



Consolidated
Annual Report
2018

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CHAIRMAN'S MESSAGE

Dear Shareholder,

For the world economy and economic agents, animated by the robust growth observed in 2017, 2018 began on a distinctly optimistic note. As the year progressed, however, the strong rate at which industrial production and international trade had been expanding began to decelerate and confidence in the global economic outlook diminished. Tariffs and other protectionist measures gave rise to uncertainties over trade policy, affecting investment decisions. Nonetheless, the US economy grew at a faster pace, while the US dollar depreciated, placing additional pressure on the performance of the most vulnerable emerging markets.

In Portugal, the upward trend in economic activity stabilised, albeit at a slightly slower pace. Retail business remained robust. Private consumption increased, positively impacted by sustained job creation and a moderate increase in wages. Investment is projected to have grown at a slower rate than in 2017, due to the postponement of projects and a drop in the execution rate of public investments. External demand was affected by weaker expansion among traditional trading partners, as well as by unplanned temporary industrial shutdowns. In October, Moody's lifted Portugal's sovereign debt rating to investment grade, in line with previous decisions made by the other leading rating agencies. As in previous years, consolidation efforts dominated government fiscal policy, which was moderately expansionist.



Corticeira Amorim's industrial activities, which are mainly based in Portugal, but which supply markets across the world, were inevitably affected by this global framework. The less optimistic economic outlook led to the postponement of consumption and investments, affecting sales. The depreciation of the US dollar, our second most important invoicing currency, also impacted profitability. In addition, the cost of purchasing cork increased significantly, due to an extraordinarily reduced harvesting campaign.

As a result, 2018 was a year of challenges, which we met with determination and audacity. We united behind a commitment to "achieve more with less" – and it produced results. Consolidated sales continued to grow at good pace, reaching a record €763 million, driven by organic growth and, above all, by the integration of the companies recently acquired by Group (Sodiliège, Bourrassé and Elfverson). One of the reasons we are leaders is because we grow. Our past is full of examples of this.

The Raw Materials Business Unit (BU) is responsible for our cork procurement and purchasing strategy. By strengthening our stock of cork raw materials, it enables us to ensure costs and availability levels in keeping with our production estimates. The Cork Stopper BU continues to set new production records, improving our levels of business activity and service quality, including those of our recently acquired companies. The Floor and Wall Coverings BU, strengthened by a new management team, repositioned itself in the flooring market with the launch of WISE by Amorim, a range of flooring products with a superior technical performance and a negative carbon footprint. The Composite Cork BU, facing the challenge of an infinite universe of circular economy applications, met with considerable success the test of achieving growth in an unfavourable climate for raw materials and the euro/dollar exchange rate. The Insulation BU, always an exemplar of the green economy, returned to growth, installing solutions at leading Portuguese venues such as the Belém Cultural Centre and the Eurovision Village in Lisbon.

In years like 2018, when external variables make a big impact on profitability, we reexamine ourselves, seeking variables and practices that we can alter and improve, areas that we have looked at and reassessed countless times before. However, we always find new ways of being more efficient: enlarging our customer base, producing more and, above all, producing better. We train staff, invest in new technologies, integrate operations and develop sophisticated information and management support systems. We lead the development of our industry and our sector.

We ended the year with a consolidated net profit of €77.4 million, that is, a net income of €0.582 per share, delivering on our commitment to create value for our shareholders and to add value to the cork sector in a competitive, differentiated and innovative way that is in perfect harmony with nature.

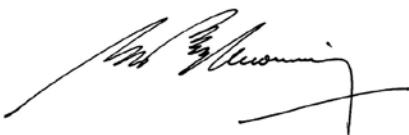
This is the mission that inspires us every year, especially in years like 2018, which was full of challenges that we succeeded in overcoming.

We are especially proud of the way our stakeholders understand and applaud the valuable contribution we make to sustainable development, as was clearly shown in the stakeholder survey we conducted in 2018, which benefitted from a high level of participation. We were able to conclude from this that our actives comply with the United Nations' 17 Sustainable Development Goals and that our sustainability strategy directly contributes to the attainment of 12 of those objectives, a responsibility that we accept with commitment and transparency.

Cork is a wonderful material for which, for more than half a century, Corticeira Amorim has been the standard bearer as well as the main driver in realising its full potential, an effort that we believe is far from being exhausted.

The commitment we show in our day to day work pays homage to all the generations that preceded us in this mission; to all those who, join us, planning, researching and innovating; to all those who contribute to the company's sustained and sustainable development and, especially, to all our employees.

Cordially,



António Rios de Amorim
Chairman and CEO



BOARD MEMBERS

BOARD OF DIRECTORS

António Rios Amorim

Chairman

Nuno Filipe Vilela Barroca de Oliveira

Vice-Chairman

Fernando José de Araújo dos Santos Almeida

Member

Cristina Rios de Amorim Baptista

Member

Luísa Alexandra Ramos Amorim

Member

Juan Ginesta Viñas

Member

BOARD OF THE GENERAL MEETING

Augusto Fernando Correia de Aguiar-Branco

Chairman

Rita Jorge Rocha e Silva

Secretary

SUPERVISORY BOARD

Manuel Carvalho Fernandes

Chairman

Ana Paula Africano de Sousa e Silva

Member

Eugénio Luís Lopes Franco Ferreira

Member

REMUNERATION COMMITTEE

José Manuel Ferreira Rios

Chairman

Jorge Alberto Guedes Peixoto

Member

Abdul Rehman Omarmiã Mangá

Member

STATUTORY AUDITOR

Ernst & Young Audit & Associados – SROC, S.A., represented by
Rui Manuel da Cunha Vieira or by **Rui Abel Serra Martins**

In office

Pedro Jorge Pinto Monteiro da Silva e Paiva (ROC)

Alternate

As of 31st December 2018.

Supervisory Board's alternate member: Membro suplente do Conselho Fiscal: vacant position due to the death, in 2018, of its holder.

ORGANIZATIONAL CHART

RAW MATERIALS	CORK STOPPERS	R&D, INNOVATION
Amorim Florestal, S.A.	Amorim & Irmãos, S.G.P.S., S.A.	
Provision	Production	Distribuição
Amorim Florestal, S.A. Ponte de Sôr – Portugal	Amorim & Irmãos, S.A. Santa Maria de Lamas – Portugal	Amorim & Irmãos, S.A. Distribution Unit Santa Maria de Lamas – Portugal
Amorim Florestal, S.A. Coruche – Portugal	Amorim Top Series, S.A. Argoncilhe – Portugal	Portocork Internacional, S.A. Santa Maria de Lamas – Portugal
Amorim Florestal, S.A. Abrantes – Portugal	Amorim & Irmãos, S.A. Ind. Unit Valada Valada – Portugal	Amorim Cork South Africa (PTY) Ltd. Cidade do Cabo – South Africa
Amorim Florestal, S.A. Ind. Unit Salteiros Ponte de Sôr – Portugal	Amorim & Irmãos, S.A. Ind. Unit Coruche Coruche – Portugal	Amorim Cork Deutschland, GmbH Bingen am Rhein – Germany
Cosabe – Companhia Silvo-Agrícola da Beira, S.A. Lisboa – Portugal	Amorim & Irmãos, S.A. Ind. Unit Portocork Santa Maria de Lamas – Portugal	Corchos de Argentina, S.A. Mendoza – Argentina
S.I.B.L. – S.A.R.L. Jijel – Algeria	Amorim & Irmãos, S.A. Ind. Unit Salteiros Ponte de Sôr – Portugal	Trefinos Australia, Pty Ltd Adelaide – Australia
Amorim Florestal España, S.L. Algeciras – Spain	Amorim Champcork, S.A. Santa Maria de Lamas – Portugal	Amorim Australasia PTY Ltd. Adelaide – Australia
Amorim Florestal España, S.L. San Vicente de Alcántara – Spain	Biocape – Importação e Exportação de Cápsulas, Lda. Mozelos – Portugal	Korken Schiesser, GmbH Viena – Austria
Amorim Florestal Mediterrâneo, S.L. San Vicente de Alcántara – Spain	Socori, S.A. Rio Meão – Portugal	Amorim Cork Bulgaria, EOOD Sofia – Bulgaria
Comstral – Compagnie Marocaine de Transformation du Liège, S.A. Skhirat – Morocco	Francisco Oller, S.A. Girona – Spain	Corchera Gomez Barris, S.A. Santiago – Chile
S.N.L. – Societé Nouvelle du Liège, S.A. Tabarka – Tunisia	Trefinos, S.L. Girona – Spain	Corpack – Bourasse, S.A. Santiago – Chile
Société Tunisienne d'Industrie Bouchonnière Tabarka – Tunisia	Amorim Top Series France S.A.S. Cognac – France	Wine Packaging & Logistic, S.A. Santiago – Chile
	Elfverson & Co. AB Parid – Sweden	Industria Corchera, S.A. Santiago – Chile
		ACI Chile Corchos, S.A. Santiago – Chile
		Amorim Cork Beijing, Ltd. Pequim – China
		Agglotap S.A. Girona – Spain
		Victor y Amorim, S.L. Navarrete (La Rioja) – Spain
		Amorim Cork España S.L. San Vicente de Alcántara – Spain
		ACIC – USA LLC Napa Valley, CA – USA
		Portocork America, Inc. Napa Valley, CA – USA
		Trefinos USA LLC Fairfield, CA – USA
		Amorim Cork America, Inc. Napa Valley, CA – USA
		Amorim France, S.A.S. Eysines, Bordéus – France
		Amorim France S.A.S. Unid. Sobefi Cognac – France
		Amorim France S.A.S. Unid. Champfleury Champfleury – France
		Bouchons Prioux S.A.R.L. Epernay – France
		Amorim Top Series France S.A.S. Cognac – France
		S.A.S. Ets Christian Bourasse Tosse – France
		Sagrera et Cie Reims – France
		S.A. Oller et Cie Reims – France
		Société Nouvelle des Bouchons Trescasses, S.A. Le Boulou – France
		Portocork France, S.A.S. Bordéus – France
		Hungarokork Amorim, Rt. Veresegyház – Hungary
		Portocork Italia, SRL Milão – Italy
		Trefinos Italia SRL Treviso – Italy
		Amorim Cork Italia, S.p.A. Conegliano – Italy

COMPOSITE CORK	FLOOR AND WALL COVERINGS	INSULATION CORK
Amorim Cork Composites, S.A.	Amorim Revestimentos, S.A.	Amorim Isolamentos, S.A.
	Production	Distribution
Amorim Cork Composites, S.A. Mozelos – Portugal	Amorim Revestimentos, S.A. S. Paio de Oleiros – Portugal	Amorim Deutschland GmbH & Co. KG Delmenhorst – Germany
Amorim Comp Cork, Lda. Mozelos – Portugal	Amorim Revestimentos, S.A. Lourosa – Portugal	Cortex Korkvertriebs GmbH Nürnberg – Germany
Amorim Industrial Solutions Imobiliária, S.A. Corroios – Portugal		Amorim Flooring Austria GmbH Viena – Austria
Amorim Sports & Playgrounds, Lda. Mozelos – Portugal		Timberman Denmark A/S Hadsund – Denmark
Amorim Cork Composites GmbH Delmenhorst – Germany		Amorim Flooring North America Hanover, MD – USA
Chinamate (Xi'an) Natural Products Co. Ltd. Xi'an – China		Amorim Benelux B.V. Tholen – Netherlands
Amosealtex Cork Co., Ltd Xangai – China		Dom Korkowy, Sp. Zo.o Cracóvia – Poland
Amorim Cork Composites, Inc. Trevor, WI – USA		Amorim Flooring Rus, LLC Moscovo – Russia
Corticeira Amorim France, S.A.S. Lavardac – France		Amorim Flooring Sweden AB Mölnal – Sweden
Amorim (UK) Limited West Sussex – United Kingdom		Amorim Flooring (Switzerland) AG Zug – Switzerland
Amorim Cork Composite, LLC Moscovo – Russia		
		Amorim Isolamentos, S.A. Mozelos – Portugal
		Amorim Isolamentos, S.A. Silves – Portugal
		Amorim Isolamentos, S.A. Vendas Novas – Portugal

WORLDWIDE PRESENCE

12

Industrial Plants
Raw Materials

23

Industrial Plants
Cork Solutions

52

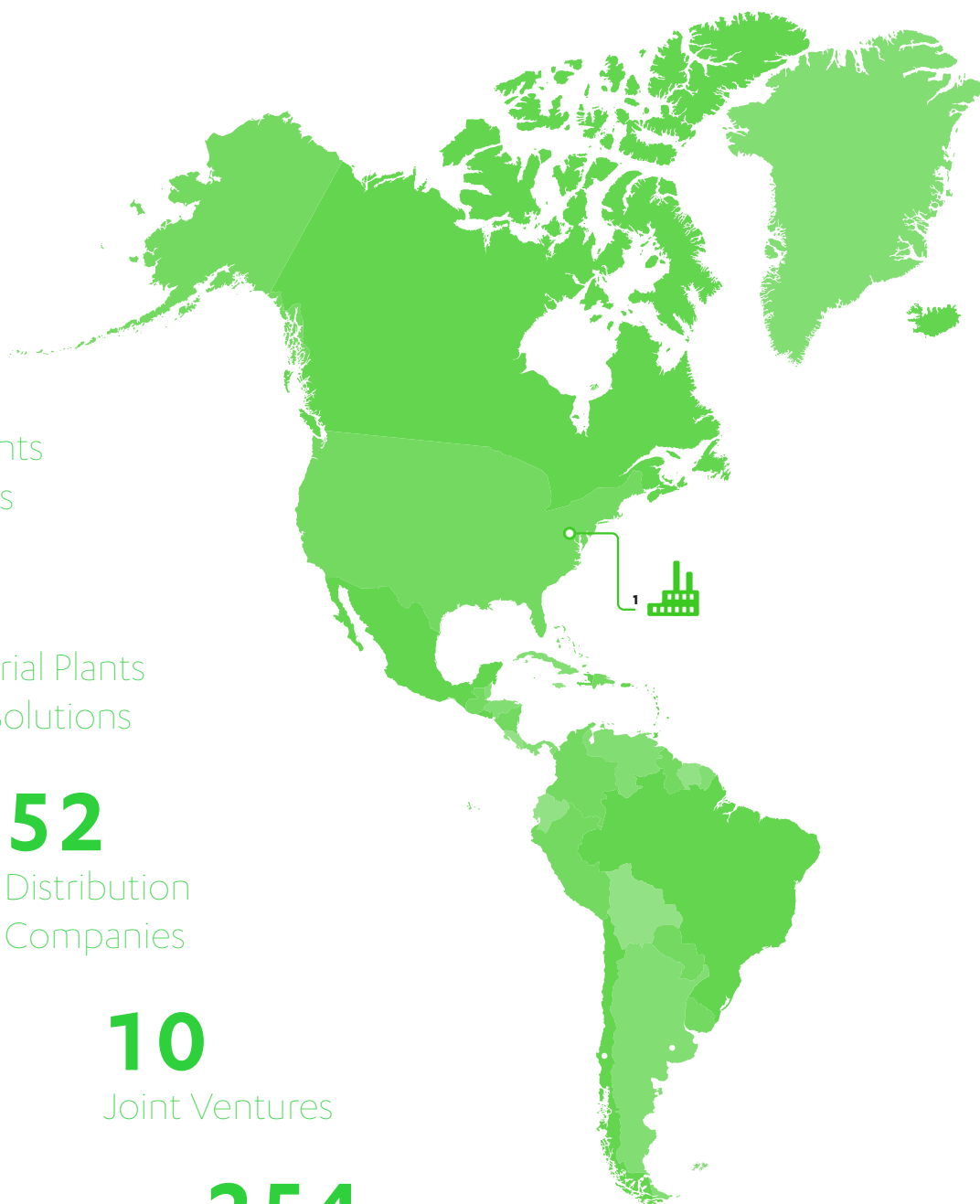
Distribution
Companies

10

Joint Ventures

254

Main Agents



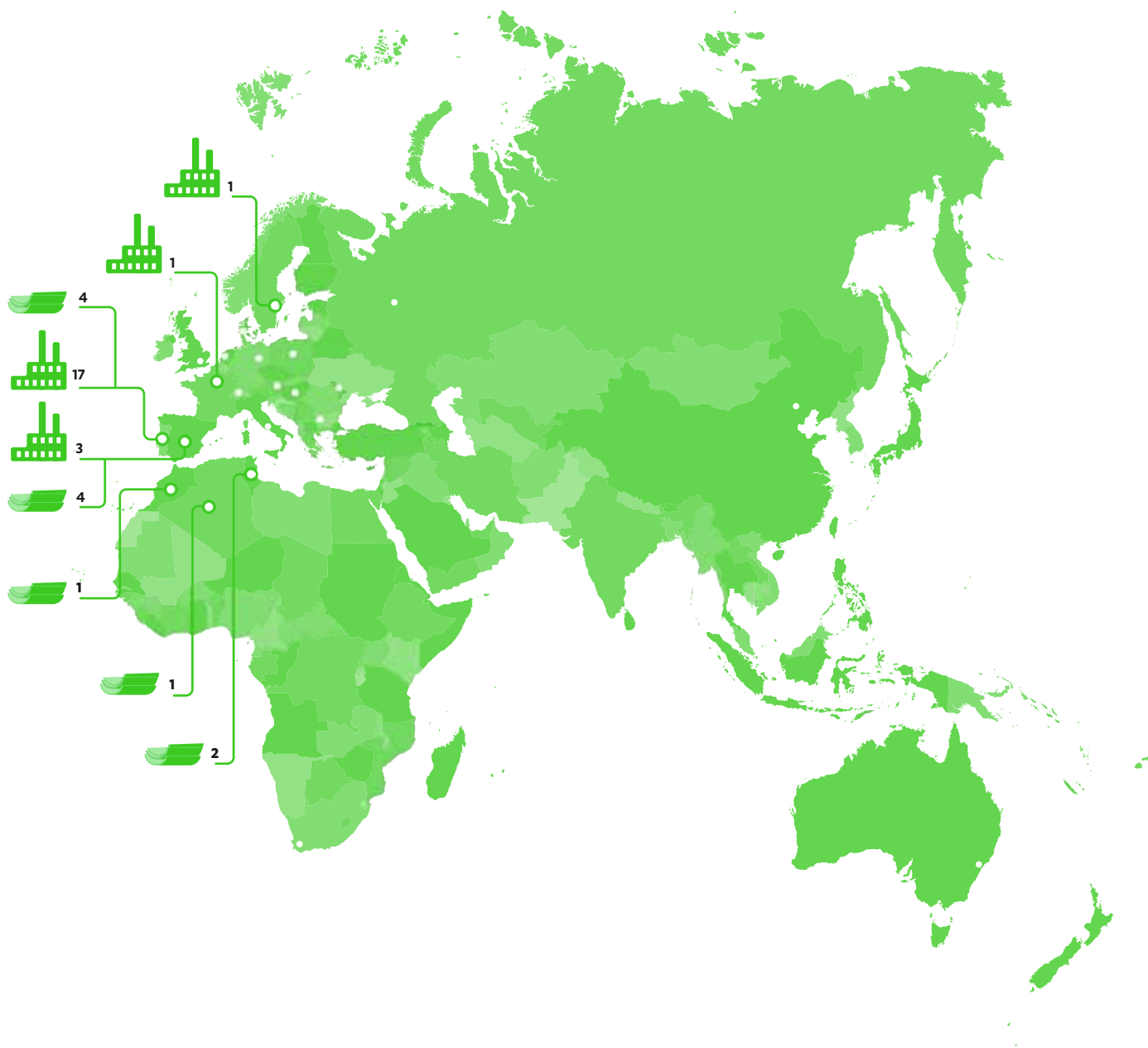
● Geographic Location



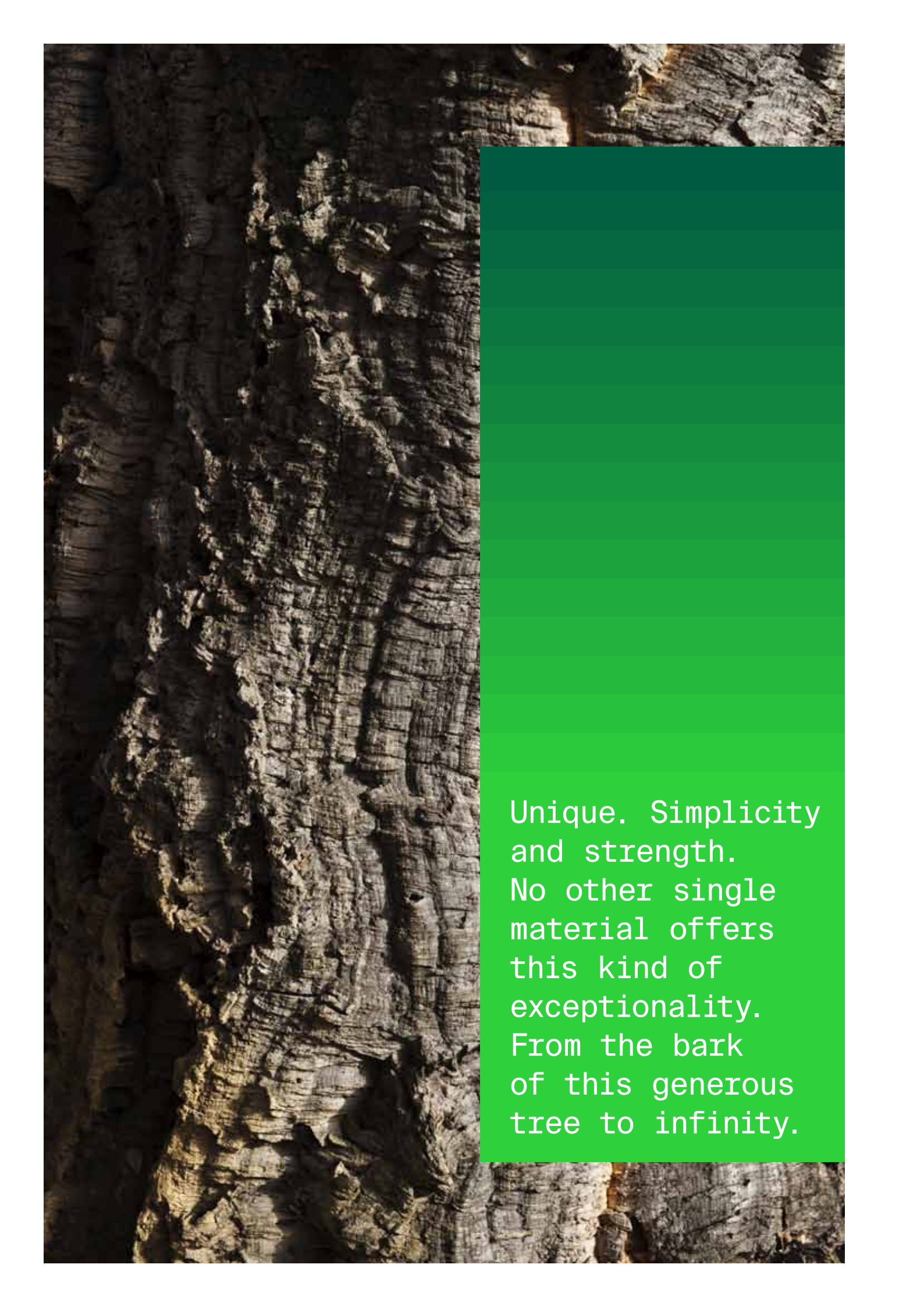
Industrial Plants
Raw Material



Industrial Plants
Cork Solutions



Countries	South Africa	Germany	Algeria	Argentina	Australia	Austria	Bulgaria	Chile	China	Denmark	Spain	USA	France	Netherlands	Hungary	Italy	Morocco	Moldova	Poland	Portugal	United Kingdom	Russia	Sweden	Switzerland	Tunisia
IP Raw Material			1								4							1		4					2
IP Cork Solutions											3	1	1							17			1		
Distribution Companies	1	4		1	1	1	1	5	1	1	4	5	10	1	1	3	1		1	4	2	2	1	1	
Joint Ventures				1				3	1		1		1						1	1			1		

A close-up photograph of tree bark, showing a complex, layered, and textured surface. The bark is dark brown to black, with prominent horizontal ridges and deep, vertical grooves. The texture is highly irregular and organic, with some areas appearing smoother and others more rugged. The lighting is dramatic, highlighting the ridges and casting deep shadows in the grooves, emphasizing the three-dimensional quality of the bark's surface.

