 to the present date. Speaker at various training courses.

Extensive knowledge of the labour market and employment practices and remuneration. Attended various courses and seminars that address these issues, in particular the issues of pay per performance.

#### **Rui Fernando Viana Pinto (Member):**

Accounting and auditing course of Instituto Superior de Contabilidade e Administração do Porto. Worked as an auditor in the company Burton & Meyer (1976) and as a tax inspector of the Tax Inspection Service of the Directorate-General for Taxation (DGCI)/Ministry of Finance (1978-1989). Has held the post of manager of the Tax Department of the Amorim Group, from 1989 to the present date.

Knowledge of the labour market and employment practices, in particular the associated tax issues.

### 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 General Shareholders' Meeting held on 24 March 2015 approved the following remuneration policy:

1. The remuneration of the Members 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 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 to the executive members of the Board of Directors shall be a performance bonus, resulting from the degree of compliance with the goals, objectives and strategic initiatives and priority actions defined in a three-year plan, with the respective annual variations. This will ensure the weighing up of financial and non-financial indicators for performance assessment as well as the short-term performance with the contribution of the annual performance to medium / long term economic 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, financial soundness, value creation, competitiveness and growth;
  - ✘ 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;
  - ✘ 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;

- ✘ The Company's remuneration policy does not provide for 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, 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 24 March 2015 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 2015 financial year, all the members of the **Board of Directors** earned remunerations from Corticeira Amorim amounting to EUR 590,497.15:

- ✦ the executive members earned fixed remunerations amounting to EUR 453,477.15 (António Rios de Amorim: EUR 208,722.89; Nuno Filipe Vilela Barroca de Oliveira: EUR 117,512.89; Fernando José de Araújo dos Santos Almeida: EUR 127,242.13 euros) 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, financial soundness, value creation, competitiveness and growth - which amounted to EUR 137,020.00 (António Rios de Amorim: EUR 50,500.00; Nuno Filipe Vilela Barroca de Oliveira: EUR 25,500.00; Fernando José de Araújo dos Santos Almeida: EUR 61,020.00);
- ✦ 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**.

As at 31 December 2015, there were no deferred payments of fixed or variable remunerations.

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 2015 financial year none of the members of the Board of Directors have earnings from other associate or affiliated companies included in the consolidation of Corticeira Amorim.

The companies in a control relationship with Corticeira Amorim, SGPS, S.A. - for the performance of administration duties in those same companies - paid remunerations to Cristina Rios de Amorim Baptista: fixed remuneration of EUR 192 342.13 and variable remuneration of EUR 70 830.00 and to Luísa Alexandra Ramos Amorim: fixed remuneration of EUR 56 500.00.

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, 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 2015.

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.

In the 2015 financial year, all the members of the **Supervisory Board** have earnings which amounted to EUR 40,800,00 (Manuel Carvalho Fernandes: EUR 12,000.00; Ana Paula Africano de Sousa e Silva: EUR 9,600.00; Eugénio Luís Lopes Franco Ferreira: EUR 9,600.00; Durval Ferreira Marques: EUR 9,600.00). 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 EUR 10,000.00 and EUR 3,000.00, 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.

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.

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.

None exist.

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.

# 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 (i) in normal market conditions or (ii) when the specificity of transactions does not allow to determine this value by using the cost-plus criterion, with margins in the range 2%-5%. 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<sup>3</sup> approved and in force from 1 August 2014, conducting transactions with holders of qualifying holdings 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.

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.

<sup>3</sup> 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.

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, SGPS, 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 7,627 million. The value of transactions in the opposite direction was EUR 116,900.

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 23,000 (2014: EUR 42,000). The transactions in the opposite direction amounted to EUR 79,900.

Purchases of cork (reproduction cork) during the year from companies owned by the major indirect shareholders of **Corticeira Amorim** amounted to EUR 1,317 million, corresponding to less than 2% of total purchases of that raw material.



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## PART II CORPORATE GOVERNANCE ASSESSMENT

# 1. DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED



GARRETT MACNAMARA'S CORK SURF BOARD, A PARTNERSHIP WITH MERCEDES-BENZ

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: <http://www.amorim.com/investidores/informacao-institucional/estruturas-juridica/>; and (iii) the 2013 CMVM Corporate Governance Code as referred to in the CMVM Regulation no. 41/2013 and which, despite just being a recommendatory framework, is an important benchmark of good practice, which is also available at [www.cmvm.pt](http://www.cmvm.pt).