Unique. Simplicity
and strength.
No other single
material offers
this kind of
exceptionality.
From the bark
of this generous
tree to infinity.



01

Significant
Events

SIGNIFICANT EVENTS

JANUARY

TAP-Air Portugal's new VIP lounge features Wicanders flooring. The project by the architect Miguel Arruda, uses several cork solutions. These include Hydrocork flooring from the Wicanders range with an original dark cork look, wall coverings by Amorim Cork Composites wall coverings and some of the furniture used in the space. Cork defines the aesthetic as well as providing comfort and acoustic insulation.



Amorim Revestimentos becomes the first company in the world to receive a premium TÜV PROFICERT-product certificate (Germany). This independent and voluntary certification for volatile organic compound (VOC) emissions and flooring quality testifies that the company's products meet rigorous standards for indoor air quality.

OSIIRYS, an innovative project using cork to improve energy efficiency and the air quality inside buildings and to reduce emissions from construction. An international consortium bringing together entities from 12 countries developed the project, producing results that the European Union considers a success. Cork is the core material for the project, which includes façades and interior walls developed by Amorim Cork Composites and Amorim Isolamentos.

FEBRUARY

Amorim Tops Series participates in prestigious international awards for the best achievements in the world of wine, sponsoring the **Whisky Magazine Awards' Hall of Fame** and the **Gin Magazine 2018 Hall of Fame Awards**. It also participated as a **jury member** in the **Design & Packaging Masters** held by **The Spirits Business**, which showcases creative brands.



MARCH

The sustainability credentials of Amorim Revestimentos' floorings win Blue Angel (Germany) certification, a voluntary warranty recognised internationally as a trustworthy standard for more sustainable consumption. The Blue Angel certifies that flooring meets rigorous criteria for environmental performance.

greenURBANLIVING: an innovative cork solution for green façades. This disruptive project places expanded cork conglomerate at the centre of new green façade and roof systems developed by a Portuguese consortium led by Amorim Isolamentos. The use of cork gives provides an environmental and energy performance that is superior to traditional coverings, along with other advantages, including thermal comfort and excellent drainage and retention capacity. The systems contribute to the water efficiency of buildings and the improvement of urban rainwater management.

APRIL

António Rios de Amorim is distinguished as Entrepreneur of the Year, a distinction awarded by EY and Portugal's Expresso newspaper in recognition of "his business vision and his success as leader of a strategy based on research and development that has expanded the areas in which cork is used as well as generating continuous export growth" for Corticeira Amorim.



Corticeira Amorim celebrates 30 years as a listed company. The occasion was marked at a special session of Euronext Lisbon that stressed the importance to the company of using capital markets to finance its ambitious expansion and modernisation project. Before the emblematic ringing of the final bell, Ana Teresa Lehman, Portugal's secretary of state for industry, closed the ceremony by praising the "extraordinary contribution [Corticeira Amorim] had made to the Portuguese economy".



Milan Design Week features new cork pieces by the Brazilian designer Gisela Simas created with the support of Corticeira Amorim. Part of a show called Rio+Design, the innovative and elegant pieces named Dora (a coffee table) and Congonhas (a lamp) pay tribute to Brazilian culture and the sustainability of cork.

Cork features in Mars exploration project. Amorim Cork Composites is part of a Portuguese consortium that successfully concluded the design and production of a capsule with optimal thermodynamic characteristics for passive atmospheric re-entry. The technical solution was presented to the European Space Agency.

MAY

Berry Bros. & Rudd, the oldest wine retailers in the UK, launch Helix. The innovative Helix packaging solution consists of an ergonomic cork stopper paired with a wine bottle with a grooved neck. This makes for easy opening without the need for a corkscrew. It was launched in the UK in bottles of Anthonij Rupert Protea Sauvigno Blanche and Anthonij Rupert Protea Chardonnay 75. Helix has all the traditional benefits of cork and glass in terms of quality, premium image and sustainability, ensuring the “pop” of opening a bottle that is so appreciated by consumers all over the world.

Wicanders participates in an exhibition dedicated to the work of the Portuguese architect Álvaro Siza Vieira called “Des Hommes de la Matière et du Temps” (April-May) at the Carmelite Chapel, Toulouse, France.

100% natural cork used at Lisbon’s Eurovision Village. Hundreds of blocks of expanded cork conglomerate produced by Amorim Isolamentos were the main material used in creating the lounge for the world famous song contest, which, for the first time, was held in Portugal.



Virgin Atlantic Airways uses Helix, becoming the first airline in the world to serve wine using this exclusive and convenient technology for easy-opening wine bottles on board its long-haul flights.

Cork stoppers were used in more than 95% of the 9,180 wines presented at the Concours Mondial de Bruxelles, one of the world’s most important wine events. The data obtained at the competition confirm the conclusions of other studies carried around the world, including data from the selection of the Top 100 wines made by the Wine Spectator, of which 89% were sealed with cork stoppers. Corticeira Amorim has sponsored the Concours Mondial de Bruxelles since it began, longer than any other sponsor.

Irmãos Campana present Sobreiro (cork oak), their first collection of cork objects, at Experimenta Portugal, an event dedicated to Portuguese-Brazilian art and culture, an initiative organised by the Portuguese Consulate General in São Paulo, Brazil. Sobreiro is an organic and sophisticated collection that highlights the structural beauty of cork.



Expanded cork conglomerate is used at the NOS Primavera Sound music festival. It was chosen for this important event, known for its strong environmental concerns, because of its sustainability credentials.

The Cork Book wins the European Design Award (Bronze). Designed by Studio FM Milano, the book presents a global vision of the cork industry, showing its uniqueness and the remarkable cork oak forests from which the extensive portfolio of products developed from cork originate.

Floating cork islands used in the biological treatment of wastewater in a partnership between Amorim Cork Composites and Bluemater. The modular cork platforms, which are resistant and visually appealing, facilitate the recovery of degraded habitats as well as the rehabilitation and maintenance of protected ecosystems.

After their One Two Three, Swing! installation at Tate Modern, the Danish collective Superflex covered the Copenhagen Contemporary Museum (Denmark) with a new cork composite, a material that meets a demanding set of requirements, especially in regard to its capacity for absorbing large-scale impacts and its resistance to wear.



Garret McNamara supports a new collection of ASPORTUGUESAS flip-flops. The Hawaiian surfer, a keen cork enthusiast, teamed up with the EcoChic start-up for the presentation of a collection that reflects a strong social commitment, as part of the sales revenue generated will go to the Centre for the Temporary Shelter of Children and Young People at Risk run by the Fraternity of Our Lady of Nazaré.

JULY

Corticeira Amorim becomes a founder member of Porto Protocol and signs its Charter of Principles. The movement brings together a wide range of companies to share and debate ways of combatting climate change and minimising its impact.



Cork infill produced by Amorim Cork Composites is chosen for SC Malsburg-Marzell's (Germany) new artificial football pitch. The infill enhances athletes' performances as well as providing a guarantee of durability and reduced maintenance costs.

Blind test confirms US consumers prefer cork stoppers. Independent research published in the International Journal of Hospitality Management confirmed a general preference for cork stoppers among consumers in the US, one of the world's most important wine markets.

AUGUST

António Rios de Amorim is named Iberian Business Person of the Year by the Portuguese-Spanish Chamber of Commerce in recognition of his important contribution to expanding bilateral relations between the two countries.

SETEMBER

Corticeira Amorim and the Auchan Group launch a joint initiative for recycling cork stoppers. Designed to raise awareness among the French retail chain's customers of the importance of recycling cork stoppers and the environmental benefits of cork in general, the two groups launched a selective cork stopper collection campaign through the EcoBouchon programme.

Fairway Wines & Spirits, a leading US chain of wine and spirits stores, launches an educational campaign with the aim of informing wine lovers about the environmental benefits of cork stoppers and the role that cork, as a natural material, plays in the ageing process of wines.

NDtech cork stoppers chosen for the exclusive launch of a prestige wine. NDtech stoppers were selected to seal an exclusive wine celebrating the history of winemaking in the Coonawarra region of Australia as well as William Wilson, the man who inspired the beginning of wine industry there. The pioneering technology patented by Amorim led to the production of the first natural cork stopper with a non-detectable TCA guarantee.

OCTOBER

Corticeira Amorim acquires Herdade da Baliza through Amorim Florestal. The 2,866 - hectare property is in the area of Castelo Branco/International Tagus (Portugal). Its acquisition marks the company's beginning as a forest owner, part of a strategic operation aimed at leading the implementation of an innovative model for managing cork oak forests in Portugal that is designed to make the species more attractive in terms of profitability.

ASPORTUGUESAS launch their first Autumn/Winter shoes. Following the success of their cork flip-flops, EcoChic, a start-up supported by Amorim Cork Ventures and Kyaia, presented City, a shoe collection developed from an innovative cork sole, in what is seen as a big investment in value by the brand.



Amorim Cork Composites, BASF Korea and A_Road develop the first flooring for public spaces based on natural cork. The product can replace EPDM rubber, minimising negative effects, particularly environmental impacts, but also those relating to overheating, the emission of aggressive odours and risk of injury.

Submaterial, a US studio that specialises in developing acoustic insulation wall coverings and panels, chooses the recycled cork produced by Amorim Cork Composites for the technical solutions included in its collections. Combined with woollen felt, the cork facilitates the creation of lasting and acoustically absorbent wall coverings.

Bottles of Madeira wine dating from more than two centuries ago – but well preserved – were discovered during the restoration of the Liberty Hall Museum (US). The preservation of the wine's original characteristics was due in large measure to the fact that there were sealed with cork stoppers.



Claus Porto, the Portuguese luxury soap company, began its internationalisation by opening its first shop in New York, in a space with a design that pays homage to Portuguese architecture and design that features Amorim cork, which used to cover the interior walls of the shop with exclusive designs.

The **Américo Amorim Auditorium and the Nova School of Business and Economics (Carcavelos, Portugal)** is covered with cork panels, conceived by the British designer Jasper Morrison and produced by Amorim Cork Composites. In addition to their innovative visual impact, the panels help improve the thermal and acoustic insulation, adapting in a perfect and unique way the rooms used for teaching.



NOVEMBER

Corticeira Amorim employees plant cork oaks at Herdade Monte da Torre (Alentejo, Portugal). Corticeira Amorim volunteers began these tree-planting initiatives in 2011, since then they have planted approximately 20,000 trees native to Portugal, with a preponderance of cork oaks.



Corticeira Amorim receives a Bartolomeu de Gusmão award for brand innovation and design. The award, given by the Portuguese Justice Ministry in association with the Industrial Property Institute, was a public recognition of Corticeira Amorim's innovation strategy.

Amorim Isolamentos held its 7th International Conference, a biannual event that in 2018 brought together some 100 specialists from 16 countries. Over two days, participants shared experiences and knowhow in an intense programme focused on the use of expanded cork conglomerate in a range of construction systems.

DECEMBER

Amorim Isolamentos launched a new range of environmentally friendly, landscaped flat roofs made of expanded cork conglomerate that are 100% natural and use no additives. The green coverings and façades have environmental and energy advantages over conventional solutions, as well as a high capacity for energy personalisation.



A study by PwC concluded that **Neutrocork stoppers have a negative carbon footprint**. Neutrocork, the most recent generation of technical cork stoppers produced by Amorim & Irmãos, guarantees high structural stability. The stoppers are recommended for more complex wines, having already been adopted by thousands of wine producers all over the world.

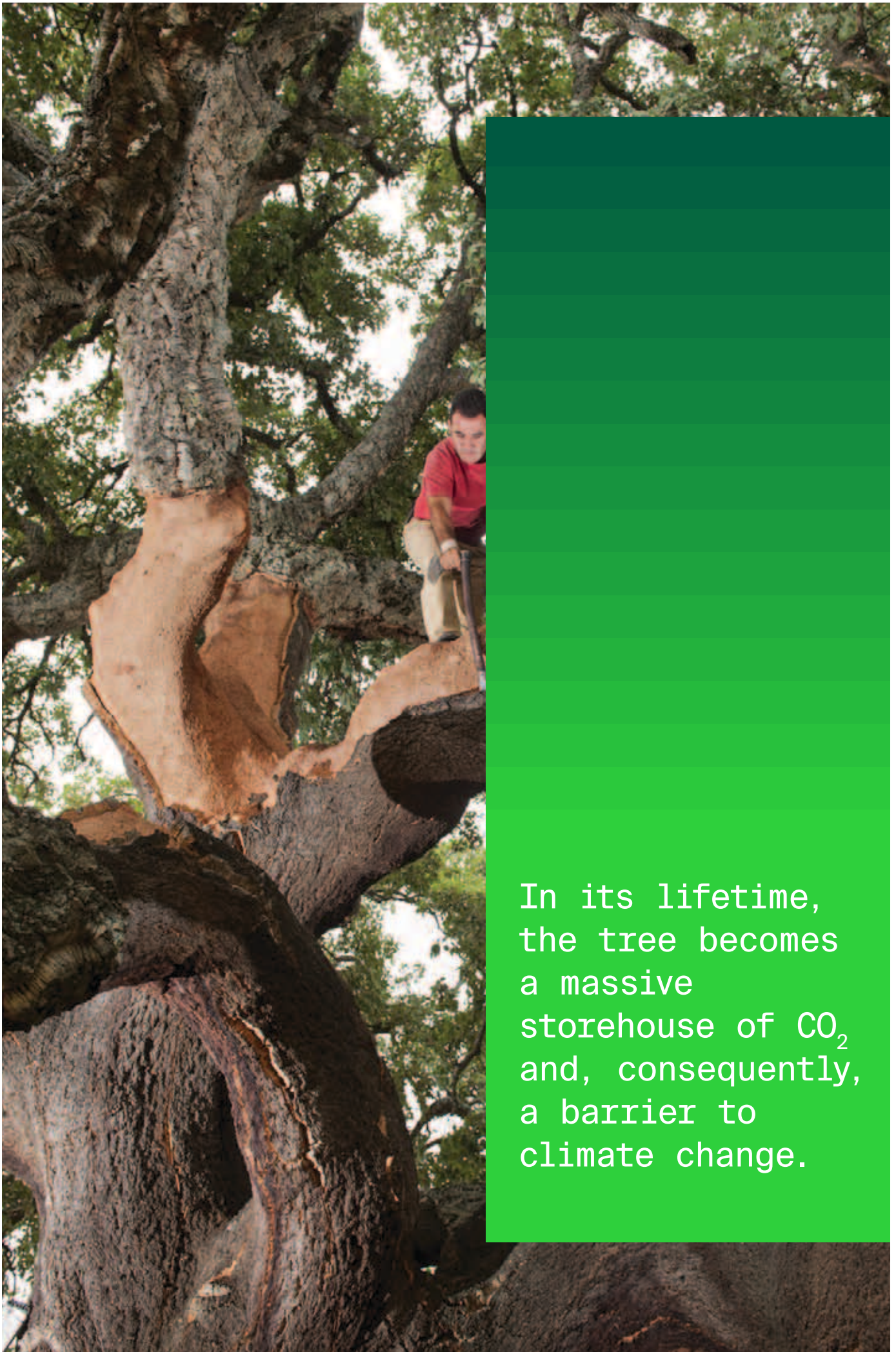
Cork makes a difference at the new Four Seasons Hotel, in Bangkok (Thailand), where Acousticork underlay using recycled rubber was installed, reducing noise impact and improving thermal and acoustic insulation.

Amorim Revestimentos launches WISE by Amorim, the first generation of flooring products to be marketed using the Amorim identity. The new range, made of cork and recycled materials, contains no PVC. Launched with the slogan "Smart choice. Amazing sensations", WISE stands out for being 100% sustainable and having a superior technical performance, being waterproof and easy to apply over large areas.



Corticeira Amorim wins Portugal's National Agriculture Award 2018 in the Large Companies category. The awards are initiative of Portugal's BPI bank and the Cofina Group. The Ministry of Agriculture, Forests and Rural Development sponsors the awards, with support from PwC. The award was made in recognition of Corticeira Amorim's strategy for improving the productivity, innovation and internationalisation of Portuguese companies, with a special emphasis on the cork sector and, consequently, the conservation and enhancement of cork oak forests.





In its lifetime,
the tree becomes
a massive
storehouse of CO₂
and, consequently,
a barrier to
climate change.



02

Consolidated
Management
Report

1

MACROECONOMIC TRENDS IN 2018

1.1. GLOBAL OVERVIEW

The year of 2018 was characterised by a divergence from the broad, synchronised growth of the world economy in 2017, a change in direction that is expected to continue in 2019. Both developed and emerging economies recorded growth rates lower than in 2017, the year of the strongest growth since the global financial crisis of 2008. This slowdown occurred in a climate of deteriorating financial market sentiment, uncertainty over trade policy and fears about a worsening outlook for the Chinese economy. The global economy is estimated to have grown at a rate of 3.7% in 2018, with developed economies decelerating marginally to an average growth rate of 2.3% and emerging economies expanding 4.6%. International trade slowed to below the levels of 2017. Inflation remained contained in global terms, with only the US recording an increase. Despite the actions of the US Federal Reserve and some other central banks, monetary policy remained accommodating at a global level. However, the reversal of (or the announcement of plans to reverse) exceptional monetary measures, thus restricting liquidity and worsening financial conditions, was the critical factor dominating the performance of financial markets, which showed increased volatility. The appreciation of US dollar had an important effect. In the case of the EUR/USD exchange rate, the strengthening tendency of the European currency continued until mid-April, after which the trend reversed. The last quarter of 2018 saw a consolidation of the EUR/US exchange rate within a tight range. Metal and agricultural commodity prices depreciated moderately in the second half of the year, reflecting weaker Chinese demand. The price of crude oil (Brent) underwent sharp oscillations, beginning 2018 at USD69 a barrel and continuing to rise, albeit with some corrections, until it reached USD86 a barrel at the beginning of October, when it was expected to rise significantly further because of sanctions imposed on Iran. However, by the end of December the price fell to minimum levels close to USD50 a barrel. Since then, the implementation of a new OPEC+ agreement to cut production is likely to have had a stabilising effect on prices.

The **Euro Zone** economy grew by about 1.8%, below the rate projected by a substantial number of leading forecasting organisations. The optimism of 2017 gradually gave way to downward revisions of expected growth rates, particularly in the second half. Political disagreements between Italy and the European Commission contributed to increased uncertainty as well as an increase in financial risk. A significant level of social unrest in France impacted the fourth quarter. The economic performance of Germany, affected by a number of contingent factors, proved disappointing in the second half. Unemployment moved downwards, while inflation oscillated significantly without reaching the price stability target, the annual average being projected at 1.7%. For the third consecutive year, the political, economic and social climate in the UK was totally dominated by Brexit. The official date set for departure is March 29, 2019, but successive rounds of negotiations failed to produce an agreement. Economic growth was nevertheless positive at an annual average of about 1.4%.

The **US** economy was estimated to have expanded by about 2.9%, above its long-term growth trend. The positive impacts of the tax plan implemented by the Trump administration in 2017 gradually began to diminish after having reached their peak in 2018. The labour market continued to improve, with the unemployment rate falling to 3.7%, the lowest level for 50 years. In the credit market, spreads on corporate bonds increased, reflecting a lower degree of optimism and increased risk in the energy sector. Inflation continued to rise and was expected to reach an annual average of 2.4%.

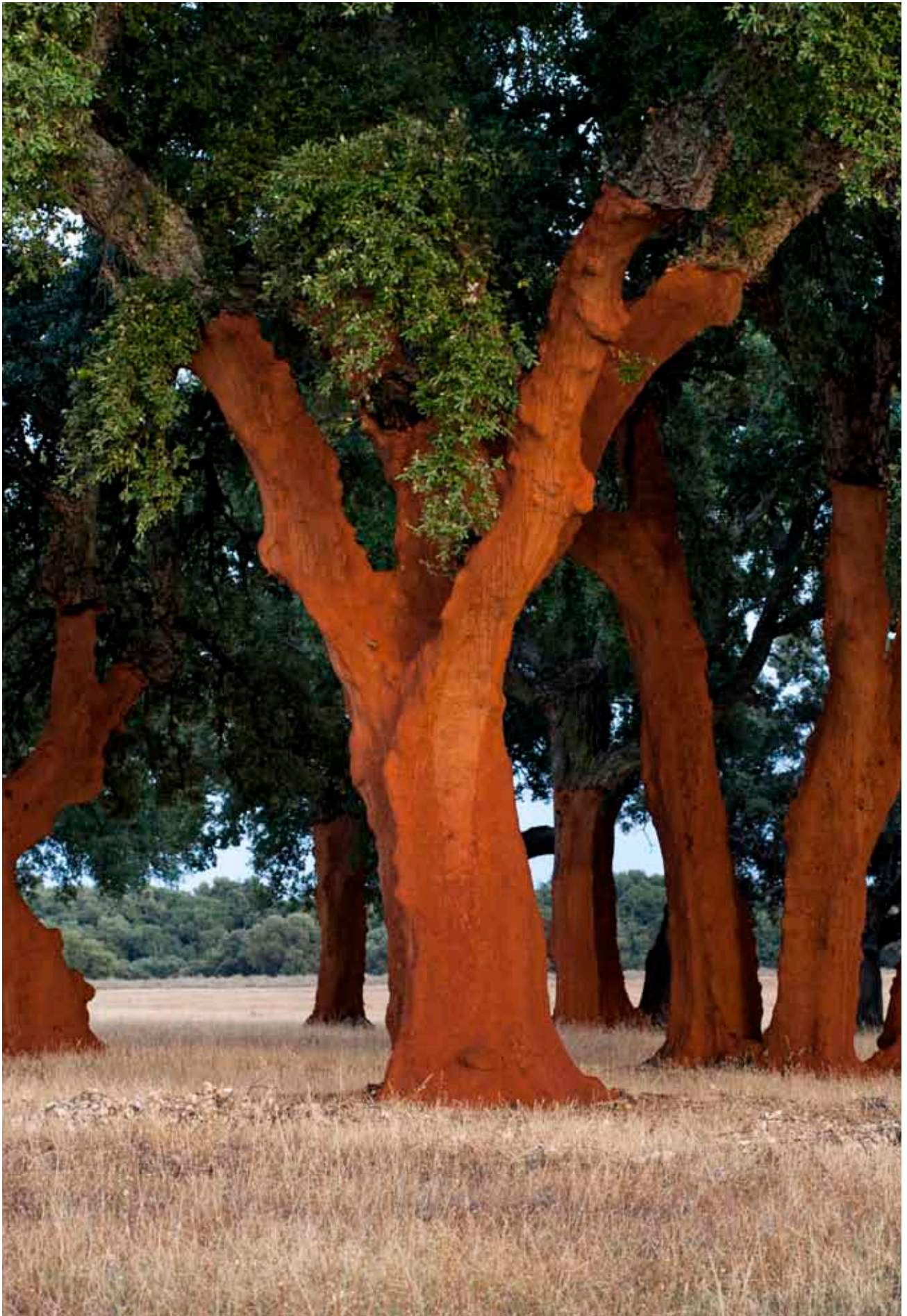
The economy of **Japan** was estimated to have expanded at a rate of 0.9% in 2018, almost half the growth rate of the previous year. A combination of one-off and climate factors is projected to have limited growth in the second half. Australia was expected to record growth of slightly above 3%, a faster rate of expansion compared with 2017, due mainly to the economy's performance in the first half. The real estate sector experienced a sharp correction in relation to 2017 price levels.

Emerging and developing economies were projected to have grown at a rate of approximately 4.6%, a slight deceleration in comparison with 2017. **China** was expected to register a sustained slowdown during 2018, reflecting the impact of measures aimed at controlling excessive indebtedness and reducing high pollution levels. The trade dispute with the US, including the imposition of tariffs on Chinese exports, and international reactions to the country's "one belt, one road" and China 2025 initiatives were expected to have negatively affected the performance of the world's second largest economy. China was projected to have grown at a rate of 6.6%, compared with 6.9% in 2017. The economy of **Argentina** was expected to have contracted by about 26% in 2018. **South Africa** was forecast to record economic growth of 0.8%, reflecting the impact of the institutional uncertainty and political instability that dominated the beginning of the year, as well as the extreme drought that afflicted part of the country. Faced with a lack of skilled labour, **Eastern Europe** was forecast to have sustained robust growth, albeit slightly below the rate of expansion recorded in 2017. In 2018, **Russia** was expected to have recorded its third consecutive year of growth since the contraction of 2015. The economy was projected to have expanded at rate of 2.3%, up from 1.6% in 2017, benefitting from the recovery in international crude oil and natural gas price, as well as net exports. .

1.2. PORTUGAL

Portugal recorded its fifth consecutive year of economic growth since the 2011-2013 crisis. Economic activity continued to expand, albeit at a slower pace. The growth rate was estimated at 2.1%, supported by private consumption growth, sustained job creation and a moderate increase in wages. Retail sales remained robust. Investment increased at a significantly slower rate than in 2017, reflecting the delay of some projects financed by EU structural funds and a lesser degree of execution of public investment projects. External demand from traditional trading partners weakened, partly reflecting one-off stoppages by industrial companies. The trade deficit for goods rose above the level of 2017, a fact that was only marginally offset by a trade surplus for the services sector. Goods exports and industrial production were less dynamic than in the previous year and tourism growth decelerated. Public consumption showed the strongest growth in comparison with 2017, returning to the expansion rate of 2015-2016.

In line with rating decisions by Fitch Rating and Standard & Poor's in 2017, Moody's lifted Portugal's sovereign debt rating to investment grade in October 2018. As in recent years, government policy was dominated by fiscal consolidation, while monetary policy was moderately expansionist. The budget deficit was estimated at 0.6% of GDP, benefitting from a cyclical increase in tax revenues, a decrease in the amount of interest paid on the public debt, a positive performance in terms of expenditure and a divergence between the amounts of public investment budgeted and the sums actually invested. As in 2017, the financing capacity of the Portuguese economy remained positive, but diminished during the year, reflecting a higher level of investment by non-financial companies and private consumption growth above the level of family incomes. The labour market continued the recovery it has experienced in recent years, with the reduction in unemployment being perhaps the most significant factor in Portugal's recent economic recovery. Unemployment was estimated to have fallen to 7%, the lowest level since 2004, and to have dropped to 6.7% in the last quarter, the lowest rate on record since 2002. Annual average inflation, reflecting a lower level of consumer price pressure, was projected at 1.4%, having shown a high degree of volatility during the year.



2

OPERATING ACTIVITIES BY BUSINESS UNIT (BU)

The companies that make up the Corticeira Amorim universe are structured into Business Units (BUs). This report sets out their most important activities and developments in 2018.

2.1. RAW MATERIALS

The Raw Materials Business Unit recorded a current EBITDA of €30.4 million, an increase of 5% on 2017, to which the following contributed:

- the preparation units, which in the first half consumed cork acquired in 2016 at more competitive prices. As a consequence, the results for the first and second halves differed significantly;
- the disc production units, with increased their activity and implemented important operating efficiency measures;
- the grinding units, which increased activity and improved their industrial returns;
- the North African units, with corrections in their transfer prices for companies in Portugal.

On the other hand, negative performances were recorded for the grinding of virgin cork from pruning (*falcas*) and the purchase of cork for grinding in Spain.

Sales totalled €186.4 million, an increase of €30.4 compared with 2017, driven by higher prices and an increase in the amount of cork sold for grinding.

Sales of cork to customers outside the Corticeira Amorim group increased as a consequence of higher prices, an increase in the volume of cork granulate sold and spot sales of untreated cork.

In line with expectations, the purchasing campaign for top quality cork (*amadia*) in Portugal and Spain was, in volume terms, the shortest of the cycle as less cork was available than in the previous year. Nevertheless, more cork than expected was extracted, given that the harvesting of some cork due to have been extracted in 2019 was brought forward.

The shorter campaign resulted in a 17% increase in the purchase price of *amadia* cork compared with 2017. The impact of higher prices and the limited quantity of cork available for purchase was offset by the previous purchase of more cork than was needed for consumption in 2016 and 2017.

Business in alternative geographical markets attenuated the potential impact of the 2018 purchasing campaign on the secondary grinding market. Even so, it was impossible to maintain the balance of purchase prices, which in some cases increased by about 100%.

Purchases prices for virgin cork from pruning (*falcas*) increased 60% in relation to 2017, with prices peaking between April and July. Prices stabilised from September.

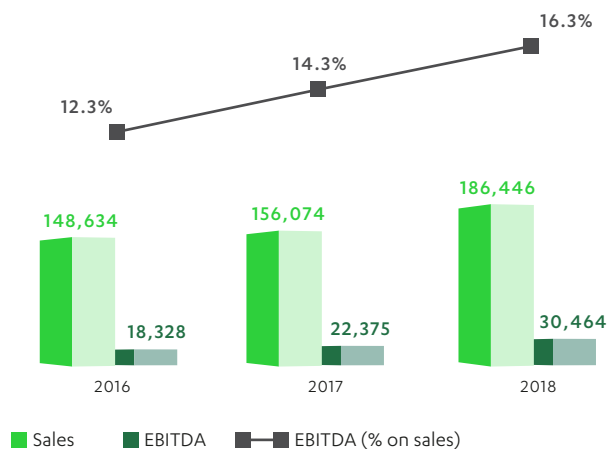
In the area of operating efficiency, cost controls remained a priority for the BU, particularly in regard to items of expenditure and purchasing negotiations. Automation projects continued to advance.

The amount of capital invested rose significantly, due mainly to increased stocks and trade receivables.

The year was also characterised by a change in the Group's positioning in relation to cork oak plantations through the acquisition and management of plots of land. This took the form of rural leases and the running of cork producing plantations owned by the company. The Group purchased Cosabe, whose main asset is Herdade da Baliza with a total area of 2,866 hectares, with the aim of developing cork oak plantations using intensive production methods and fertigation. This will involve increasing the density of cork oaks per hectare and encouraging more rapid growth, significantly reducing the time required before cork can be extracted.

The migration to enterprise resource planning (ERP) in the Portuguese and Spanish units was completed as planned in March 2018. The process was concluded without any significant impact on the BU's activities or any incidents leading to system stoppages at its industrial units or in supplies to customers. The BU's use of SAP software is in the maturation phase, it still being too early to take advantage of the benefits that the new ERP system can bring. The full benefits of the migration will only be achieved when the project is concluded at every unit in the Group.

Raw Materials — Sales & EBITDA (thousand euros):





2.2. CORK STOPPERS

World wine production increased significantly in 2018 in comparison with the very low level of production in the previous year:

- ✦ In the **European Union**, the harvest was estimated to be 19% larger in volume terms than in 2017, with the most significant increases being registered in Italy (+14%), France (+27%) and Spain (+26%). Germany, Romania, Hungary and Austria also reported large production increases. The harvest in Portugal was smaller than in the previous year.
- ✦ In the **main wine-producing countries outside the European Union**, production levels in 2018 were above the average for the previous five years. A high volume of production in the US confirmed its position as the world's fourth largest wine producer. In the southern hemisphere, production in Chile increased 36%. After two years of very low production, Argentina returned to producing a high level (+23%). Although Brazil and Australia saw their production levels drop (-17% and -9% respectively), they continued to produce sizeable volumes. South Africa, penalised by drought, reported a 12% fall in production (its lowest production level since 2012).

In the market for stoppers and other closures, the impact of these production levels will be felt later, at the bottling stage.

Global wine consumption is estimated to have increased 0.5% in 2018, with premium category sales increasing 3.5%. Europe accounted for the largest share of wine sales (57.3%), while North America represented 15.2% and the Asia-Pacific region 11.3%.

In Europe as a whole, wine consumption in volume terms continues to decline, but is increasing in value terms. It is noteworthy that Millennials appear to be consuming more wine than their parents' generation.

The "premiumisation" of wines has become a critical purchasing factor in the world wine market. Increasing disposable income and an aspirational mindset among middle class consumers has advanced the concept of "premiumisation", lifting the demand for value and superior qualities in wines. This, in turn, has encouraged wine sellers to adopt a "premiumisation" strategy. In addition, growing consumer awareness and knowledge of different wine varieties is steering consumption in the direction of more expensive wines, leading in recent years to increased sales revenues and the growth of premium segments.

E-commerce sales are gaining enthusiasts around the world, the convenience factor having increasingly become a reality characterising drink and beverage distribution in general. A new generation of tech-savvy consumers is abandoning the traditional market, opting instead for the convenience and simplicity of ordering online. The speed and service facility offered by a range of platforms across the world are fundamental elements of online shopping. Purchases from local wine producers and wine shops also drive these more convenient online shopping options, which reduce distribution chains and associated costs.

Premium wines lead demand. In the US, brands that emphasise high-quality production methods and location-based connections continue to outperform the market. In Europe, premium remains the most dynamic market segment, ahead of wines and spirits, sparkling wine, whisky and gin.

Another trend the cork industry has to take into account is the growth of organic wine production, that is, wine that does not use grapes that have been in contact with pesticides, fungicides or chemical fertilizers or that contains preservatives, unless the amounts are minimal. This global trend in wine consumption partly reflects the increasing importance attached to the concept of well-being and is found not only among consumers who drink organic and lower alcohol content wines, but also those who buy premium wines, showing a preference for quality over quantity.

For the **Cork Stopper BU**, 2018 was another challenging year, not only in terms of adjusting its sales mix to reflect the evolution of the market, but also in responding to more demanding service requirements resulting from the high level of consolidation that the wine industry is experiencing.

In a year characterised by sales growth above the market average and a big increase in raw material costs, the BU made significant investments in strengthening and adapting its industrial capacity, modernising its industrial processes and supporting innovation aimed at improving product quality and reliability. R&D activities focused on strengthening the comparative advantages of cork stoppers and the part they play in business sustainability and environmental protection in harmony with wine, the natural product they are made for.

In 2018, the BU's activities were influenced by a number of important factors:

- ✦ A significant increase in raw material costs, which were partly passed on to the market;
- ✦ Increased demand for natural cork stoppers, especially NDtech stoppers;
- ✦ Increased market share in all product segments, especially for micro-agglomerate products;
- ✦ Strong investment in increased production capacity and product reliability in all business segments in anticipation of the evolution of market trends and service requirements;
- ✦ Improved production capacity for wooden capsules through the acquisition of Elferson;
- ✦ Creation of the BU's own installations in Napa (US) to strengthen its presence in that market;
- ✦ The systemisation of continuous improvement practices, specifically in regard to business management processes;
- ✦ The digitalisation process under way in every area of the BU, particularly the digitalisation of industrial processes, commonly known as Industry 4.0;
- ✦ The benchmarking process under way at the Bourrassé Group, including the identification of initiatives to be implemented in 2019;
- ✦ The energy efficiency programme, which has reached cruising speed and is generating important savings, as well as contributing to the sustainability culture that characterises the Group;

- ✦ The implementation of the project for the more efficient use of cork as a raw material, which produced results above expectations and made a decisive contribution to the BU's profitability;

- ✦ The ERP implementation process, which advanced at a strong pace to the configuration phase, ready to go live at the beginning of 2019.

Sales by the Cork Stopper BU rose 11.9% (+€56.9 million) in 2018 compared with the previous year to €534 million. The change in the consolidation perimeter through the integration of new companies (essentially Bourrassé and Sodilège) accounted for 68% of this growth.

Discounting the change in the perimeter, sales increased 3.8% in value with the sale of 4.8 billion stoppers (5.5 billion including Bourrassé and Sodilège) as the BU focused on improving its sales mix and customer service as well as strengthening its position in all product segments.

Sales grew significantly in the BU's traditional markets – France, Italy, Spain and Portugal – and its competitive position strengthened in the US, Australia and the UK. Sales growth was also strong in East European markets and China. Sales were stable in Chile, but fell in value terms in Germany and Argentina, mainly due to customers downgrading their purchases in quality terms in the first case, and due to political and exchange rate instability in the other.

In comparable perimeter terms, sales in the **Still Wines Segment** rose 5.5% in value, with France, the US, Italy and Spain accounting for 79% of total growth. Given the moderate growth of about 0.5% in world consumption and allowing for large variations between segments, especially the high-end segment, the BU strengthened its competitive position, both in traditional markets and in emerging markets with strong growth potential.

Sales of **Natural Cork Stoppers** rose by a strong 6.7%. NDtech stoppers made a decisive contribution with growth of €11.2 million compared with the previous year, underlining its importance to the sustainability of the business and to enhancing the image of natural cork stoppers as the best closure solution.

Sales of **Neutrocork Stoppers** rose 16% on the previous year. This reflected consistent growth in the still wine segment, which has shown continuous performance improvements and represents an important area for the BU's future growth. The quality and sensorial consistence of Neutrocork stoppers together with an attractive cost-quality ratio makes them an excellent solution for low-and medium-cost wines. Neutrocork strengthened its position in the US, Italy, France, Chile and across markets everywhere, making a decisive contribution to leveraging the image of cork stoppers in comparison with alternative closures.



There was an important change in the sales mix of the **Agglomerate Stoppers Segment** as customers traded up. This resulted in improved product and customer mixes. Sales grew 15.9%, with strong performances in China, France and Italy. Growth in 2018 was supported by a strong commitment to improving the sensorial, visual, physical and mechanical characteristics of products, supported by changes in the production process.

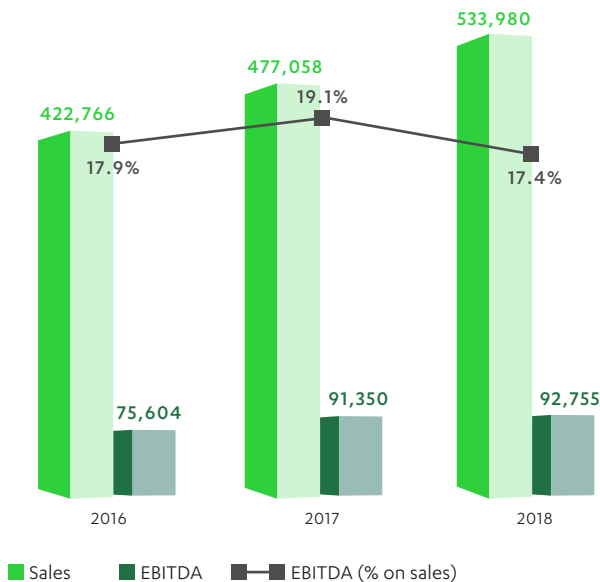
Sales of **Twin Top and Aquamark Stoppers** fell slightly due to customers replacing them with other products sold by the BU.

Still in comparable perimeter terms, sales in the **Spirits Segment** rose 12.1% in value. This segment is undergoing permanent change, making innovation crucial to business longevity. Packaging, the area in which the BU operates, also represents a challenge, given the singularities that characterise each product.

Sparkling wines have been a key driver in the growth of the world wine market, with sales of “bubbly” increasing 56% in 10 years - and almost 6% in 2018. In addition to the continuing popularity of *prosecco*, the consumption of *espumante* has increased, lifted by the habits of younger consumers and the popularity of rosé sparkling wines. The BU’s sales to the **Sparkling Wine Segment** rose 4.2% in value.

In this context, the BU’s gross margin increased 9.2% compared with the previous year. Considering the same consolidation perimeter of 2017, it fell 1.6% due to a large increase in raw material costs. Increased sales played a decisive role in balancing the margin, along with measures related to the project for using cork more efficiently. Technological changes and the permanent industrialisation of production, especially in terms of product handling, also contributed to the improved performance of this indicator.

Cork Stoppers — Sales & EBITDA (thousand euros)



2017 and 2018 values include Bourrassé and Sodiliège

Although operating costs increased 13.9% in comparison with the previous year, the BU succeeded in improving its cost-sales ratio from 26.8% in 2017 to 26.1% in 2018 as a result of improved productivity. The main cost increases were in variable costs, specifically commissions, specialised work, subcontracts and diverse materials. The logistics process was strengthened to guarantee service levels, especially as production was under heavy pressure. This had a significant impact on transport costs (+7.8% on 2017). Implementation of the operating efficiency programme enabled the BU to introduce production cost controls and achieve a small improvement in productivity despite strong pressure on operating costs.

EBITDA increased 1.5% in comparison with 2017. In comparable perimeter terms, EBITDA would have fallen 7.4%, mainly due to an exceptional increase in raw material costs and the negative impact of exchange rate differences (€4.6 million).

Working capital requirements increased by €16 million, mainly due to an increase in stocks to support the BU’s activities. Strong investments in increasing capacity and improving business processes were also important factors in the increase. The customers category increased by 6.4% and €7.4 million.



2.3. FLOOR AND WALL COVERINGS

In 2018, the Floor and Wall Coverings BU reported total sales of €112.2 million, a decrease of 7.7% on 2017, with a greater emphasis on manufactured products.

In terms of geographical markets, sales fell in the US and Russia, while sales in Germany grew less than expected. Strong competition in the do-it-yourself segment, which represents 30% of sales in Germany, had a 3% impact on the BU's overall sales. Efforts were made towards a global approach to the US market, building on the role of the subsidiary company, Amorim Flooring North America, in adapting the BU's local strategy and moving away from a more direct approach. Financial difficulties at the BU's biggest Russia customer saw sales growth there fall below expectations. Scandinavia and Portugal stood out among the regions where sales increased.

As a means of increasing sales growth potential and providing greater support, the BU continued to strengthen its commercial teams, consolidating a project launched in 2016. It also maintained a continued focus on the AR Academy, which plays a key role in strengthening relations with stakeholders in the different regions where the BU operates.

To help establish eco-efficiency and sustainability as the BU's leading competitive advantages, structural changes were made in the way products are presented at points of sale, with the aim of prioritising these advantages in the unit's communication with markets.

The digital project remained on the strategic agenda, with the future aim of establishing this interactive channel alongside the BU's traditional promotional, publicity and distribution channels for the flooring industry.

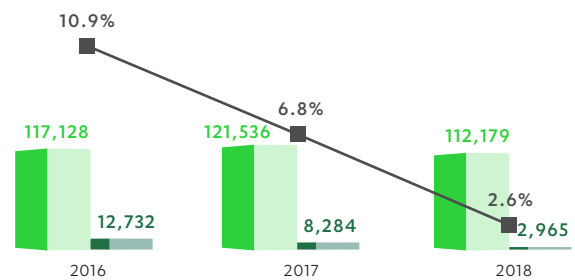
In terms of technology, 2018 saw a consolidation of investments in composite agglomeration processes, equipping the BU with a unique capacity to combine cork with other sustainable materials and definitively opening the door to the launch of innovative, 100% sustainable solutions. Preparations were also made in 2018 for the launch of the WISE product range at the world's leading flooring events (Domotex, Bau and Surfaces).

The year was also an important milestone for the new digital printing line, widely considered to be at the cutting edge of the technology for improving the surface finishes of flooring systems.

The imperative need to increase the BU's profitability and the challenge of repositioning the product portfolio in the flooring market resulted in a change of the management team. The pace required for implementing measures to improve operating efficiency, as well as responding to the challenges of innovation, taking advantage of the new technologies available and making better use of cork as a raw material led to a reorganisation of the management team in the operations area. This was implemented during the second half of 2018, ensuring stability and focus for the new cycle. In terms of general direction, a cycle marked positively by the restructuring of the commercial area has ended. The main challenges for the new management team are to increase the operating efficiency of the supply chain, consolidate the development of new sustainable products and increase the profitability of the business through the positioning of the product portfolio, the development of new channels and a greater focus on the margin. The BU also completed a plan for adapting the structure of its subsidiary in Germany, based on two pillars: the distribution model and a simplification of the support areas, leveraging synergies with the BU's headquarters in Portugal.