**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

## I. VOTING AND CORPORATE CONTROL

1.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.

**Complies. Sections: 12, 13 and 56.**

1.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.

**Does not comply. 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<sup>4</sup> **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 the CMVM’s 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, after reviewing the above considerations, 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.**

<sup>4</sup> The Portuguese Companies’ Code establishes the following requirements for valid decision-making at the general meeting:

**Quorum (article 383):**

1. On first convening, resolutions may be passed at an Annual General Meeting regardless of the number of members present in person or by proxy, unless otherwise laid down in the following paragraph or in the Company’s articles of association.
2. On first convening, the Annual General Meeting can pass resolutions to amend the Company’s articles of association or the Company’s merger, de-merger, transformation or winding-up or any other matters in respect of which an unspecified qualified majority is required by law, if shareholders jointly holding at least one third of the Company’s share capital are present in person or by proxy at such meeting.
3. On second convening, resolutions may be passed at an Annual General Meeting regardless of the number of members present in person or by proxy at the meeting or the Company’s share capital held by such members.

**Majority (article 386):**

1. Resolutions at an Annual General Meeting shall be passed by a simple majority of the votes cast, regardless of the percentage of share capital held by the members attending the meeting, unless otherwise provided for by law or in the Company’s articles of association; abstentions are not counted.
1. In the event of competing motions for appointment of members to the governing bodies or appointment of statutory auditors or statutory audit firms, the motion receiving the highest number of votes will win.
1. Resolutions on any matter specified in section 383(2) must be carried by a majority of two-thirds of the votes cast, regardless of whether the meeting is convened for the first or for the second time.
1. On second convening, resolutions on any matter specified in section 383(2) may be carried by a simple majority of the votes cast by shareholders present in person or by proxy at the meeting and jointly holding at least half of the Company’s share capital.

1.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.

**Complies. Section 12.**

1.4. The company’s articles of association that provide for the restriction of the number of votes that may be held or exercised by a 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.** The Company Articles of Association do not provide for limitations on the number of votes that may be held or exercised by a shareholder, either separately or jointly with other shareholders.  
**Section 13.**

1.5. Measures that require 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 the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.

**Complies partially.** The Company concluded financing contracts with possible early repayment in the event of a change in shareholder control. No measures have been implemented specifically targeting the effects described in this recommendation. **Sections 4 and 84.**

## II. SUPERVISION, MANAGEMENT AND OVERSIGHT

### II.1. Supervision and Management

II.1.1. Within the limits established by law, and excepting small-sized companies, the Board of Directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.

**Complies. Sections 27 to 29.**

II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the general strategy and policies of the company, ii) define business structure of the group, iii) decisions considered strategic due to the amount, risk and particular characteristics involved.

**Complies.** As better detailed in **section 9**, only day-to-day management can be delegated.

II.1.3. The General and Supervisory Board, in addition to its supervisory duties, shall take full responsibility at corporate governance level. Hence, through statutory provision or by equivalent means, the requirement shall be established for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.

**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.

II.1.4. Except for small-sized companies, the Board of Directors shall create the necessary committees in order to:

- a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees;  
**Does not comply. Section 69.**

- b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.

**Complies. Section 15.**

II.1.5. The Board of Directors should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.

**Complies. Section 54.**

Moreover, pursuant to the remunerations policy referred to in section 69, the award of the variable pay component of remuneration corresponds to a performance bonus, resulting from the degree of compliance with the goals, objectives and strategic initiatives and priority actions defined in a three-year plan, with the respective annual variations. This will ensure the weighing up of financial and non-financial indicators for performance assessment as well as the short-term performance with the contribution of the annual performance to medium / long term economic sustainability of the Organisation.

II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.

**Complies. Section 18.**

II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float.

**Does not comply.**

Although the Board of Directors does not include independent non-executive members as recommended by the Corporate Governance Code, the Company believes that the existence of two supervisory teams – a supervisory board and a statutory auditor – whose members are all independent, **ensures the interests envisaged by this recommendation are fully and appropriately safeguarded.** In addition, it is believed that the observance of this independence requirement coupled with the liability regime for members of the Supervisory Board, meet the conditions necessary to ensure effective supervision to a high standard of impartiality, rigour and independence.