In 2018, non-recurring expenses totalling €1.1 million were recognised, mainly resulting from organisational changes by the BU in Portugal and adapting the structure of the subsidiary in Germany.

Floor and Wall Coverings — Sales & EBITDA (thousand euros)



2.4. COMPOSITE CORK

Sales by the Composite Cork BU totalled €102.2 million, up €3.4 million on 2017 in spite of the negative exchange rate effect - which rose to €1.9 million, mainly because of the depreciation of the US dollar in annual average terms - and discontinuing supplies of water-proof components for flooring products made by the Floor and Wall Coverings BU, which represented a €4.8 million drop in sales income.

Current EBITDA fell by €4.7 million in comparison with the previous year, a drop 31.3%. This put the EBITDA-sales ratio at 10.1% (2017: 15.2%).

A reduction in the gross margin, mainly due to increased prices for cork raw materials, was the main cause of the fall in EBITDA, given that turnover rose 3.4% compared with 2017.

Overall growth objectives were achieved with very positive results in most areas, especially given the adverse context of an imperative need to reposition the BU's market prices due to the increased cost of acquiring raw material corks.

The planning and execution of a number of carefully selected and monitored projects in the commercial area and in innovation resulted in a €5.6 million increase in turnover in 2018. The projects were in the following areas:

- × A general geographic expansion in high potential markets;
- × Specialised geographic replication in priority segments;
- × Introducing new products;
- × Identifying and securing customers through market intelligence.

A majority of priority and important segments reported positive or neutral results in terms of turnover. In a portfolio of 25 segments, however, it is almost inevitable that some will achieve less favourable results. This was true in 2018, although relatively insignificant in most cases, except for the Panels and Composites segment, where the conclusion of two important projects in 2017 (not repeated in 2018) resulted in a drop in activity in 2018.

In geographical terms, the balance was equally positive across the BU's three largest regional markets. There was significant growth in Europe. In Asia, the BU succeeded in compensating for the drop in volume sales in the flooring manufacturers segment. In the US, growth would have been even stronger if it had not been for the previously mentioned negative exchange rate effect.

As in 2017, but to a much larger degree, the main indicators for profitability margins relating to raw materials and industrial costs followed a downward trend. In addition to the negative exchange rate effect (stronger than in 2017) and repeated increases in the cost of acquiring non-cork raw materials, the main causes for the reduction included a significant change in the cost of purchasing raw material cork, as well as changes in the mix and availability of those materials, which also translated into an increase in production costs.

It is estimated that the combined impact of these two factors alone represented a drop in profitability of more than €11 million (11 percentage points in terms of sales). Faced with this reality, it was necessary to reposition sales prices by significant amounts across different segments and applications, mainly, but not only, for granulated products. This only mitigated the negative impacts, given that a significant part of the loss in competitiveness related to the new climate for cork raw materials was absorbed internally.

The year was also characterised by a general effort to contain costs, resulting in notable savings in marketing and sales, industrial rights and support. Distribution costs (mainly transport) and industrial support costs (external supplies and services) increased.

Average working capital needs continued to follow the improving trend of 2017, in spite of an increase in average inventory levels in 2018. This positive trend mitigated financing needs related to the BU's continuing and renewed investments in fixed assets, which were particularly strong in 2018.

Several strategic initiatives, some of them multi-year projects, were implemented with the active and coordinated participation of different teams. These included:

- × Organic growth projects focused on priority and other relevant segments, new customers and new products in under-explored or already pre-existing geographical markets that had previously been relatively insignificant as target segments;
- × Operating efficiency projects in areas including energy rationalisation, maximising cork yields and automating production lines;
- × Repositioning sales prices in line with the new outlook for the mix and costs of acquiring cork;
- × Continuing "RIO Programme", a multi-year programme for transforming the BU's operations area by means of new resources, capacities, skills and working methods, communication and realignment;
- × The first phase of implementing the "ACC Academy" with the building and testing of the first four teaching modules, which focus on strategy in three priority segments;
- × Seeking and exploring possibilities for new strategic partnerships, upstream and downstream of the value chain;
- × Developing a systematic and organised model for dealing with possible partnerships, with a defined logic for detecting opportunities as well as processes for characterising and selecting partners based on clearly defined points and approval criteria;
- × Beginning the implementation of a multi-year digital transformation project for the BU's industrial operations, with the first phases of introducing a Manufacturing Execution System (MES) and the necessary interventions in networks and upstream industrial equipment;
- × Setting up the "i-Cork Factory", using a range of small-scale industrial equipment as means of opening the door to interactions between the cork sector and new technologies;
- × Conclusion of the first phase of investment in the Circular Economy Project, which will provide the BU with the capacity to produce new composites, using combinations of cork and new raw materials originating in other industries, which, in combination with cork, can be recycled and given new value;
- × Reengineering projects with the aim of producing composites with the same specifications but at more competitive prices;
- × Adapting the retail segment product range to the real needs of customers in order to minimize value proposals that do not meet those requirements;
- × Cost-cutting initiatives, mainly in marketing and sales (using more digital resources), and in corporate projects that rely to a significant extent on outside consultants. Following their conception and initial implementation phase, these projects are now entering the cruising phase of internalising lower costs.

In terms of markets, the highlights of the BU's global activities are mostly positive. As usual, the analysis focuses on the combination

of segments and geographical regions, reflecting the organisational logic of the BU.

In 2018, the segments included in the industrial cluster further strengthened their leadership in terms of their relative weight in the BU's total turnover. Having benefitted from another year of growth (approximately 14%), the industrial cluster now represents 44% of total sales.

The main positive changes in terms of sales revenue were recorded in the following segments: Footwear (+62%), Cork Specialists (+32%) and Cork and Corkrubber Manufacturers (+43%). Footwear turned round its negative results of 2017, while the other segments continued the growth registered during the previous year.

In the opposite direction, sales revenue fell in the following segments of the industrial cluster: Panels and Composites (-33%), Automotive and Auto Parts (-8%) and Other Industrial and Engineering Machinery, Equipment and Parts (-31%).

Multi-Purpose Seals and Gaskets, the largest segment in the industrial cluster, posted strong results in 2018, with growth of 12%.

Retail remained the BU's second most important cluster in terms of sales, although it again reported negative performances for its dominant segments: Construction Specialty Retail (-7%), Home and Office Specialty Retail (-2%) and Accessories and Personal Products (-50%).

It is important to note that the decrease in activity for the Home and Office Specialty Retail segment (as in 2017) reflects to a certain extent a deliberate reduction in strategic focus on this segment.

Distributors of Flooring and Related Products continues to be the

largest single segment. It registered further growth in 2018, in line with previous years, but this was limited to a 1% increase, having been penalised to a certain degree by the negative evolution of the average EUR/USD exchange rate.

The third and last cluster, Construction, also reported a significant level of growth, especially considering that sales had dropped 6.2% in 2017. Sales by the Resilient and Engineered Flooring Manufacturers segment had previously included supplying the Floor and Wall Coverings BU with flooring components. In 2018, however, production of these components was moved to the Floor and Wall Coverings BU itself. This had a negative impact of €4.8 million on the sales of the Composite Cork BU in comparison with 2017. Excluding this intra-group move, sales by the Construction cluster rose 19%, a notable performance.

Following the slight fall in activity registered in 2017, turnover in 2018 resumed the upward trend that had begun in 2015.

This result is particularly positive considering that two unfavourable factors had a considerably negative impact in 2018: the negative exchange rate effect and the transfer of production of core layer flooring to the Floor and Wall Coverings BU. Thanks to substantial benefits resulting from expansion projects and the implementation of a sales price policy more in line with the increase in cork purchasing costs, it was possible to maintain a pace of organic growth in keeping with the BU's ambitions.

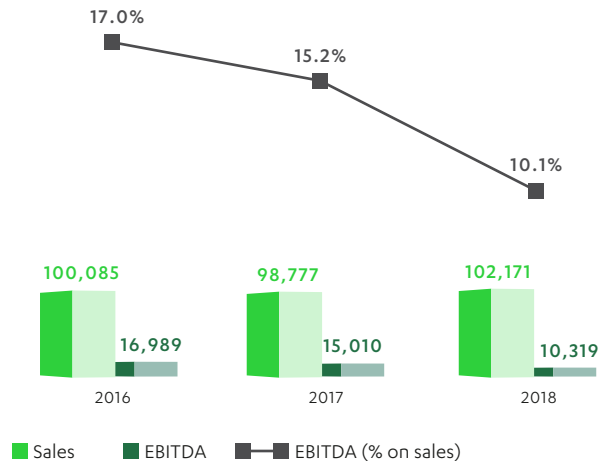
In spite of a range of initiatives designed to secure short-term results – which had a considerably positive impact – it nevertheless proved impossible to avoid a reduction in the gross margin. The increased cost of raw materials – mainly cork, but also non-cork materials – was not completely offset and became a decisive factor in the reduction of EBITDA in comparison with the previous year.



Investment increased significantly again, totalling €6.6 million in 2018, €1.9 million more than in the previous year. The main projects were:

- ✦ Circular Economy Project (granulation and agglomeration);
- ✦ Reconstructing the boiler;
- ✦ First phase of the Industry 4.0 project (MES implementation, upgrading industrial networks and retrofitting industrial equipment);
- ✦ Land for the expansion of industrial installations;
- ✦ Transporting moulds and carriages in the agglomeration areas;
- ✦ i-Cork Factory (various technologies);
- ✦ Changes to the thermofluid network and steam boilers.

Composite Cork — Sales & EBITDA (thousand euros)



2.5. INSULATION CORK

In 2018, the Insulation Cork BU recorded sales of €12 million, reflecting an increase in sales volume across its different markets of 13.1% in comparison with the previous year. Excluding sales to the Corticeira Amorim group, sales growth was 6.2%. Higher sales prices reflected the new reality of the raw material (cork) market, where prices were also higher.

The gross margin fell by 12.2 percentage points in 2018 in comparison with the previous year, a reduction significantly influenced by the substantial increase in raw material prices.

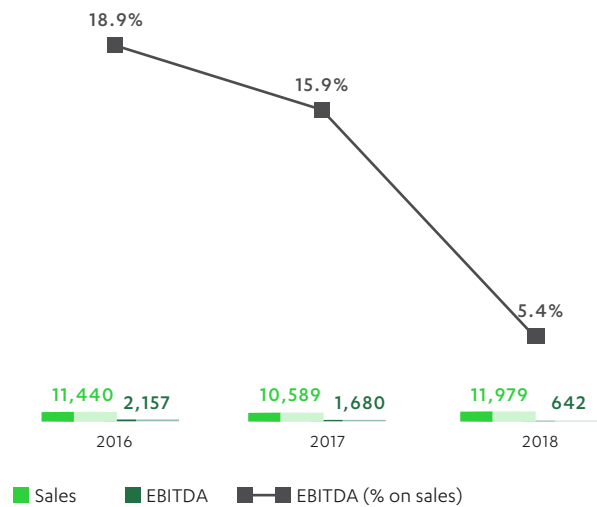
EBITDA totalled €0.6 million, a drop of 61.8% compared with 2017. This reduction was directly related to the previously mentioned fall in the gross margin, as well as a general increase in operating costs.

In 2018, the BU developed a number of initiatives aimed at leveraging its business activities and consolidating its leadership in supplying expanded cork conglomerate products and solutions, as well as at increasing recognition and understanding of their real value. The main initiatives were:

- ✦ **A summer square at the Belém Cultural Centre (CCB):** designed by the renowned architectural studio Promontório, which conceived a creative/innovative installation using blocks and sheets of expanded cork conglomerate supplied by the BU, giving rise to a space filled with nature and acting as a showcase for the different ways in which this 100% natural material can be used. Thousands of people visited this playful/didactic space everyday during the summer months;
- ✦ **7th Amorim Isolamentos International Conference,** a biennial event that for two days brought together about 100 specialists from 18 countries. At the conference held at the Belém Cultural Centre in Lisbon, numerous case studies were presented on the use of cork for thermal and acoustic insulation, as well as new concepts of insulation and innovative applications, such as landscaped façades and coverings. Discussions also focused on the use of cork in interior and exterior design as well as on the sustainability credentials and almost unlimited durability of this 100% natural material. Participants were also able to visit the BU's industrial plant in Sales Novas to observe the latest production technology developments as well as expand their knowledge of the technical characteristics of cork;
- ✦ **15th Congress of Architects,** held at Lagoa (Algarve, Portugal) between October 25-27 and organised by Portugal's Association of Architects. The BU supplied expanded cork conglomerate for the congress, the thermal and acoustic performance of which helped create ideal conditions for the various technical presentations made at the event. The Association of Architects attached great importance to the BU's provision of cork, which enriched the space and enabled participants to enjoy a highly attractive, sober exhibition area that was greatly appreciated by the congress delegates;
- ✦ **Eurovision Song Contest 2019 | Eurovision Village** – an entertainment space at the heart of Terreiro do Paço in central Lisbon that hosted activities parallel to the song contest itself. The scenography was constructed from 500 cork blocks supplied by the BU, a project designed by the Mood studio that was made possible by the BU's involvement.

In terms of operating efficiency, several optimisations were made at the industrial level, including more rigorous cost controls and investments to boost the performance of the industrial units.

Insulation Cork — Sales & EBITDA (thousand euros)



3

FORESTRY INTERVENTION PROJECT

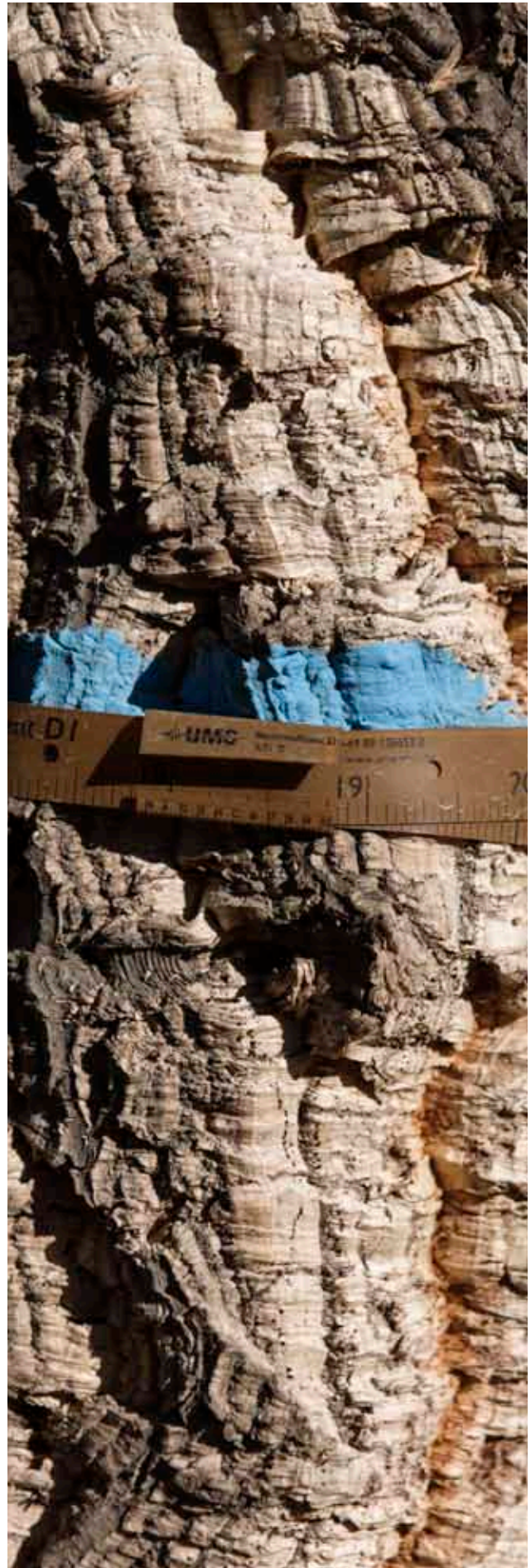
Since 2013, Corticeira Amorim has implemented a range of measures and actions through a structured, long-term programme called the Forestry Intervention Project. The programme seeks to ensure the maintenance, perseverance and enhancement of cork oak forests and, as a consequence, ensure the continuing production of high quality cork.

Using the motto “Care for the present, build for the future”, the project has been developed in close partnership with forestry producers and both Portuguese and international research institutions. This has enabled the project to accumulate a vast amount of scientific and technical knowledge relating to new agricultural practices with strong potential for the development of the cork oak, increasing the productivity of the species, improving the vegetable material used in cork oak plantations and combatting pests and diseases.

The research projects continue, with research teams continuing to produce knowledge that over the short term will lead to the introduction of new models of silviculture for managing cork oak plantations and, over the medium to long term, guarantee the quality of the trees used in reforestation operations.

Based on existing knowledge, Corticeira Amorim made a decision to invest in cork oak plantations using intensive growth methods and fertigation. As a result, 2018 will represent a landmark in the company’s history as the year it made its first investment in a forestry property. It did this by acquiring the company Cosabe – Companhia Silvo-Agrícola da Beira, S.A., whose main assets in the Herdade da Baliza, a 2,866-hectare estate located in Portugal’s Castelo Branco/International Tagus region.

Corticeira Amorim plans to invest in the cork oak plantations of Herdade da Baliza, putting into practice, for demonstration purposes, all the new techniques for planting and managing cork oak forests with the aim of increasing their productivity and profitability.



4

INNOVATION, RESEARCH AND PRODUCT DEVELOPMENT

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

4.1. RAW MATERIALS

In terms of R&D projects, the team continued to focus on eliminating the sensory defects of cork, progressing with projects begun in previous years. In 2018, industrial scale equipment for eliminating these sensory defects was studied and developed.

Other R&D highlights:

- ✦ Automating the cork preparation process with a view to increasing the efficiency of this traditionally labour-intensive area; introducing technology for reducing the cost of analysing cork and making the analysis more objective;
- ✦ Testing innovative concepts that, when implemented, will significantly cut costs and ensure better use of cork in disc manufacturing, reduction and rectification operations.

4.2. CORK STOPPERS

In 2018, important advances were made towards **resolving the problem of TCA** on an industrial scale.

NDtech technology has been highly successful in the market. Thanks to substantial improvements in equipment and optimisations of the production process, its use significantly increased in relation to the previous year, leading to increased capacity and, consequently, increasing the number of stoppers featuring the NDtech service.

Increased knowledge of wine/stopper interaction is fundamental for the correct choice of stoppers, given that so much depends on the type of wine, the type of bottleneck and the length of ageing in the bottle. For this reason, a number of projects in partnership with Portuguese and international universities were implemented in 2018 to achieve a better understanding of the comparative performance of cork stoppers and alternative closures in relation to different types of wines; storage conditions contaminated by volatile compounds, potentially capable of penetrating synthetic bottle closures; identifying new ageing indicators for wines sealed with natural cork stoppers as well as technologies and other important data for choosing wine bottle closures.

Food and Drug Administration (FDA) approval was obtained in the US for technical cork stoppers produced with the glues normally used by the Cork Stoppers BU, which Europe had long before approved for contact with food; successful studies of new types of raw materials.



In the area of **product development**, good examples of RD&I activities in this important development and innovation area for the BU include projects for optimising the washing of cork stoppers, not only in terms of the quality of washing, but also the related environmental aspects; new sealing processes; and optimising the markings used on cork stoppers.

Production processes have undergone a profound revolution with a view to achieving a significant increase in productivity as well as quality improvements.

Innovation has also been a constant concern of the capsulated cork stoppers unit, which has established itself as a global supplier of components for packaging spirits beverages. In 2018, it implemented several innovation projects, including the development of finishes that can be painted with special effects and new surface treatments for cork stoppers. In-house skills for producing and decorating wooden capsules were also developed

New design collections of capsulated cork stoppers were created - the MAC and SPICEBOX series were presented at LUXEPACK Monaco 2018. The SPICEBOX series was registered as a utility model.

4.3. FLOOR AND WALL COVERINGS

In 2018, the BU launched a new collection of wood visuals, produced using the new digital printing technology installed in 2017. This permits the use of image files with a resolution up to 1000dpi, providing the Artcomfort range with even more realistic visuals. In this collection, the bevels are printed simultaneously with the upper surface, ensuring an even more realistic look.

A new surface finish using UV-cured materials was launched at the same time as the new visuals. It offers significant efficiency gains in the varnishing process without any loss in resistance qualities, unlike the varnish previously used for digital printing.

New wood visuals aligned with market trends were also launched in the Hydrocork range. This range is now also available with a new markings width of (190 mm). Markets have identified this new measurement as being perceived to add greater value than the previously used width (145 mm).

In product terms, the BU focused on the SUBERTECH project aimed at developing a waterproof cork agglomerate that can be machined. Other advantages include being 100% PVC-free and involving lower emissions. It also has a better acoustic and thermal performance than any HDF, WPC or solid PVC product, as well as a negative carbon footprint. Using cork and recycled polymers were decisive factors in developing this product. The project aims to make the product available in three different visuals: a cork visual, a digitally printed wood visual and a wood visual using non-PVC film. All versions are recommended for class 33 commercial areas with medium traffic.

4.4. COMPOSITE CORK

In 2018, the main focus of the BU's innovation activities was on developing the circular economy project, developing new technologies for processing composite cork and developing new applications.

The first two areas led to the prototyping and development of a number of new composite materials, focusing on the intrinsic characteristics of cork, but also involving the use of other natural and synthetic materials, both "prime" materials and materials derived from other industrial by-products. In this way, the Composite Cork BU has strongly identified itself with the new trends in terms of sustainability, industrial synergies and the circular economy.

This was made possible by the successful launch of a pilot innovation unit called the i.cork Factory, where materials were developed for a range of applications, using cork and its special qualities as the common denominator, but also drawing on new and recycled materials as well as new processing technologies.

In the area of human capital, special mention should be made of the collaborations, internships and in-house doctorates centered on the i.cork Factory, a meeting place for developing the new cork.

These projects demonstrate the efforts made to achieve the BU's mission of adding greater value to cork and expanding the portfolio of cork materials and applications. Managing product lifecycles, developing cork-based composites and new technologies will remain priorities in the coming years, as well as seeking new applications that are both profitable and sustainable.



4.5. INSULATION

In partnership with IteCons, the Insulation BU is developing the Evaporcork project to study the passive evaporative cooling of façades. The main aims are:

- ✦ Developing a new evaporative system (without using mechanical ventilation equipment) capable of cooling façades insulated with expanded cork;
- ✦ Including an irrigation system using control and automation sensors to ensure the cork remains at the correct humidity level in relation to the environmental and weather conditions;
- ✦ Incorporating a rainwater collection system (subject to filtering), when justified by weather conditions, and a collection system for recirculating excess water;
- ✦ Conducting a feasibility study into adding sensors to the system to detect and mitigate fires.

The project is aimed at developing a constructive, innovative solution that uses cork in applications with enhanced.

5

AMORIM CORK VENTURES

In 2018, the activities of Amorim Cork Ventures (ACV) focused mainly on developing and expanding the start-ups in which it already owns a holding. Although it did not run any competitions or pre-acceleration programmes as it has done in previous years, the company continued to receive and analyse dozens of proposals throughout the year. From among the proposals analysed, support was given for the prototyping of a number of solutions in which cork features as differentiating element. It will be only in 2019, however, that the results of this support and the likelihood of these projects resulting in new investments or start-ups can be determined.

In July 2018, ACV ceased to be a partner of Primalynx (creator of the world's most ecological multifunction yogurt-maker, the YogurtNest), which became wholly owned by the entrepreneurs that created it. ACV is proud to have been involved in the early stages of this project, which features the numerous advantages of using cork as well as its contribution to low-carbon and circular economies and to promoting healthy diets.

Measures were implemented in 2018 to improve processes at the three start-ups in ACV's portfolio as well as continued commercial efforts to expand the cork solutions they provide. The main highlights included:

5.1. ASPORTUGUESAS

ASPORTUGUESAS launched a new, signed collection of flip-flops on the market in association with Garrett McNamara, the American big wave surfer. The new collection is allied to a strong social commitment in that, for every pair of the flip-flops sold, a euro is donated to the reception centre for orphans in Nazaré, the Portuguese coastal town where Garrett McNamara has surfed big waves.

In 2018, ASPORTUGUESAS also launched City, its first collection of autumn/winter shoes. The new collection was developed from an innovative cork sole in what is seen as a big investment by ASPORTUGUESAS in creating value. Natural felt is combined with the cork sole in a contemporary design featuring a range of colour combinations, with the additional ergonomic advantage of not using any elastic, zips or laces. In keeping with summer collections, the shoes also maintain the ASPORTUGUESAS style of having a single unisex model.

It was also the first full year to reflect the impact of the entry of the Kyaia Group, which resulted in significant sales growth and the expansion of the brand into numerous international markets with exports now going to all five continents.

5.2. GRÓWANCORK

Cork is a material that fulfils the technical requirements of the refrigeration sector with the added advantage of being ecological. Grówancork's seeks to supply the whole commercial refrigeration industry with its product range, that is, manufacturers of heated and refrigerated display units and refrigeration and ventilation units, with a strong focus on the HORECA (hotels, restaurants and cafés) food service distribution channel, as well as on medium and large food distribution outlets.

In 2018, Grówancork made a strong commitment to its stakeholders with to create partnerships to help spread this innovative concept to new markets for refrigeration sector applications.

To diversify its portfolio, Grówancork has invested in developing new applications for other sectors, including construction and the manufacture of non-refrigeration equipment involving thermal and/or acoustic insulation.

5.3. SUGO CORK RUGS

The SUGO CORK RUGS brand combines two strengths of Portuguese industry in the same product: cork and rug weaving. Its products are increasingly becoming a reference for eco-design in this market segment.

In 2018, the brand registered an important increase in sales after having publicised its remarkably innovative and versatile concept of combining cork with linen, wool and cotton in innovative designs adapted to the requirements of a market increasingly concerned with a product's environmental impact of products and with the air quality inside homes.

In 2018, the brand invested in international markets that value eco-design. UGO CORK RUGS participated in leading international trade fairs including: Interior Lifestyle, Living Tokyo (Japan), Maison & Object (France), Toronto Gift Fair (Canada) and the ICFF Fair (US). Participating in the fairs helped lift the brand's media visibility and led to an increase in exports to the Middle East, Europe, the US, Canada and Latin America.

Important research work was carried out in 2018, looking into possible new partnerships aimed at launching a new cycle of international growth fro the brand. The results of this research and the potential partnerships arising from it have not yet been finalised, but a good foundation has been laid for them to take shape from 2019 onwards.



6

APPROACHING SUSTAINABILITY

6.1. SUSTAINABLE DEVELOPMENT

Corticeira Amorim's business revolves around cork – a 100% natural raw material that is cyclically harvested from cork oaks without damaging the trees. Cork promotes the economic and social sustainability of areas at risk of desertification and contributes to the preservation of cork oaks estates (*montados*) – world hotspots of biodiversity that provide innumerable environmental benefits, be it CO₂ retention, protection against forest fires, regulation of soil water cycles or defence against soil erosion.

6.2. POSITIVE IMPACT

Corticeira Amorim's activities are beneficial for the climate: a study aimed at the calculation and independent verification of the company's carbon footprint concluded that, given the carbon sink effect of cork oak forests, made possible by the extraction of cork and by the cork industry, its activities result in the annual sequestration of carbon more than 15 times larger than the total amount of greenhouse gases emitted by the Group's entire value chain.

6.3. COMBATING CLIMATE CHANGE

The cork oak contributes greatly to the biological sequestration of CO₂, using its roots, leaves, trunk and bark (cork) to store CO₂ throughout the lifetime of the tree, which can exceed 200 years. Cork products maintain this storage capacity throughout their life cycle. Cork thus represents an important contribution to reducing the carbon footprint of final products.

The conclusions of group of researchers at the University of Aveiro leave no room for doubt about the important role played by cork oaks and by their surrounding ecosystems: for each ton of cork produced, cork oak plantations sequester more than 73 tons of carbon dioxide.

With the aim of continually identifying efficiency and energy optimisation measures for its operations, Corticeira Amorim implemented 84 measures in 2018, which, together with the energy mix used, avoided the emission of 72,000 tons of carbon dioxide.

6.4. CIRCULAR ECONOMY

Corticeira Amorim constantly seeks to optimise the consumption of all the materials it uses in its production processes with the aim of maximise the related environmental and economic advantages. In regard to cork as a raw material, it has implemented an integrated production process that ensures that no cork is wasted. In fact, this concept, now the foundation of so-called circular economies, dates back to 1963, the year in which Corticeira Amorim was founded as a company with the goal of deriving value from the by-products of manufacturing cork stoppers, by-products that until then had only been put to residual use. Even the smallest cork granules provide an important source of energy. More than 65% of the energy consumed

by the company, mainly in its production processes, is now derived from cork dust and other biomass fuels.

Because cork is a material ideally suited to creating synergies with other materials and by-products, whenever feasible, Corticeira Amorim, besides making total use of the cork it acquires for production purposes, also uses recycled materials from other industries, helping to save the planet's natural resources and mitigating the problems that would arise from their elimination.

The Group also supports a number of initiatives for collecting and recycling of cork on the five continents. Although no trees are felled at any stage of the production process, some of these programs, particularly the Green Cork program in Portugal, support the afforestation of areas at risk using native trees, in particular, cork oaks. In 2018, about 478 tons of cork were recycled through a number of these programmes.

6.5. BIODIVERSITY AND ECOSYSTEM SERVICES

Corticeira Amorim recognises the sustainable management of cork oak forests as a strategic priority. In this context, among other initiatives, it seeks to build support among agroforestry owners for the conservation of cork oak forests and the adoption of best practices to improve the fundamental benefits that ecosystems provide for the whole population, be it in terms of carbon sequestration, soil formation, regulating the water cycle, protecting biodiversity or encouraging good agricultural and forestry practices. The Group is also a pioneer, being the first company in the cork industry to obtain Forest Stewardship Council (FSC®) chain of custody certification. At the end of 2018, 29 Corticeira Amorim enterprises (industrial and/or distribution) had chain of custody certification in accordance with this important international standard.

6.6. SUSTAINABLE DEVELOPMENT GOALS (SDG)

In 2018, Corticeira Amorim reviewed its sustainable development strategy on the basis of a materiality analysis with a view to improving its alignment with the expectations of and feedback from its stakeholders. It also identified the SDGs most closely related to the materiality issues identified, selecting performance indicators and key targets for each relevant SDG. A total of 12 SDGs and 44 targets were identified as being priorities for Corticeira Amorim's strategic development strategy.

6.7. MANAGEMENT SYSTEMS

Corticeira Amorim continues to focus on aligning management sub-systems that foster efficiency and integrating them with the strategic aims of the balanced scorecard approach as an important guarantee of the company's sustained development. To guarantee the effective management of environmental and social factors, geared to achieving strategic objectives, Group companies have implemented management policies and systems in keeping with the non-financial risks that their activities incur and the opportunities that emerge in the markets in which they operate.

The following chart summarises these management systems, while not dispensing with consultation of the respective certifications.

The sustainability commitments made by the company, which it has been publishing since 2006, address all these aspects. The most recent commitments can be consulted in detail in the chapter on the 2018 Sustainability Report. The information is presented in accordance with the latest version of the Global Reporting Initiative (GRI) - GRI Standards, the transition to these standards having been concluded in 2017. The Sustainability Report is drawn up in accordance with the core level of the GRI.

Company (Country)	Cork Stopper Manufacturing Practice			Quality	Environment	Energy	Food Safety						Forest Products Chain-of-Custody		Health and Safety		
	SYSTECODE Base	Premium	Excellence	ISO 9001	ISO 14001	ISO 50001	ISO 22000	FSSC 22000	HACCP	IFS Standard PAC Secure	IFS Broker	BBEEE	BRC	FSC	PEFC	OHSAS ISO 18001	ISO 45001
BU Raw Materials																	
Amorim Florestal (Portugal)		[10]		[15]	[5]									[10]			[13]
Amorim Florestal España (Spain)														[11]			
Temarroc (Morocco)																	
Comatral (Morocco)																	
Amorim Tunisie (Tunisia)																	
BU Cork Stoppers																	
Amorim & Irmãos (Portugal)	[11]	[2]	[1]	[6]	[7]	[8]	[6]	[14]						[12]			
Amorim Top Series (Portugal)				[13]													
Francisco Oller (Spain)																	
Corchos de Argentina (Argentina)							[13]										
Amorim Australasia (Australia)																	
Korken Schiesser (Austria)													[14]				
Amorim Cork América (USA)																	
Portocork América (USA)								[14]									
Amorim Cork Deustchland (Germany)																	
Amorim Cork Italia (Italy)																	
Amorim Cork South Africa (South Africa)																	
Amorim France (France)			[3]				[16]	[16]						[16]			
Amorim Top Series France (France)																	
Portocork France (France)																	
Portocork Italy (Italy)																	
Hungarokork Amorim (Hungary)																	
Industria Corchera (Chile)																	
Victor & Amorim (Spain)																	
BU Floor & Wall Coverings																	
Amorim Revestimentos (Portugal)			[17]	[13]													[13]
Amorim Revestimentos (Germany)																	
Amorim Benelux (Netherlands)																	
Amorim Deustchland (Germany)																	
Domkorkowy (Poland)																	
BU Composite Cork																	
Amorim Cork Composites (Portugal)						[13]											
Amorim Cork Composites (USA)																	
Corticeira Amorim France (France)																	
Amorim Comp Cork (Portugal)																	
BU Insulation Cork																	
Amorim Isolamentos (Portugal)				[4]										[9]			

IU - Industrial Units; DU - Distribution Units
 [1]IU-Lamas, DU-Amorim Distribuição, IU-De Sousa, IU-Portocork, IU-Champcork, IU-Equipar, IU-VL; [2]DU-Amorim Distribuição, IU-Portocork, IU-Champcork, IU-Equipar; [3]DU-Eysines; [4]IU-Mozelos, IU-Silves; [5]IU-Coruche; [6]DU-Amorim Distribuição; [7]IU-Lamas, IU-Champcork, IU-De Sousa, IU-Equipar; [8]IU-De Sousa, IU-Equipar, IU-Champcork, IU-Portocork; [9]IU-Mozelos, IU-Vendas Novas; [10]IU-Ponte Sôr, IU-Coruche, IU-Salteiros; [11]IU-S V Alcantara; [12]IU-Lamas, DU-Amorim Distribuição, IU-Champcork, IU-Portocork, IU-De Sousa, IU-Equipar; [13] - In progress; [14] - Practice assured IU-Coruche; [15]IU-Ponte Sôr, IU-Coruche; [16]DU-Eysines, DU-Champleury; [17]IU-Lourosa, IU-SP Oleiros

All these aspects are addressed by the sustainability commitments assumed by the company, disseminated since 2006. The most recent ones can be consulted in detail in the chapter Sustainability Report 2018. The information is presented in accordance with the latest version of the Global Reporting Initiative guidelines (GRI) - GRI Standards, whose transition was completed in 2017, the report being prepared according to the Core level.

7

HUMAN CAPITAL MANAGEMENT

In terms of people management, trends in 2018 were similar to those of previous years: a high level of activity, a strong emphasis on recruiting employees with appropriate skills and a growing workforce. Internal communication also took on special importance, while investment in digital platforms and systems was aimed at responding to and anticipating requirements in terms of information availability, rapidity and access.

The main objectives were to ensure the continuous development of people and teams, the mobilisation of resources and to seek to provide customised responses for different segments of the population of employees, and to translate these concepts into specific actions.

In 2018, the company also began to implement its Goals and Actions Plan for the safety area with measures and investments considered fundamental for supporting high performance levels in this crucial area.

Almost all Corticeira Amorim's industrial production as well as the headquarters of its BUs are based in Portugal. This means that most – 3,232 - of the Group's 4,448 employees are also based in Portugal. Taking into account the company's exporting nature, it is understandable that most of the employees at its overseas facilities belong to its sales teams. Spain, France and the US respectively have the second (6%), third (4,5%) and fourth (4,5%) largest concentrations of employees after Portugal.

The average age of employees is 44. In terms of gender, 25% are female and 75% male. About 50% of employees have at least nine years of education.

7.1. RECRUITING, REJUVENATING AND TRAINING

- × Strong recruitment in production areas related to production requirements and fluctuations

All new recruitments are made in the light of increasingly demanding requirements in terms of basic qualifications, experience and behaviour profiles. Most of the industrial units require industrial operators to have a minimum of 12 years of education and, in some cases, more advanced technical qualifications. Recruiting young people is a must, given that the company is committed to rejuvenating its workforce.

Recruitment profiles for other areas (sales, technical) are becoming increasingly customised and specific, particularly in relation to technological skills, including some skills that scare in the labour market.

Recruitment is becoming increasing medium term with aim of identifying potential that can be developed internally.

In 2018, Corticeira Amorim recruited 400 new employees.

7.2. DEVELOPING, APPROACHING AND IMPROVING PROCESSES

- × Focus on the knowledge, talents and skills the company seeks to develop
- × Tailor-made training programmes and assessing outcomes

Regular training programmes for operators focusing on lean and permanent improvement practices continued at all BUs. Programmes for sales personnel and management teams also continued, as well as programmes for trainees and corporate management training courses.

In 2018, the first blended learning (e-learning and webinar) course was given on Corticeira Amorim's e-learning platform. It focused on segmentation strategy and was specially developed by the Composite Cork BU. The training and practice programme was aimed principally at

the sales force and was delivered simultaneously over the Internet to participants in different countries. Using digital communication in this way overcomes the barriers that physical distance frequently imposes, assuring equal alignment and development opportunities for all employees. The success of this programme advocates for the replication of this training model in other appropriate areas and for other suitable groups of employees.

For the first time, investment in a digital platform for managing human resource processes (global database, performance management, training and internal communication) gave employees access to a common global communication platform, covering Group companies in Portugal and overseas. In 2018, this programme supported all performance management processes. Using the platform to perform administrative tasks shortened deadlines and rendered processes more efficient, enabling more frequent and expedite interaction between employees and human resources departments. In the future, e-learning will give all employees wider access to relevant training content. The platform, known internally as Linkpeople, opens a series of current and future possibilities in terms of communication and human capital development.

Physical proximity and direct contact remain fundamental, however. In this context, it is important to highlight the Composite Cork BU's **Open Day**, a communication event when the BU opens its doors to its employees' families, inviting them to visit the company and see the products it makes, but also to enjoy a convivial day at the workplace together in a relaxed atmosphere.

7.3. SAFETY AT WORK

One of the foundations of employee engagement is the pride workers have in the company where they work. At Corticeira Amorim, everyone is proud of the special raw material with which they work, of the company's success and the valuable contribution each employee makes through their work and commitment to achieving that success.

In 2018, conscious that the Group's average performance levels fall below the desired levels of employee pride and engagement, management made a commitment to creating the necessary conditions for achieving important and ambitious objectives in work health and safety within three years, specifically halving the number of work accidents in terms of both frequency and seriousness. Work accident levels in recent years have been no higher than is usual in the industrial sector. Corticeira Amorim nevertheless seeks to achieve excellent performance levels in this area.

To achieve this goal, each BU drew up an action plan and every three months held working days devoted to health and safety at work where results, ideas and best practices were discussed. Because this was the first year, when investment in infrastructures was most intense, two of the five BUs achieved significant reductions in the frequency of accidents, while two others achieved slight reductions. There is still a long way to go to achieve the desired objectives, but the conditions and motivation for doing so are now in place. The first results obtained in 2018 show that the action being taken are in line with the company's planned goals.



8

CORTICEIRA AMORIM AND THE CAPITAL MARKETS

8.1. THIRTY YEARS ON THE STOCK MARKET

On April 26, 2018, Corticeira Amorim celebrated the 30th anniversary of its listing on the Lisbon stock market. The occasion was marked at a special session, which included the symbolic ringing of the stock market bell. Paulo Rodrigues da Silva, the chairman of the Board of Directors of Euronext Lisbon, and António Rios de Amorim, the chairman of the Board of Directors of Corticeira Amorim, gave speeches. These sessions were brought to a close with an address by Ana Teresa Lehmann, Portugal's Secretary of State for Industry.

Corticeira Amorim was listed on the stock market in April 1988, in the same year listings of Ipcork and Amorim & Irmãos followed in June and Champcork in July. A year later a public offering was launched for the exchange shares in the latter three companies for shares in Corticeira Amorim.

This was a decisive step towards the transformation of what was already a strong exporting company into a truly international group, with a solid and well balanced financial structure. The move enabled it to successfully set up its own distribution network in regions close to its main markets and customers and, also, to establish production units in strategic markets.

Being listed on the stock market did more than provide the company with access to capital. It also strengthened its commitment to its shareholders, especially with regard to profitability, reporting and consistency, as well as in terms of the visibility of its business activities and the oversight of its management and corporate governance.

It was also a spur for the professionalisation of management, as well as specialisation through the creation of business units managed by highly qualified and motivated teams with operating autonomy. It also led to design of a governance model capable of safeguarding the interests of all stakeholders and creating value for shareholders.

During these 30 years, Corticeira Amorim went through different levels of capital dispersion, levels that also corresponded to changing perceptions of the value of its shares and of the company.

The company has faced numerous challenges over the past 30 years. As a family-based company and leader in its business sector, Corticeira Amorim did what is expected of a leader – it strengthened its leadership. It achieved this through research and development, by becoming more efficient, by expanding cork-related knowledge and aggregating the knowledge and knowhow of its strategic partners. It invested in skills and in motivating its employees. It grew, in size and profitability, and its shareholders grew with it.

In 2015 and 2016, the company strengthened its free float by about 25% in two successful operations that attracted a high level of participation by Portuguese and international institutional investors. These operations, together with the company's strong fundamentals, brought Corticeira Amorim more exposure and coverage and led to its share prices rising to levels more in keeping with the Board of Directors' own valuation of the company.

"This is not just any company or any family. It is a company that has shown an awareness of the benefits of the capital market and has known how to take advantage of them (...), making an extraordinary contribution to the Portuguese economy. (...)"

Corticeira Amorim is an example of innovation within tradition and of an industry of the future."

Ana Teresa Lehman | Secretary of State for Industry
Euronext Lisbon, April 26, 2018

8.2. STOCK MARKET PERFORMANCE IN 2018

The value of Corticeira Amorim's share capital currently stands at €133 million, represented by 133 million ordinary shares with a nominal value of €1 and conferring the right to dividends. The company (then entitled Corticeira Amorim, S.A.) first listed its shares on the BVLP – the Lisbon and Oporto Stock Market – on 18 April 1988 and has been a continuous member of the national trading system since 11 December 1991.

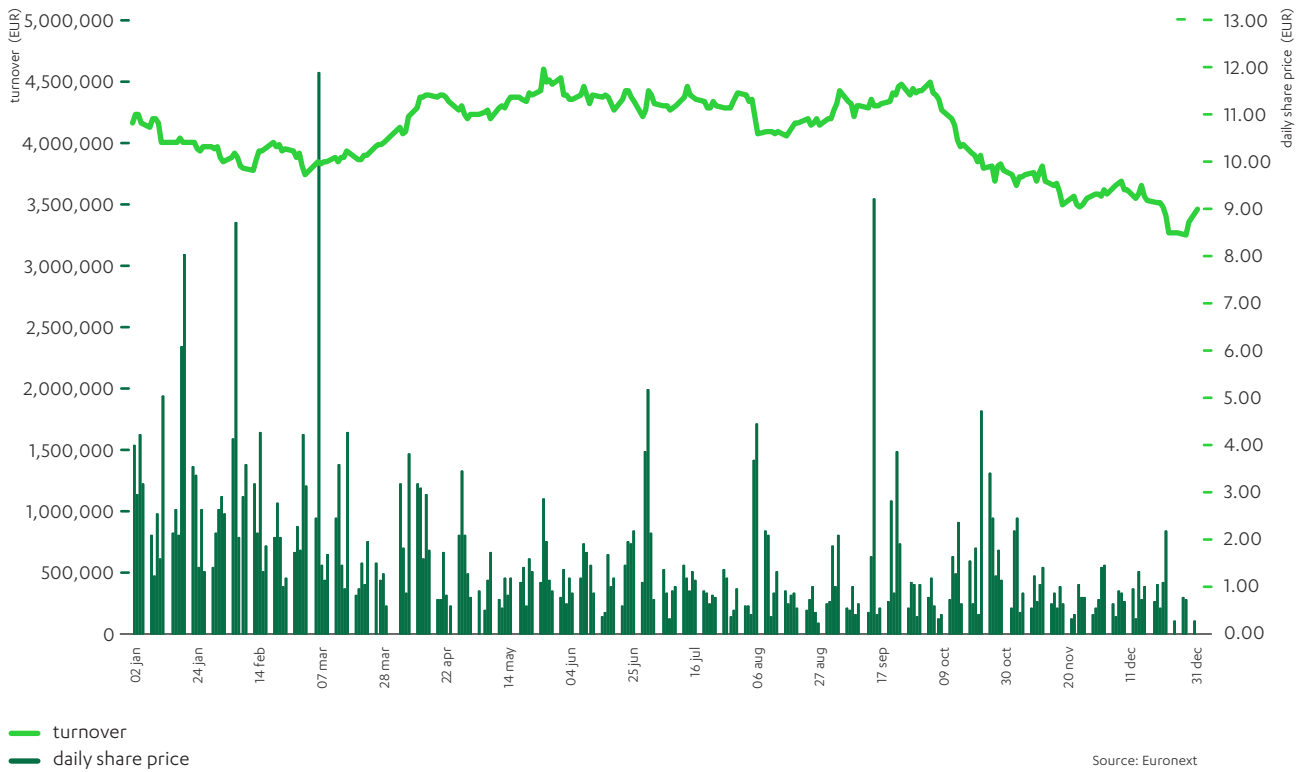
Under the terms of Law no. 15/2017, of 3 May, and Decree-law no. 123/2017, of 25 September, the Corticeira Amorim Board of Directors approved the conversion of bearer shares representative of company capital (code ISIN: PTCORoAE0006) into nominative shares; the respective conversion took place in the centralised trading system on 26 October.