II.1.8. When board members that carry out executive duties are requested by other board members, said shall provide the information requested, in a timely and appropriate manner to the request.

**Complies. Section 15.**

II.1.9. The Chairman of the Executive Committee shall provide the Chairman of the Board of Directors, the Chairman of the Supervisory Board with the notice of meetings and respective minutes.

**Complies. Section 29.**

II.1.10. If the chair of the Board of Directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.

**Does not comply.**

The Board of Directors of Corticeira Amorim does not include independent non-executive members, so it is not possible to establish the relationship on the terms set out in this recommendation.

Nonetheless, the Company believes that the **procedures described in section 21 of this report constitute a system that in practice ensures the fulfilment of the goals advocated by this recommendation.**

## II.2. Supervision

II.2.1. Depending on the applicable model, the Chair of the Supervisory

Board shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.

**Complies. Sections 31 to 33.**

II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.

**Does not comply.**

The Supervisory Board is responsible for proposing the Statutory Auditor. It was the Board of Directors who approved its remuneration in the year under review, while the Financial Board was responsible for ensuring the adequate conditions for provision of the services. **This segmentation allows, it is believed, the reasonable safeguarding of the interests that this recommendation protects.**

Therefore, the non-adoption of the recommendation stems from the implementation of a scheme of dialogue and representation with the External Auditor which also guarantees the protection of the interests covered by it. In fact, the removal of issues more of a bargaining nature from the scope of the Supervisory Board/External Auditor relationship, as is the case of fees (but not the scope or extent of the work) facilitates the relationship between these independent and supervisory bodies of the Company. Moreover, the Supervisory Board takes a decision on the work performed by the Statutory Auditor at the end of each financial year. The Company discloses that opinion together with the other accounting documents.

This practice was reviewed in 2014 (by the Executive Committee). It was decided to continue to favour the independence of the two supervisory bodies from each other, keeping the procedures described in this section.

II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.

**Complies. Sections 38 and 40.**

II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.

**Complies. Section 38.**

II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential illegalities.

**Complies. Section 38.**

The head of the Internal Audit Department meets quarterly with the Supervisory Board of the Company, to present and discuss the annual work plan, the resources allocated and the actions undertaken, particularly through the preparation and discussion of a report describing the implementation of such plan the work carried out and the conclusions of such actions.

## II.3. Definition of Remunerations

II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.

**Does not comply. Section 67.**

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.**

II.3.2. No natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the Board of Directors of the company itself or who has a current relationship with the company or consultant of the company, shall be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related to the above by employment contract or provision of services.

**Complies.** No person was hired or contracted according to the terms of this recommendation.

II.3.3. 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:

- a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies;  
**Does not comply.**

The remuneration policy statement described in section 69 and prepared in accordance with the provisions of Article 2 of Law 28/2009 of 19 June, does not include the information envisaged in this recommendation.

- b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable;  
**Does not comply.** The statement on remuneration policy does not contain this information, as described in **section 69.**
- c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.  
**Does not comply.** The statement on remuneration policy does not contain this information, as described in **section 69.**

It is concluded that, as not all the practices listed in recommendation II.3.3 are complied with, recommendation II.3.3. is deemed to not have been complied with, in accordance with the interpretation of the Portuguese Securities Market Commission.

**II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.**

**Not applicable,** since the Company has not set up any share or share options plan. **Sections 69, 85 and 86.**

**II.3.5. Approval of any retirement benefit scheme established for members of governing bodies shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.**

**Not applicable,** since there is no supplementary pensions or early retirement scheme for members of the corporate bodies. **Section 76.**

### III. REMUNERATION

III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.

**Complies. Section 69.**

Pursuant to the remunerations policy referred to in section 69, the award of the variable pay component of remuneration corresponds to a performance bonus, resulting from the degree of compliance with the goals, objectives and strategic initiatives and priority actions defined in a three-year plan, with the respective annual variations. This will ensure the weighing up of financial and non-financial indicators for performance assessment as well as the short-term performance with the contribution of the annual performance to medium / long term economic sustainability of the Organisation.