At the end of 2018, Corticeira Amorim's share price had reached €9.00, a decrease of 12.62% on the close of 2017. A total of 14.9 million shares were traded in almost 62 thousand different transactions with an approximate accumulated value of €156.8 million.

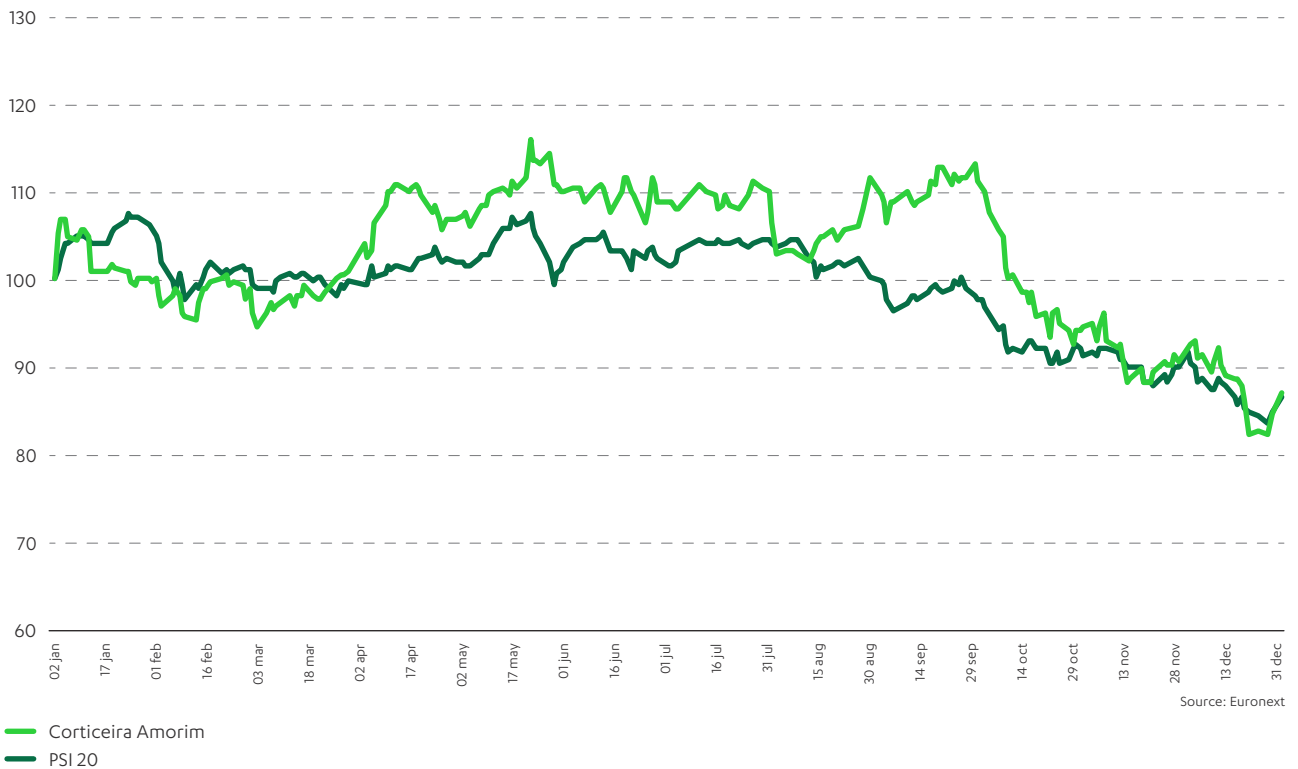
In 2018, the shares traded at an average price of €10.604; the maximum price reached was €12.00 per share on 23 May; the minimum price was €8.37 on 27 December, resulting in a percentile range of 43.4%.

The following graphs show Corticeira Amorim's stock market performance:

Trading volumes on the regulated market (2018):



Share price performance versus PSI20 (2018):



Stock market performance in recent years:

	2014	2015	2016	2017	2018
Quantity of shares traded	3,481,685	12,693,424*	10,801,324	19,290,907	14,884,614
Share prices(€):					
Maximum	3.65	6.29	9.899	13.300	12.000
Average	2.85	4.34	7.303	11.067	10.604
Minimum	2.20	2.99	5.200	8.180	8.370
Year-end	3.02	5.948	8.500	10.300	9.000
Trading Frequency	96.1%	98.8%	100%	100%	100%
Stock market capitalisation at year-end (million €)	401.66	791.08	1,130.50	1,369.90	1,197.00

Source: Euronext
*including 7,399,262 shares traded in a ABB.

Key announcements made by Corticeira Amorim in 2018:

January 10: Announcement of an agreement to acquire 100% of ELFVERSON & Co AB (Sweden), a company that produces high quality wooden tops for capsulated stoppers for leading companies in the spirits industry.

February 27: Consolidated results for 2017

Sales rose 9.4% to more than €700 million. The main highlights were:

- ✦ EBITDA totalled €133.6 million, an increase of 9.2%;
- ✦ Net profit totalled €73 million, in line with the previous year (excluding the effect of selling US Floors in 2016);
- ✦ Bourrassé contributed six months of activity to the 2017 results;
- ✦ Proposal to distribute a gross dividend of €0.85 per share.

April 13: Announcement of a gross dividend payment of €0.185 per share

May 14: Consolidated results for the first quarter of 2018

Sales totalled €185.4 million, driven by acquisitions. The main highlights were:

- ✦ Sales rose 8% to more than €185 million;
- ✦ USD depreciation negatively impacted business;
- ✦ EBITDA totalled €36.8 million, an increase of 10%;
- ✦ Net profit increased 9.3% to €18.8 million.

August 1: Consolidated results for the first half of 2018

Sales totalled €400 million in the first half. The main highlights were:

- ✦ Sales increased 12.7% in spite of the negative impact of USD depreciation;
- ✦ EBITDA totalled €77.4 million, an increase of 9.6%;
- ✦ Net profit increased 9.2% to €41.2 million.

October 24: Announcement of an agreement to acquire 100% of the company Cosabe – Companhia Silvo-Agrícola da Beira, S.A., whose main asset is the Herdade da Baliza, located in the Castelo Branco/International Tagus region of Portugal, having a total area of 2,866 hectares.

November 7: Consolidated results for the third quarter of 2018

Sales increased 10% to €584 million. The main highlights were:

- ✦ EBITDA totalled €108.4 million, an increase of 2.9%;
- ✦ Net profit increased 4% to €58.6 million;
- ✦ Proposal for the distribution of free reserves to shareholders in the amount of €0.085 per share.

December 3: Announcement of an extraordinary gross dividend payment of €0.085 per share

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CONSOLIDATED RESULTS

9.1. SUMMARY OF ACTIVITIES

In 2018, Corticeira Amorim improved its results in spite of a large increase in the price of raw materials and the negative impact of exchange rates. Sales growth of 8.8% was influenced by the consolidation of acquired companies (Bourrassé had not been consolidated during the first half of 2017 and Elfverson began to be consolidated at the beginning of 2018). Even excluding the consolidation effect, sales would have increased 3.3%.

The depreciation of the USD, which was mainly concentrated in the first half, also impacted Corticeira Amorim's sales and profitability. In 2018, the negative impact of exchange rates on sales was €9.4 million. Excluding the change in the consolidation perimeter and the depreciation of the USD, Corticeira Amorim's sales would have increased 4.6%.

The evolution of sales, when analysed for each BU, was not uniform. The Raw Materials BU, whose sales are mainly within the Group, increased sales by 19.5%, reflecting increases in the prices it pays for the cork it acquires. Sales by the Cork Stopper BU rose 11.9%, reflecting the consolidation of acquired companies. Excluding the change in the consolidation perimeter, this BU's organic sales growth would have been 3.8%. Its sales would have risen to 13.3% if the USD had not depreciated. The Composite Cork BU reported sales growth of 3.4%. At constant exchange rates its sales would have grown 5.4%. Sales by the Insulation BU grew 13.1%. An exception to the upward trend, sales by the Floor and Wall Coverings BU fell 7.7%.

EBITDA totalled €134.0 million, a slight increase from the €133.6 million registered the previous year.

The EBITDA-sales ratio was 17.6%, a decrease in comparison with the 19.0% recorded in 2017. Excluding the exchange rate effect, the ratio would have been 18.4%. USD depreciation and the start of consumption of raw materials acquired in the 2017 purchasing campaign, when purchase prices were higher than in the 2016 campaign, were the main reasons for EBITDA growth falling below the level of sales growth. This situation was offset by an increase in cost control, operating efficiency gains and a reduction in impairments.

Net debt at the end of the year totalled €139.0 million, an increase of €46.2 million compared with the end of the previous year (€92.8 million). Although interest rates remained low, financial costs increased due to an increase in average indebtedness. This was mainly a result of the most recent acquisitions (Bourrassé, Sodiliège and Elfverson), updating the amount agreed for non-controlling interests and additional investment in working capital.

Net non-recurring earnings reflected a reversion of provisions set aside for liquidating Amorim Argentina, recognition of subsidiary company transaction costs and the restructuring of the Floor and Wall Coverings BU.

The reduction in the effective rate of tax on earnings compared with rate registered in 2017 was mainly due to the reversion of non-recurring expenses that did not give rise to the recognition of deferred taxes, as well as the reversion of provisions for tax on earnings.

Corticeira Amorim's consolidated net profit totalled €77.4 million, an increase of 6% on the previous year.

The results for 2018 were a continuation of the growth trend of the previous years. However, profitability as measured by the EBITDA-sales ratio decreased. Even in this context, it is important to note that 2018 was Corticeira Amorim's third best year to date in terms of the EBITDA-sales ratio.

Because of the Group's positive financial position, Corticeira Amorim was able to increase the total dividend distributed to about €35.9 million, corresponding to €0.27 per share.

9.2. CONSOLIDATION PERIMETER

Corticeira Amorim consolidated Bourrassé and Elfverson during the 12 months that ended in December 2018. In 2017, Bourrassé was consolidated only during the second half. As a result, the financial statements for 2018 are not directly comparable with those for 2017. The main impacts resulting from these acquisitions are shown in the notes annexed to the annual accounts.

9.3. CONSOLIDATED RESULTS

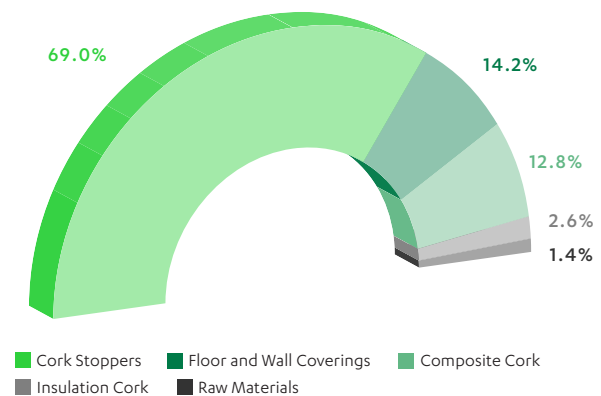
Consolidated sales totalled €763.1 million, an increase of 8.8% compared with 2017, when sales totalled €701.6 million. The change in the consolidation perimeter (essentially six months of Bourrassé and 12 months of Elfverson) contributed to the increase, considering that without this effect sales would have grown 3.3%. Sales were penalised by exchange rates, mainly that of the USD. Excluding the exchange rate effect, sales would have grown 10.1%.

The Cork Stopper BU, which was impacted by the change in the consolidation perimeter, contributed most to the increase in sales, increasing its weight in total to sales to 69%.

The Composite Cork and Insulation BUs also increased their respective sales, the Composite Cork BU succeeding in turning round the drop in sales it reported for the first quarter. The Floor and Wall Coverings BU registered a 7.7% drop in sales.

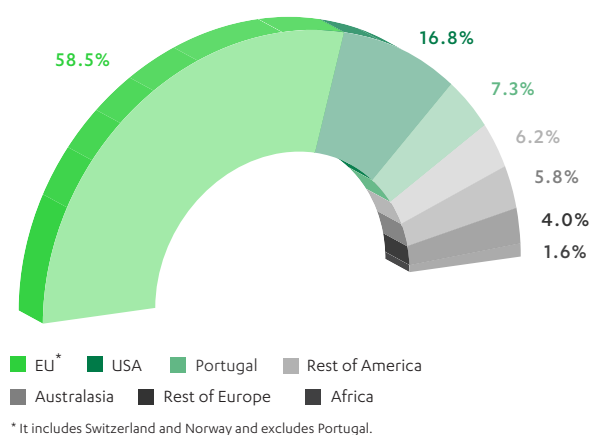
The relative weights of each BU's sales as a percentage of total sales show an increase in the weight of the Cork Stopper BU (due to acquisitions and increased sales) and a reduction in the weight of the Floor and Wall Coverings BU.

Consolidated Sales by Business Unit:



In geographic terms, France (20% of the total) overtook the US (17%) to become the Group's largest market. One of the factors contributing to this change was the depreciation of the USD in 2018. Italy remained the third largest sales market, increasing its relative weight. Germany occupies fourth position, although the gap separating it from Spain has narrowed, mainly due to a decrease in sales to Germany by the Floor and Wall Coverings BU.

Consolidated Sales by Geographic Area:



The gross margin (sales revenue plus production variation minus cost of incorporated materials) totalled 49.2%, having dropped in comparison with the previous year (52.9%). Production increased by about 30 million, to which the Cork Stopper BU made the most important contribution, mainly due to the higher prices it paid for raw materials. The increase in sales volumes had little impact on the increase in sales revenue.

Operating costs increased 5.3%, mainly due to the change in the consolidation perimeter. Excluding this effect, operating costs would have remained virtually unchanged (-0.7%). External supplies and services, excluding the perimeter change, increased 1.6%. The increase of about €8.6 million (+6.9%) in staff costs, would have fallen to -€0.1 million (-0.1%) without the perimeter change. The increase in depreciations reflected the increased investments the Group has made in recent years.

Impairments fell to almost zero, compared with €2.2 million for the previous year. The amount recorded for 2017 was affected by the appreciation of the amount recoverable for some previously capitalised development projects and by an impairment related to an industrial site that was relocated.

Other operating gains and expenses increased €1.3 million. The exchange rate differences of assets receivable and liabilities payable and the respective hedging against exchange rate risk resulted in a loss of €1.5 million, compared with a loss of €0.2 million in 2017.

Current EBITDA totalled €134.0 million, practically the same amount as in 2017 (€133.6 million). The EBITDA-sales ratio was 17.6%, representing a decrease on the previous year (19.0%). At constant exchange rates, the EBITDA-sales ratio would have been 18.4%. In terms of the change in the consolidation perimeter, special mention should be made of Bourrassé's increased profitability, based on a previously established plan.

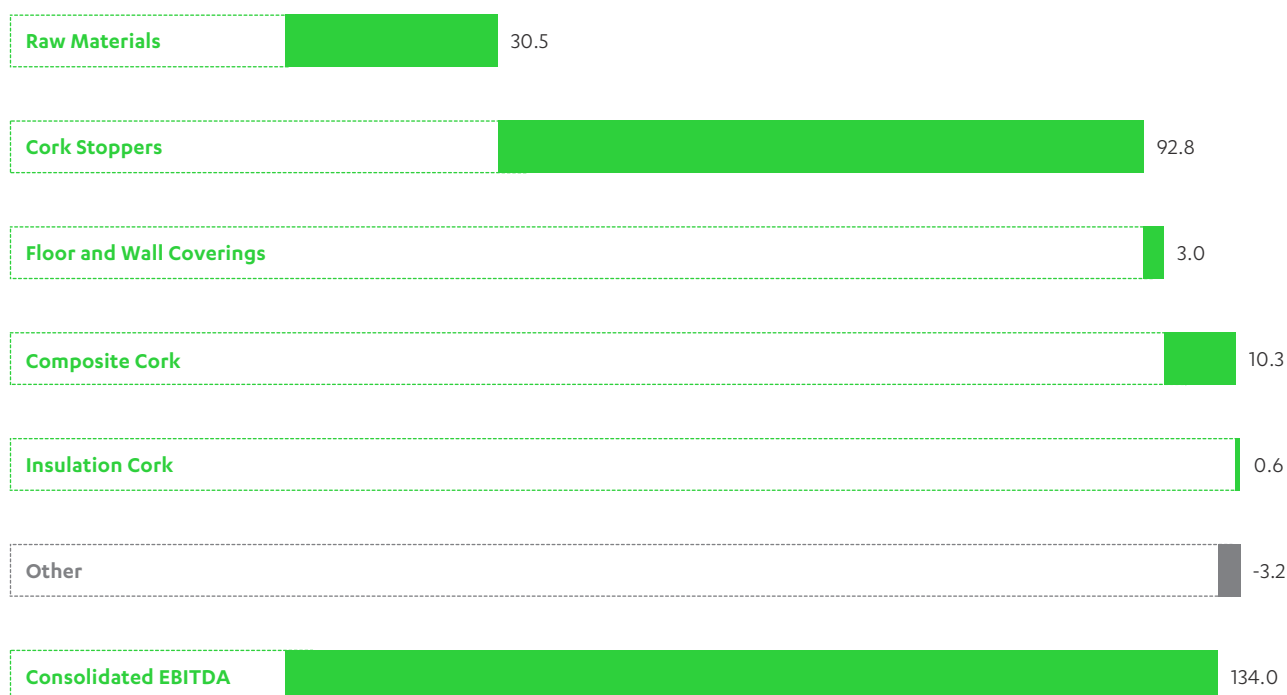
As set out in the chapter on segments, the Cork Stopper and Raw Materials BUs were the only units to report an increase in EBITDA. EBITDA at the other BUs was negatively affected by raw material prices and exchange rates. The Raw Materials BU increased its profitability, due mainly to an increase in the gross margin resulting from the positive contribution from industrial preparation operations, disc production and granulates. Although profitability decreased at the Raw Materials and Cork Stopper BUs, it should be noted that the reduction would have been almost zero if the USD had not depreciated.

EBITDA/Sales by Business Unit:

	2016	2017	2018
Raw Materials + Cork Stoppers	21.9%	23.3%	22.3%
Floor and Wall Coverings	10.9%	6.8%	2.6%
Composite Cork	17.0%	15.2%	10.1%
Insulation Cork	18.9%	15.9%	5.4%
Consolidated	19.1%	19.0%	17.6%



Business Units contribution to the consolidated EBITDA (million euros):



EBIT totalled €102.7 million, down 1.2% on the previous year. As previously mentioned, a 5.7% increase in depreciations contributed to the reduction.

In net terms, non-recurring incomes were practically zero. These incomes include the reversion of provisions for labour and customs litigation, as well as litigation with the Central Bank of Argentina relating to Amorim Argentina in the amount of €2.2 million. This provision was created in 2016 during the process of liquidating Amorim Argentina, which was concluded in the first half of 2018 without any significant material payments being made. The main factors resulting in the reduction of non-recurring incomes included new restructuring measures and management changes at the Floor and Wall Coverings BU, together with transaction costs related to the acquisition of subsidiary companies.

Consolidated debt totalled €139 million, the increase resulting mainly from increases in working capital (€57.4 million), investments (€57.9 million) and acquisitions (€14.4 million). The Cork Stopper BU (€40 million) and the Composite Cork (€6.6 million) made the largest investments. These were aimed at increasing production autonomy and capacity. The increase in working capital resulted from an increase in inventories, mainly reflecting higher purchasing prices and, to a much lesser degree, increased volumes.

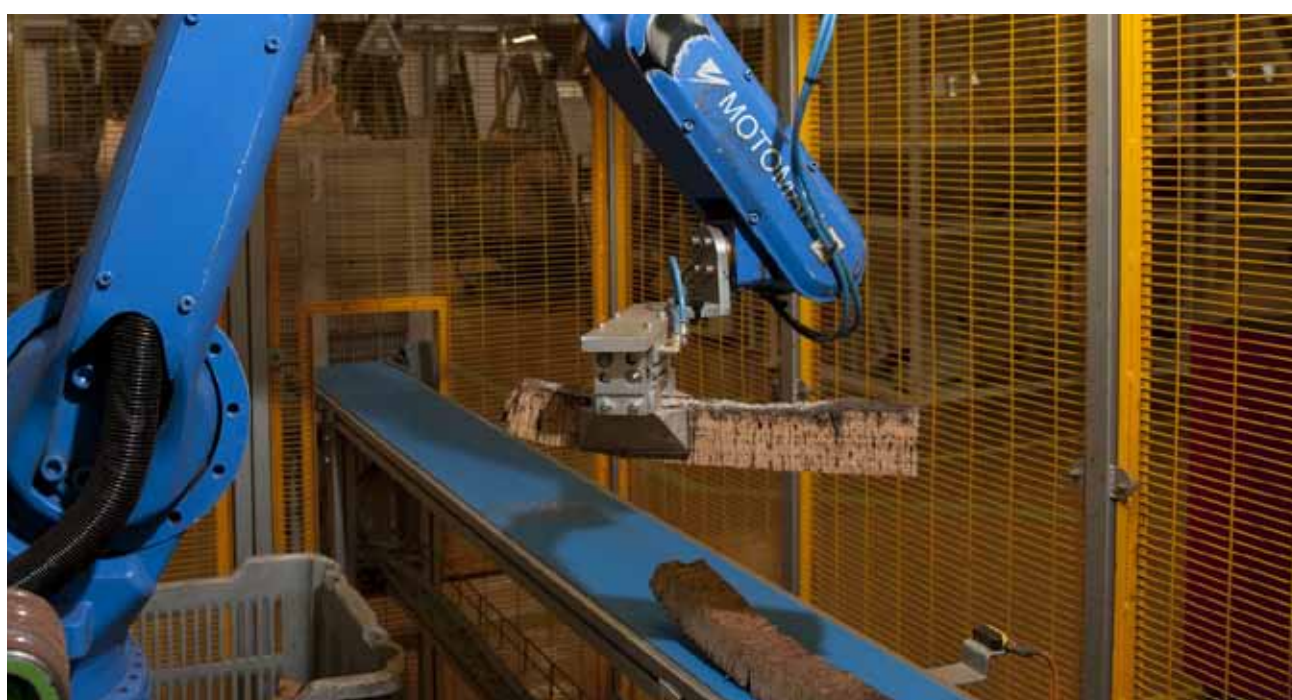
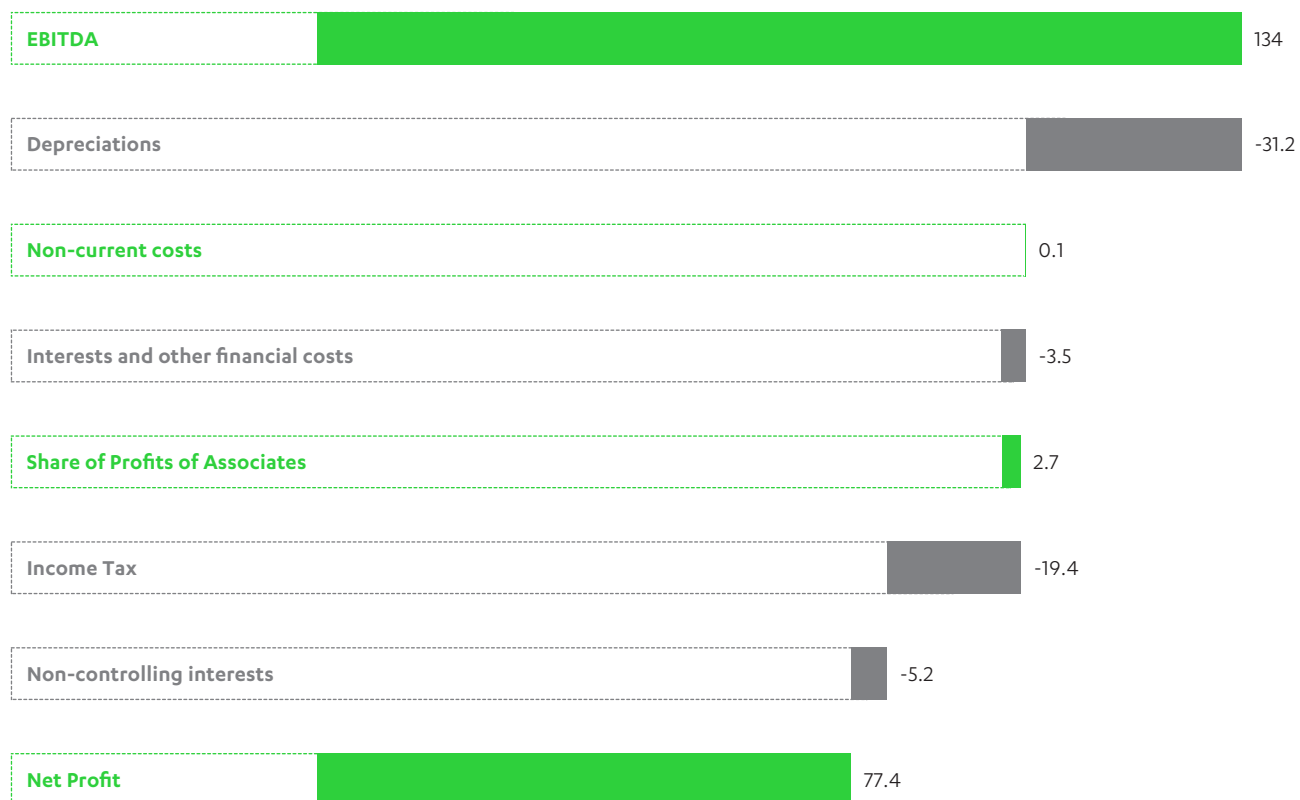
Financial operations improved due to an increase in average indebtedness and updating the amount agreed for acquiring non-controlling interests.

In regard to associate companies, the profits appropriated by Corticeira Amorim in companies where it does not own a majority of the share capital or voting rights totalled €2.7 million. The increase in comparison with the previous year resulted mainly from the recognition as profit of part of the contingent value receivable from the disposal of US Floors (€0.8 million) in 2017. The outstanding amount should be calculated in 2019.

In 2018, there was an improvement in the effective tax rate (tax on earnings/profit before tax), which was 19%. The reversion of non-recurring expenses that did not give rise to the recognition of deferred taxes contributed to the reduction. Provisions for taxes were also reversed without originating any treasury outgoings. Fiscal benefits were calculated, as usual, in the last quarter. The main benefits recognised relate to the Tax Incentive System for Business R&D (SIFIDE) and the Investment Support Tax Regime (RFAl). Corticeira Amorim maintain its policy of only recognising benefits on the condition of achieving future targets.

Following an €19.4 million estimate of tax on earnings and the appropriation of €5.2 million of profits for non-controlling interests (the growth of which was mainly due to the Bourrassé group), Corticeira Amorim's consolidated net profit for 2018 totalled €77.4 million, an increase of 6% on the €73.0 recorded in 2017.

Composition of the Net Profit (million euros):



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CONSOLIDATED FINANCIAL STATEMENT

Total assets reached €970 million, an increase of approximately €100 million. The change in the consolidation perimeter, essentially Elfverson with total assets of approximately €3 million at the end of the year, had no significant impact on the increase.

The items that contributed most to the increase in assets were inventories (an increase of €46 million, due mainly to the price effect and only marginally to volume) and tangible fixed assets (an increase of €31 million resulting from the fact that investment increased more than the value of depreciations, including, under this item, the acquisition of the Herdade da Baliza). The increase in goodwill (€4 million) results from the acquisition of Elfverson.

The €38 million increase in equity resulted mainly from annual profits (€77.4 million) and the distribution of dividends (€35.9 million). Non-controlling interests increased €2.3 million.

The €62 million increase in liabilities was mainly due to increases of €51 million in remunerated debt and €10 million in relation to suppliers.

On December 31, 2018, net remunerated debt totalled €139.0 million, an increase of €46.2 million compared with the previous year. The increase reflects an increase in working capital (+€57.4 million due mainly to increased inventories resulting from the higher price of raw materials), investments (€57.9 million), dividends paid (€35.9 million) and company acquisitions (€14.4 million for Elfverson and the Herdade da Baliza), which more than offset annual EBITDA.

The financial autonomy ratio fell slightly to 51.4%, compared with 52.9% for the previous year.



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MAIN CONSOLIDATED FIGURES

	2017	2018	Variation	
Sales	701,609	763,117	8.8%	
Gross Margin – Value	373,511	386,456	3.5%	
	1)	52.9%	49.2%	-3.7 p.p.
Operating Costs - current	269,516	283,751	5.3%	
EBITDA - current	133,594	133,984	0.3%	
EBITDA/Sales	19.0%	17.6%	-1.5 p.p.	
EBIT - current	103,995	102,705	-1.2%	
Non-current results	2)	-2,913	57	–
Net Income	73,027	77,389	6.0%	
Earnings per share	0.549	0.582	6.0%	
Net Bank Debt	92,784	139,009	46 225	
Net Bank Debt/EBITDA (x)	3)	0.69	1.04	0.34 x
EBITDA/Net Interest (x)	4)	135.9	108.0	-27.94 x

(thousand euros)

1) RELATED TO PRODUCTION.

2) FIGURES REFER TO THE REVERSAL OF PROVISIONS FOR AMORIM ARGENTINA, AMORIM REVESTIMENTOS RESTRUCTURING, GOODWILL IMPAIRMENT AND TRANSACTION COSTS FOR SUBSIDIARIES ACQUISITION.

3) CURRENT EBITDA OF THE LAST FOUR QUARTERS.

4) NET INTEREST INCLUDES INTEREST FROM LOANS DEDUCTED OF INTEREST FROM DEPOSITS (EXCLUDES STAMP TAX AND COMMISSIONS)



12

Não vinha traduzido

ATIVIDADE DESENVOLVIDA PELOS MEMBROS NÃO EXECUTIVOS DO CONSELHO DE ADMINISTRAÇÃO DA CORTICEIRA AMORIM

During 2018, the non-executive members of the Board of Directors regularly attended the monthly meetings of the Board, where all matters that could not be delegated or were included on the agenda because of their importance, scale or critical timing were discussed and analysed.

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

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

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

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



13

OUTLOOK FOR 2019

13.1. OUTLOOK FOR 2019

13.1.1. Overview

In 2019, the world economy is projected to expand at a slower rate than in the past few years. The expected growth rate of 3.5%, revised downwards from forecasts made by the IMF in October 2018, reflects the negative impact of the trade dispute between the US and China and their mutual imposition of tariffs. The weakening of economic growth in the last few months of 2018 is likely to have a negative impact on business confidence, limiting expectations of future business activity, particularly in terms of new orders and investment intentions. The main risks to the forecast are on the negative side and could lead to a further deterioration of financial conditions – making credit less easily available – and also hit the confidence of economic agents. In addition to an escalation in trade disputes – there is a real risk of tensions increasing in the spring and a general increase in protectionism – potential threats to growth include the possibility of a disorderly exit of the UK from the European Union, a more pronounced slowdown in China and a less consensual political climate in Europe. Should these risks become realities, even if separately, it would create an unfavourable climate for investment, jeopardise supply chains and limit productivity gains. International trade is expected to grow at a rate similar to that of 2018 at about 4%. The contribution of emerging economies is likely to be less positive than in the past; that of developed economies greater. Concerted action by OPEC and a group of 10 other oil-producing countries (notably Russia), so-called OPEC+, should guarantee support for crude oil prices. Increased oil production by the US would be likely to have the opposite effect. Careful management of excess energy stocks and a moderate increase in demand are to be expected. Crude oil prices are projected to reach a level marginally below \$60 a barrel. As in 2018, the Chinese authorities will seek an unstable balance between, on one hand, managing excess in the economy in terms of leverage, installed capacity and pollution, and, on the other, a deceleration of economic growth and company insolvencies.

The **Euro Zone** economy should continue to expand, but at a substantially slower pace than in 2018, reflecting the sharp deterioration registered in the second half of 2018 and a less optimistic outlook for external demand. The bloc's economic growth is forecast at about 1.6%, but with the risks to projections tilted towards the negative. The EU is likely to face significant challenges, with the political climate determined by the European Parliament elections in May, negotiations on a new seven-year EU budgetary framework and the impact of anti-European political movements. After deciding in December 2018 to end its asset-buying programme, the European Central Bank is expected to keep headline interest rates at the same level, at least until the summer, and may implement additional measures to ensure long-term financing at favourable rates to the EU banking sector. A year ago, Brexit talks between the EU and the **UK** conditioned the economic outlook on both sides. Today, the UK is expected to leave the EU on March 29, 2019. However, it is not known on what terms it will exit or, therefore, what the future economic and trade relationship between the UK and the EU will look like. Given the possibility of an exit without the definition of rules to minimise negative impacts, a less favourable scenario is the likely outcome. Trade relations between the EU and the UK have already undergone adjustments, the reversal of which would have economic costs. The UK economy is expected to grow by about 1.5% in 2019.

Central and Eastern Europe is expected to continue the robust growth that has characterised the region in recent years.

Economic growth in the **US** is expected to slow in 2019, a deceleration, likely to result in a growth rate of about 2.5%. This pace of expansion, based on strong domestic demand likely to increase the trade deficit, is nevertheless higher than the country's long-term potential expansion rate. The US, however, is not immune to the global slowdown or increased tensions over international trade. The country's infrastructure renewal plan, a goal of the current White House administration, is seen as a structural change that will bring added benefits. However, the US leadership will face a more difficult climate with additional risks of a shutdown of federal services and difficulties in approving new limits for public debt. The economy's structural imbalances are also likely to worsen. As a result, the risks relating to restricted development, financial market sentiment and asset prices deserve consideration.

In sharp contrast to most economies, **Japan** is expected to continue growing, expanding at a rate of about 1.1%, above what had been expected only a few months ago. This will add another year to the country's longest period of economic expansion since the 1980s, which was a period of exceptional performance by Japan. Growth will reflect a number of fiscal measures aimed at mitigating increased consumption taxes, a critical topic in recent years that has at times caused the economy to contract and frustrated emerging recoveries. In **Australia**, faced with the negative impact of China's slowdown and a sharp adjustment in the real estate sector, monetary policy could become more expansionist. Economic growth is forecast at about 2.5%.

In 2019, **Emerging Economies** could face a number of challenges capable of limiting their growth. Given the economic context in which they operate – high levels of debt, particularly external debt in foreign currencies – they may be unable to accommodate a new round of economic pressures. **China** is likely to see another year of more moderate growth, with the economy expected to expand by about 6.2%, 0.4 percentage points lower than in 2018 and close to the country's lowest level of economic growth in the past 30 years. The transition in the country's economic model, based on higher labour costs and greater added value, will inevitably lead to a negative change in its growth pattern. The slowdown will stem from financial regulations aimed at reducing the level of leverage in the economy, together with the impact of the trade dispute with the US. **Russia**, benefitting from a second year of sustained increases in crude oil and natural gas prices, as well as a credible monetary policy, should grow at a rate similar to that of 2018 at about 1.6%. The VAT increase at the beginning of the year, together with a more restrictive climate for lending, is likely to limit private consumption growth in the first part of 2019. The implementation of public investment projects planned after the 2018 elections should result in an improved economic performance towards the end of 2019. **South Africa** is projected to grow at a clearly faster rate than in 2018 of about 1.4%. After the political and institutional instability that characterised the end of 2017 and the beginning of 2018, expectations that the country will move ahead with planned reforms should restore the confidence of institutional investors. Economies in **Latin America** are expected to recover in 2019, reaching an average growth rate of about 2%, almost double the rate of expansion in 2018. The situation in **Venezuela**, however, will pose an added risk to this projection. The economy of **Argentina** is likely to contract as a result of measures aimed at redressing economic imbalances caused by the crisis of 2018.



13.1.2. Portugal

In 2019, growth in Portugal is likely to fall below the level of the past three years. The economy is projected to decelerate to a growth rate of about 1.8%, due mainly to a lower contribution from external demand. Private consumption, supported by job creation and wage increases, is likely to grow at a slightly slower rate than in 2018, the same being true of public consumption. Investment is expected to grow above the rate of the previous year, given that projects supported by EU structural funds were postponed until 2019. Reflecting lower demand from trading partners, exports are projected to grow at a significantly lower rate than in the recent past. Imports, while in part linked to Portugal's stronger profile as an exporter and the sustainability of domestic demand, are also likely to grow at a slower pace than in recent years. Imports are nevertheless likely to expand at a stronger rate than exports, reducing the trade surplus. Fiscal consolidation is likely to continue, while the likelihood of increased fiscal revenues and a decrease in interest rate payments on the public debt are projected to result in the budget deficit falling below 1% of GDP. The current and capital account should evolve positively, in line with its performance in the recent past, and is expected to show a surplus of 1.3% of GDP. For the eighth consecutive year, this surplus will translate into an increased capacity for financing the economy. Moderate pressures on prices are likely, with consumer prices expected to increase 1.4%. Given the continued reduction in the unemployment rate, which is expected to fall to 6.5%, higher basic wage benchmarks, the "unfreezing" of public administration careers and lesser slack in the labour market, wages are likely to increase, along with service costs and underlying inflation.

13.2. OPERATING ACTIVITIES

13.2.1. Raw Materials

In spite of higher cork prices, the BU expects activity to increase in 2019 for its preparation units and for units producing discs for sparkling wine stoppers.

The level of high quality cork (*amadia*) stocks held by the preparation units at the end of 2018 will enable the BU to increase deliveries of cork for manufacturing stoppers. This will allow the Group to internalise a larger amount of production.

The North African units will maintain the same activity levels.

Initiatives that could improve the BU's results are under way. These include increasing the yield of the cork at the preparation units, as well as projects for automating preparation processes and for improving the use of cork in the disc sector.

The industrial development of the project for eliminating sensorial defects (TCA) from cork stopper discs should also become a reality in 2019, denoting a new paradigm for the cork sector.

Another area of importance and investment for the BU in 2019 will be the forestry intervention project, with the development of intensive cork oak plantations equipped with irrigation systems.

The aim of the 2019 purchasing campaign will be to secure sufficient high quality cork to maintain the pace of production, but at lower prices than the 2018 campaign. The price stability of cork for grinding and virgin cork from pruning will be a decisive factor for achieving the BU's goals.

13.2.2. Cork Stoppers

In 2016, the wine market was valued at US\$287.39 billion. It is expected to reach US\$402 billion in 2023, that is growth of 5.8% between 2018 and 2023. The market is dominated by Europe and North America. The US, France, Italy and Spain are the world's biggest producers and consumers of wine. Europe accounts for more than 50% of the international wine trade. There are approximately a million small and large-scale wine producers. About 84% of the world's most famous

wine brands are French. Wine consumption is growing rapidly in Asian markets. The Asia-Pacific region accounts for 16% of the global value of wine imports.

The global wine market is driven by consumption habits, rapid urbanisation, disposable income growth, changing lifestyles and the popularity of wine for social celebrations, with people showing a preference for both still and sparkling wines. Growing levels of wine production in developing countries and in new markets are also driving consumption. The biggest opportunities in the wine market are for innovative products with different flavours, as well as for meeting the increasing demand for wine in non-traditional markets.

The growing popularity of craft beers and spirits is also an important factor for the growth of the market. The craft beer market has grown 500% in value over the past 10 years, while craft beers quadrupling their share of the US market over the same period.

Accompanying markets trends and dynamics is a challenge and a responsibility for the Cork Stopper BU. In 2019, it will continue its growth strategy, seeking greater proximity and interaction with customers and responding to the particular requirements of their products, as well as guaranteeing an impeccable service level in line with their needs.

The BU's development strategy is focused on the following goals: sustainable growth, quality, innovation, operating efficiency and building the infrastructure required to sustain the business.

In this context, the Cork Stopper BU's priorities will be to:

- ✦ Increase the execution capacity for projects and strategic initiatives capable of making an impact on the organisation;
- ✦ Guarantee the supply of cork stoppers that meet market requirements in terms of sensorial qualities in every product range and across all the BU's production facilities;



- ✦ Manage the product portfolio in accordance with the availability of raw materials;
- ✦ Leverage sales growth through the international distribution network, guaranteeing supplies from Portugal at the same service standards;
- ✦ Implement the concept of Industry 4.0 so that future "intelligent factories" can contribute to timely and knowledge-based decision-making;
- ✦ Continue the process of digitalising business processes across the whole BU;
- ✦ Implement measures for the more efficient use of raw material cork;
- ✦ Implement a new SAP ERP system including business support peripherals such as customer relationship management (CRM) technology;
- ✦ Improve process reliability, continuing the continuous improvement programme Cork.Mais 2.0;
- ✦ Consolidate sustainability policies and practices in regard to safety, the environment and energy;
- ✦ Control invested capital (stocks, customers and investments) and reduce the level of impairments.

13.2.3. Floor and Wall Coverings

A turnaround in the cycle is envisaged for 2019: redesigning the supply chain, focusing on the innovation of sustainable products, more intense use of the contracting channel and a strong investment in product visuals will dominate the BU's agenda.

Repositioning the BU's product portfolio will require success in creating new products, particularly for segments where sustainability is an inescapable and differentiating factor, and a dynamic reactivation of the contracting channel.

The launch in January 2019 of the WISE by Amorim brand marked the market debut of the first generation of flooring with the Amorim identity. The new range is made from cork and recycled materials, making it totally PVC-free. Launched with the slogan "Smart choice. Amazing sensations", the WISE range differentiates itself by being 100% sustainable, as well as having a superior technical performance, being waterproof and suitable for application over large areas.

At the operational level, the intensity, speed and diversity of innovation in recent years have created the need to launch an industrial revamping project and to implement new information technology solutions to maximise the BU's industrial efficiency. Redesigning factory processes, flows and layouts will result in more synergies. These will in turn lead to greater flexibility, faster response times, increased capacity and a significant reduction in operating costs. In the area of distribution, the search for improved service levels, the optimisation of transport flows and a reduction in the amount of invested capital led to the launch of a project aimed at maximising synergies and standardising stock management criteria among the BU's different units. The consequent reallocation of resources will translate into a reduction in operating costs.

Innovation will continue to be one of the main pillars for developing the BU's competitive advantages, with developments projected for 2019 that will strengthen the BU's position in its different markets.

In support of its new market positioning, the BU has begun to put in place organisational changes, providing separate and global coordination for the marketing and sales area and strengthening the connection between portfolio management and product development, including industrialisation and the exploration of alternatives for sourcing materials.



13.2.4. Composite Cork

The outlook for 2019 is very challenging. It will require great resilience and the capacity to overcome those challenges from all the team. The climate for the sector remains unfavourable, especially in regard to the price of cork.

The prices of the main non-cork raw materials (polyurethanes and rubber) used by the BU could also stabilise at high levels.

In this climate, the whole team will be strongly committed to the rigorous implementation of the following measures, several of which were already under way in 2018:

- ✦ Proactive raw material supply management by establishing partnerships, diversifying sources and real time monitoring of supply chains and market conditions;
- ✦ More efficient use of raw materials, optimising cork yield ratios and reducing non-quality related costs;
- ✦ Repositioning sales prices, seeking to safeguard the profitability needed to ensure an adequate return on invested capital;
- ✦ Developing and launching new products, using new technologies and new raw materials, creating conditions for differentiation in terms of value propositions;
- ✦ Rapid execution of investments for making industrial process more efficient and competitive, and for improving responsiveness and service levels in line with market requirements.

The BU's capacity to implement these measures successfully over the short term, as well as the way different regions and market segments respond to them, will ultimately determine the final 2019 result.

13.2.5. Insulation

In 2019, the BU expects an increase in sales volume in the expanded cork conglomerate segment, seeking partially to offset the impact of the previous sharp increase in the price of virgin cork from pruning, its main raw material.

The BU will remain strongly committed both to strengthening market loyalty, focusing on areas that are more open to the concept of sustainable construction, and to developing research and innovation projects that lead to new solutions for the construction sector.

13.3. CONSOLIDATED RESULTS

The outlook for 2019 is challenging for Corticeira Amorim: the prospects for the world economy are less encouraging than was initially projected and the evolution of the EUR/USD exchange rate is uncertain.