III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or its value.

**Complies. Section 69.**

III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.

**Does not comply.**

It must be stressed that current practice clearly reflects a reasonable balance (**Section 77**) not only in terms of absolute values but also in terms of the ratio between fixed and variable remuneration, that there is only a limit - imposed by the Articles of Association - for the part that is established as profit sharing, which cannot exceed 3% for the entire Board of Directors.

III.4. A significant part of the variable remuneration should be deferred for a period of no less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.

**Does not comply. Section 77.**

The deferral under the conditions specified in this Recommendation is not usual practice. It should be emphasized that the award of the variable component of remuneration to the executive members of the Board of Directors and Officers of the Company, which represents a performance bonus, results from the verification of compliance with the goals, objectives and strategic initiatives and priority actions defined in a three-year plan, with the respective annual variations, which safeguards the interests covered by this recommendation, although for a period not exceeding three years.

III.5. Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.

**Complies. Section 69.**

III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their term of office.

**Not applicable.**

The Company has not, nor ever had, schemes for awarding shares as variable remuneration. The remuneration policy also does not envisage schemes for awarding shares as variable remuneration.

III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.

**Not applicable.**

The Company has not, nor ever had, schemes for awarding shares as variable remuneration. The remuneration policy also does not envisage schemes for awarding shares as variable remuneration.

III.8. When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.

**Complies.**

No legal instrument has been entered into with Directors requiring the company, as provided for in this Recommendation, to pay any damages or compensation beyond that which is legally due.

#### IV. AUDITING

IV.1. The external 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 of the company.

**Does not comply.**

The mandate of the Statutory Auditor does not cover checking the remuneration policies and systems implemented in the Company. **It is belief of the Board of Directors that the remuneration management system currently implemented ensures compliance with the remuneration policy adopted by the General Meeting of Shareholders.**

As set out in **section 39**, the performance of all other duties - that must be diligently and effectively carried out - are the Statutory Auditor's responsibility.

IV.2. The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the company.

**Does not comply.**

The services that the Company contracts from PricewaterhouseCoopers, which holds the corporate office of Statutory Auditor, and which do not require the prior approval of the Supervisory Board, primarily include supporting the implementation of administrative procedures for complying with formalities established by law **and subject to rules safeguarding potential issues relating to the independence of this body, as best illustrated in sections 37 and 41.**

IV.3. Companies shall support auditor rotation after two or three terms whether these encompass periods of four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.

**Does not comply.**

As set out in **section 40**, there is no policy of rotation of Statutory Auditor. Continuation in service of the statutory auditor beyond the recommended three-year term is subject to a careful assessment of the advantages and disadvantages, in particular the expertise and experience acquired in the type of business in which the Company is engaged in. **PricewaterhouseCoopers & Associados, SROC, Lda meets the independence requirements and, in addition, this firm of auditors - in line with international best practices - is willing to rotate the auditor assigned to Corticeira Amorim every seven years.**

In addition to a Statutory Auditor, **Corticeira Amorim** has also a Supervisory Board consisting wholly of independent members, whose work cannot be validly performed for a period exceeding three terms.

**Therefore, the interests envisaged in this recommendation are believed to be fully protected.**

#### V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

V.1. The company's business with holders of qualifying interests or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities' Code, shall be conducted during normal market conditions.

**Complies. Sections 89 and 92.**

V.2. The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying interests - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities' Code - thus significant relevant business is dependent upon prior opinion of that body.

**Complies. Sections 89 and 92.**

#### VI. INFORMATION

VI.1. Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.

**Complies. Sections 59 to 65.**

VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing shall be kept.

**Complies. Section 56.**

Mozelos, 11 February 2016

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

**António Rios de Amorim**  
Chairman

**Nuno Filipe Vilela Barroca de Oliveira**  
Vice-Chairman

**Fernando José de Araújo dos Santos Almeida**  
Member

**Cristina Rios de Amorim Baptista**  
Member

**Luísa Alexandra Ramos Amorim**  
Member

**Juan Ginesta Viñas**  
Member



EXIT, COVERINGS WITH CORK, DESIGNED BY STUDIOIRVINE FOR MATTEO BRIONI