Consuming cork acquired at higher prices is expected to continue to affect results. In 2018, the price of cork rose by about 17% (compared with an increase of 11% in the 2017 purchasing campaign). This represents a significant challenge for Corticeira Amorim's business activities. This factor is expected to keep the company's results under continued pressure, making it important to continue reviewing the sales conditions for products and solutions as well as seeking to implement additional internal measures to improve operating efficiency.

The aim for the Cork Stopper BU will be to continue growing at a faster rate than the market average. The BU is strongly committed to increasing sales and improving operating efficiency (partly by moving part of the production bought externally in-house) to mitigate the increased cost of purchasing cork.

The Composite Cork BU is expected to continue to feel the impact of the increased purchasing price of raw material cork. The BU faces a difficult challenge to maintain its sales and profitably levels. This will require great discipline in relation to grinding yields and the capacity to transfer increased costs to the market.

After an unfavourable 2018, the new management team at the Floor and Wall Coverings BU is focused on improving productivity and supplying flooring solutions with superior technical and sustainability credentials in line with market requirements, highlighting the development of the new range of WISE products, launched in January 2019.

To overcome the challenge of the increased price of raw materials, the Insulation BU will have to implement new production efficiency measures to ensure the best use of the raw materials it consumes.



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RISKS AND BUSINESS UNCERTAINTIES

Over the course of its history – already spanning three centuries, successfully coping with profound, even radical, transformations in society, withstanding two World Wars –, Corticeira Amorim has known how to appropriately and timely diagnose the risks and uncertainties to its businesses, perceiving them firmly as opportunities and challenges.

The difficulties experienced by some of the world's major economies, in particular the climate of instability experienced by Eastern Europe, especially Russia, continue to impact on the overall development of economic activity and thus Corticeira Amorim, as any other economic actor, will continue to operate in an uncertain economic climate, which will impact on some export markets:

I. The world wine sector – the capacity for recovery in the consumption per capita in the European Union remains an unknown while it is now certain that the exaggerated decline experienced during the 1990s and the early part of the last decade in key markets such as France and Spain does seem to have stabilised. While not expecting to see a complete reversal in the trends in wine consumption rates in the EU, there may come about an increase in the product quality to the detriment of the quantity and frequency of wine consumption in such countries. This scenario would be positive for Corticeira Amorim cork stopper products but may also require a greater acceptance of packaging formats in which cork may play a less crucial role. In order to answer such questions, Corticeira Amorim will continue to implement a research and development and innovation policy that enables the development of a set of stoppers that, in quality, quantity and price, meet the needs of any wine producer in any market.

The US retains a significant weight in the market and continues to capture all of the export oriented wine producers. Its scale and obvious capacity to cope with premium prices ensure that this market remains a major target for driving future growth in the wine industry, which is positive for the cork stopper given the clear preference of American consumers for this option. Additionally, any market growth is likely to correspond to growth in the demand for the quality and consistency of cork products, boosting the responsibility of Corticeira Amorim in its capacity as sector leader.

It should be noted, however, that during 2018, for the first time in a quarter of a century, there was some slowdown in the volume of wine transactions and consumption in the US, the largest wine market in the world. But, while the total value of sales rose in 2018, the pace of that growth is slowing. Eventually, demographic adjustments can compensate for this slowing of growth, especially since in the millennials segment the demographic advance will certainly lead to a higher consumption of wine; however, this may not offset the demographic decline of the babyboomers segment. In this market, direct sales to the consumer (DTC) grew, representing nowadays a model of sales that interests to an increasing number of cellars.

At the same time there is a slowdown in consumption in China which, along with the uncertainties surrounding Brexit (the

UK remains one of the world's leading wine markets) will also contribute to further instability in the wine industry. Also note a certain decline in sales of champagne, however much of consumption is certainly being offset by the increase in sales recorded by producers of prosecco, cremant and cava.

It should be noted that the sales made through electronic channels will continue to increase its share during 2018, and, in recent months, it has been seen also a strengthening of the role of wine tourism in direct sales to the consumer, which represents a positive impact on profitability of the cellars.

In the case of wines, spirits and beer, premiumization continues to create a territory more favourable to cork packaging solutions, to the detriment of synthetic seals.

Today, the BU's range of products guarantees that every producer has the opportunity to use cork stoppers, benefitting from their advantages in terms of sustainability, added value and CO₂ retention, which reflect unequivocal factors of product differentiation on a global scale.

Another important question also stems from the convenience and additional importance that such factors may gain in the future. The perception of this trend, clearly felt within the company throughout various years, takes shape in the launch of the innovative Helix proposal, a clear example of this view. With Helix and for the first time, consumers may benefit from technical advantages, sustainability and the premium image associated with cork stoppers without having necessarily to make recourse to a corkscrew to open the bottles. This type of innovation is also expected to facilitate the consumption of wines targeted by such a stopper product, with greater rotation, enabling partial consumption without loss of quality, as it already may be seen in relevant markets as USA and South Africa.

The 2016 launch of NDtech technology for TCA detection in individual stoppers created, as expected, a solid reinforcement in the perception of the quality of wines sealed with Amorim products. This technology remains unique in the market as the only such product with international scientific validation. During 2017, the market reaction and the over one thousand wine producers who received NDtech stoppers was clearly positive and generated renewed attention on the capacity of cork as the first-choice option for enologists and consumers worldwide. Such recognition gradually strengthens market expectations in regard to the capacity of Corticeira Amorim to significantly boost the productive capacity and to roll out the scope of the TCA non-detectable concept. As expected, 2018 consolidated this innovative technology that reinforced Amorim's position as a leader in the production, sale and delivery of natural stoppers with individual non-detectable TCA guarantee, serving nearly 2000 customers worldwide.

II. The construction sector – any sharp slowdown in the activities of this sector, whether of new construction or renovations, or the delaying of purchase decisions by final consumers, would decrease global demand for products destined for this sector, including wall and floor coverings and thermal and acoustic insulation.

This global slowdown will continue to be countered by leveraging opportunities for growth already identified, whether by strengthening the Group's presence in markets with high growth potential, in particular emerging markets, or by increasing market share in more mature markets. These opportunities are greatly enhanced by the launch of new collections, the development of product portfolios and possibly by expanding the range of products produced.

Growing consumer awareness of sustainability factors will also favour the choice of cork products and will be important motor for driving sales growth.

In the long term, Corticeira Amorim's performance may also be influenced by the following factors, continually monitored and evaluated:

- I. **Exchange rate volatility** – a factor potentially able to erode business margins. In the short term, the effects of exchange rate volatility have been offset by an active policy for covering invoiced currencies – in 2018, consolidated sales in non-Euro currencies accounted for 32.4% of non-Group customers - and by a consistent policy of insuring against exchange rate risks (whether through natural coverage or by contracting appropriate financial instruments). In the long term, Corticeira Amorim is committed to developing new products/solutions with higher added value to achieve a product mix able to overcome such restrictions. This assumes an organisational model oriented towards the creation of business value – moving up the value chain, as a means of dealing with this risk;
- II. **Climate change** – a potential factor driving a reduction in the raw material available to the extent that climate change may bring about imbalances in the ecosystems hosting cork oaks, especially due to severe droughts, hindering propagation and growth.

However, greater importance stems from the capacity of the cork oak and cork (both the raw material and manufactured products) to fix carbon, which helps mitigate the greenhouse gas emissions that cause climate change. On this issue, analysing the conclusions of a study performed by a group of ISA researchers (Instituto Superior de Agronomia, Portugal), there were no doubts as to the relevance of the role played by cork oaks in their surrounding ecosystems: for each ton of cork produced, the process sequestrates over 73 tons of carbon dioxide.

The cork oak constitutes the basis of a unique ecological system, contributing to the survival of many species of indigenous fauna and safeguarding the environment. They grow only in the seven countries of the western Mediterranean basin – Portugal, Spain, France, Italy, Morocco, Algeria and Tunisia. They serve as a barrier to the encroachment of the desert as they cope well with low levels of rainfall, contributing to affixing soils and organic materials, thereby reducing erosion and increasing water retention.

Corticeira Amorim products also act as important carbon sinks throughout their long useful lifespan. As suggested by the researchers and authors of the aforementioned study, disseminated in 2016, which calculated the cork sector carbon footprint: “the utilisation of cork products contributes to the mitigation of climate change due to their capacity to accumulate carbon and to replace more energy intensive products”.

The industrial valuation of cork extracted from cork oaks provides the greatest guarantee of the preservation, development and economic viability of cork oak forests. Today, the forest is at the centre of attentions with specific legislation pending for their protection, various programs by non-governmental organisation seeking to preserve such environments and certifying forestry management practices. There is a fundamental need for forestry management practices capable of preserving the crucial role played by such environments while simultaneously fostering the growth of markets for cork products.

Thus, the facts described above constitute an opportunity for the differentiation of cork products (fixing CO₂ and boosting their utilisation in thermal insulation with the development of ecological construction practices).



III. Development of alternative closures – as in the immediately preceding years, 2018 saw a continued trend towards declining usage of alternative closures by wine producers, especially in the case of plastics, which continue to lose market share in key markets. The pace of growth of screwcaps continued to decline, but at a more stable rate. In addition, market data published in 2017 by various international market research firms emphasised the role of cork in the growth and profitability of brands in the world’s main wine markets that use cork stoppers.

In the **US**, 72% of the 100 leading **premium** brands were sealed with cork stoppers (Nielsen USA, June 2017) and 97% of consumers affirm that cork stoppers denote a quality or high quality wine (Wine Opinions, July 2017). US wine consumers are willing to pay a US\$3.87 premium for cork sealed bottles. Sales of cork sealed wine rose by 43% between 2010 and 2017, while sales of wines using other closures registered growth of 16% (Nielsen USA, June 2017).

In the **UK**, Nielsen UK (October 2017) researched the leading 1,500 wine brands and concluded that bottles of wine sealed with natural cork sold on average for a premium of £1.52 per bottle over wines sealed with screwcaps. In the case of red wines, bottles sealed with a natural stopper sold for an average of £7.15 in comparison with £5.26 for a screwcap bottle – 36% higher. Cork stopper wines also experienced a higher annual growth rate (+6.1%), which rises still further in the case of red wines (+11.3%). Research carried out by the CGA (October 2017) on the 30 largest wine brands in the UK reported 17% annual growth for cork sealed wines, compared with +9% for artificial stopper wines; the data also revealed that the price of wines with cork stoppers rose by over 11% since 2015, in comparison with +6% for wines with artificial stoppers. The volume of wines sealed with cork stoppers surged 48% since 2015, contrasting with only 10% for the volume of wines bottled with artificial stoppers.

This clear preference for cork is not limited to the US and the UK. It also pertains to other important wine markets, including China, France, Italy and Spain.

There is also an attempt by manufacturers of alternative closures to create formulas more in keeping with the micro-oxygenation needs of wine produced by different wineries in different countries. While these efforts have not so far produced significant results, the efforts of plastic stopper manufacturers to find alternative sources to oil as a raw material continued. Despite these efforts, plastic remains associated with lower range wines and with correspondingly lower levels of profitability for their producers and distributors.

Screwcaps remain restricted by the following factors:

- ✦ The issue of reduction remains a relevant technical question, but liners for these stoppers have been launched that seek to manage the questions regarding oxygen entry;
- ✦ In terms of market share gains, the rate of advance appears to have stabilised, there being a complete absence of structured communication to the market; nevertheless, this remains more a question of cost than image or performance.

During 2018, the Portuguese Cork Association concluded the third multi-annual campaign for the international promotion of cork, paying particular attention to crucial markets of high growth potential such as the US, the UK, Germany, France, China, Spain and Italy. The campaign involved 260 opinion makers working on the promotion of cork and cork products, including some of the leading names from the wine world. In parallel to this important educational campaign, some 37 social media channels were set up, in addition to more than over 2,500 positive articles published on cork and almost an hour of coverage on international television and radio.

Following several multi-year cork promotion campaigns and the good results achieved in markets such as the US, China, France, Spain, Italy and the UK, APCOR has indicated its intention to submit a new application dossier. It is therefore intended to continue the path begun almost a decade ago and whose contribution was essential to the growth of Portuguese cork exports, which in 2018 should have reached a record level of € 1,000 million.

IV. The appearance of new materials – Corticeira Amorim accompanies the technical development of competing materials in regard to their compliance with certification, technical requirements, formats, pricing competitiveness and the performance, that are only possible for cork through the development of:

- ✦ New composites: incorporating cork as their core factor of differentiation but that help overcome technological barriers or leverage the intrinsic attributes of the core material;
- ✦ New technologies: capable of producing composite materials with cork-based raw or recycled materials and in formats sought by the market, whether for final consumption or industrial processes.

Corticeira Amorim is convinced that the valuation of cork and the recognition of its technical and environmental properties will support its continued and progressive affirmation on a global scale and will continue to work on communicating the added value of cork, taking into consideration long-term strategies, especially at the Cork Composites BU, that support the implementation of this vision:

- ✦ Circular economy program: seeking to collect and reuse industrial sub-products;
- ✦ Technological development program: making recourse to new technologies, developing knowledge and new composites based on prime raw materials;
- ✦ Partnerships and joint ventures: with various entities that enable the leveraging and accelerated growth of the aforementioned programs both from the perspectives of knowledge for production and for validation by the market.

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

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TREASURY STOCKS

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

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PROPOSED APPROPRIATION OF PROFIT

Considering that, based on the individual financial statements for the year ended 31 December 2018, the Company registered a net profit for the year of € 59,533,073.09, the Board of Directors of Corticeira Amorim, S.G.P.S., S.A. hereby proposes that the Annual General Meeting consider and approve a resolution that the above net profit for the year in the amount of € 59,533,073.09 be appropriated as follows:

- × € 2,976,653.80 to be transferred to the Legal Reserve;
- × € 24,605,000.00 to be paid out as dividends to the company's shareholders, equivalent to a dividend of € 0.185 per share; and
- × a sum of € 31,951,419.29 to be transferred to Free Reserves;



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ANNUAL PERFORMANCE ASSESSMENT

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

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

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STATEMENT OF RESPONSIBILITY

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

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SUBSEQUENT EVENTS

From December 31, 2018 to the date of publication of this report, there were no other relevant facts that might materially impact on the financial position and future results of Corticeira Amorim or the subsidiary companies included in its consolidated accounts

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FINAL WORDS

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

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

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

Mozelos, 15 February 2019

The Board of Directors of Corticeira Amorim, SGPS, S.A.



More often than not, entirely new, groundbreaking solutions in cork are specifically developed to meet the world's most demanding and inventive art projects.



03

Corporate
Governance
Report

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 of the Portuguese Institute of Corporate Governance (IPCG).

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

PART I

MANDATORY INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE



A.

SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

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

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

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

Distribution of capital among shareholders:

Shareholder	No. of shares owned (quantity)	Stake	Voting rights
Qualifying interests			
Amorim Investimentos e Participações, SGPS, S.A.	67,830,000	51.000%	51.000%
Investmark Holdings, B.V.	18,325,157	13.778%	13.778%
Amorim International Participations, B.V.	13,414,387	10.086%	10.086%
Free float	33,430,456	25.136%	25.136%
Total	133,000,000	100.000%	100.000%

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

There are no restrictions on the transfer of shares.

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

As at 31 December 2017 Corticeira Amorim held no treasury shares at 31 December 2015 and it did not engage in transactions during 2018, reason why as at 31 of December 2018 the company did not own treasury shares.

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

The company has not entered into any agreements as described in this paragraph except for the normal "change of ownership" clauses included in certain loan agreements entered into during the normal course of operations. At 31 December 2018 there were covenants requiring the maintenance of Corticeira Amorim's controlling interest in contracts regarding loans totalling forty-five million euros (31-12-2017: thirty-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.

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	% of share capital with voting rights
Amorim Investimentos e Participações, SGPS, S.A. ^[a]		
Directly	67,830,000	51.000%
Attributable total	67,830,000	51.000%
Investmark Holding BV		
Directly	18,325,157	13.778%
Attributable total	18,325,157	13.778%
Great Prime S.A. ^[b]		
Directly	–	–
Through Investmark Holding BV, in which it holds a 100% interest	18,325,157	13.778%
Attributable total	18,325,157	13.778%
Maria Fernanda Oliveira Ramos Amorim ^[c]		
Directly	–	–
Through the shareholder Great Prime, S.A., in which it holds a 95% interest ^[b]	18,325,157	13.778%
Attributable total	18,325,157	13.778%
Amorim International Participations, BV		
Directly	13,414,387	10.086%
Attributable total	13,414,387	10.086%
Amorim, Sociedade Gestora de Participações Sociais, S.A. ^[d]		
Directly	–	–
Through Amorim International Participations BV, in which it holds a 100% interest	13,414,387	10.086%
Attributable total	13,414,387	10.086%

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

^bThe share capital of Great Prime, S.A. is wholly owned by three Companies (API Amorim Participações Internacionais, SGPS, S.A. (33.33%), Vintage Prime, SGPS, S.A. (33.33%) and Stockprice, SGPS, S.A. (33.33%)).

^cOn the date of his death, Mr. Américo Ferreira de Amorim held shares representing 85% of the share capital and voting rights of each of the holding companies, which have since been attributed to his inheritance (undivided). The legal heirs of Mr. Américo Ferreira de Amorim agreed, through a share agreement entered into on 9 April 2018, to assign to Maria Fernanda Oliveira Ramos Amorim ownership of all those shares, that is, the shares representing 85% of the share capital and voting rights of the holding companies. On 2 July 2018, in compliance with the agreed provisions, the shares of the holding companies were transferred to Maria Fernanda Oliveira Ramos Amorim, making her, together with the shares previously held in the same companies, which represented 10% of their share capital, the holder of 95% of the share capital of the holding companies.

^dThe 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 2018 financial year. At 31 December 2018, 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 Investimentos e Participações, SGPS, S.A. is the holder of 67,830,000 shares, representing 51% of the share capital and voting rights of Corticeira Amorim

António Rios de Amorim (Chairman of the Board of Directors of Corticeira Amorim), Nuno Filipe Vilela Barroca de Oliveira (Vice-Chairman of the Board of Directors of Corticeira Amorim), Cristina Rios de Amorim Baptista e Luísa Alexandra Ramos Amorim (members of the Board of Directors of Corticeira Amorim) are, respectively, member, member, Vice-Chairwoman and member of the Board of Directors of Amorim Investimentos e Participações, SGPS, S.A.

- ii.** The company Amorim Investmark Holdings B.V., in which Luísa Alexandra Ramos de Amorim, Member of the Board of Directors of Corticeira Amorim, holds the position of CEO, is the holder of 18,325,157 shares representing 13.778% of the share capital, which corresponds to 13.778% of the voting rights of Corticeira Amorim, SGPS, S.A.

The ownership recorded on 31 December 2018, referred to in sections i. and ii. remains unchanged at the issue date of this report.

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

- i.** Amorim Investimentos e Participações, S.A. holds 67,830,000 shares of Corticeira Amorim, corresponding to 51% of the share capital and 51% of the voting rights;

- ii.** Investmark Holdings, B.V. holds 18,325,157 shares in Corticeira Amorim, representing 13,778% of this Company's share capital and 13,778% of voting rights;

- iii.** Amorim International Participations, B.V. holds 13,414,387 shares in Corticeira Amorim, representing 10.086% of this Company's share capital and 10.086% of voting rights.

The share ownership referred to in paragraphs i., ii. and iii. refers to 31 December 2018, remaining unchanged at the date of publication of this report.

d) Transactions involving Directors and Officers:

According to notices received from persons/entities covered by this regulation, it is hereby reported that, on 2018, transactions involving the Corticeira Amorim's shares were not carried out by entities related to the company'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.



These duties include, among others:

- a) Choosing its Chairman;
- b) Co-opting Directors;
- c) Requesting the convening of General Meetings;
- d) Preparing annual reports and financial statements;
- e) Acquisition, disposal and encumbrance of real estate; provision of guarantees and furnishing collateral and security on behalf of the company;
- f) Opening or closing establishments or important component parts thereof;
- g) Significantly expanding or reducing the Company's activity;
- h) Making major changes in the Company's organisation;
- i) Establishing or terminating important and long-lasting cooperation projects with other companies;
- j) Change of head office;
- k) Merging, de-merging or changing the legal status of the Company;
- l) Deciding on any matters put forward at the request of any director for resolution of the Board of Directors.

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

¹ 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.

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.

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.



B.

CORPORATE BOARDS AND COMMITTEES

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

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

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

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

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

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

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

I. GENERAL MEETING

a) Composition of the Presiding Board of the General Meeting

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 (2017 to 2019) by:

Chairman: Augusto Fernando Correia de Aguiar-Branco

Secretary: Rita Jorge Rocha e Silva

Beginning of first term of office:

24 May 2014

Date of first renewal of term of office:

07 April 2017

End of current term of office:

31 December 2019, remaining in office until a new election pursuant to law.

No changes in the composition of the Presiding Board of the General Meeting took place during 2018.

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

Augusto Fernando Correia de Aguiar-Branco (Chairman):

Graduate in law from the Faculty of Law of the University of Coimbra. He is a lawyer, registered with the Portuguese Bar Association since 1975. He is the executive chairman of the law firm Aguiar-Branco & Associados and legal advisor to private and public companies, connected to financial, industrial and sales activities. He has held important positions in associations of a professional nature, namely in the Portuguese Association of Young Lawyers and in the Portuguese Bar Association. He is an arbitrator of the Commercial Arbitration Centre of the Commercial Associations of Lisbon and Porto. He is the delegate for North Portugal of the European Lawyers' Union (UAE). He combines his professional activity with some cultural associations, such as the Fundação Eng.º António de Almeida foundation (Director) and the Instituto para a Cooperação e Desenvolvimento Portugal-Oriente institute (member of the Advisory Council).

Gender: Male | Age: 68

Rita Jorge Rocha e Silva (Secretary):

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

Gender: Female | Age: 36

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 (by 6.00 p.m.) before the Annual General Meeting. Votes sent by mail are equivalent to negative votes for proposals submitted after the date on which such votes were cast. The presence of the shareholder at the General Meeting revokes the vote it may have sent by mail.

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

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

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:

a) Identical to those of general law:

- ✘ Removal from office of a director elected under the special rules set out in article 392 of the Portuguese Companies' Code - the removal from office will not become effective if shareholders accounting for at least 20 per cent of the share capital have voted against the removal of such director, irrespective of the just cause invoked for such removal from office;

b) Higher than those of general law:

- ✘ Restriction or withdrawal of pre-emption rights in share capital increases – the Company's Articles of Association require that the Annual General Meeting be attended by shareholders accounting for at least 50 per cent of the paid-up share capital;
- ✘ Exercising the right to vote – the need to own at least one share of the Company's stock at least five business days prior to the date scheduled for holding the General Meeting;
- ✘ In order that a General Meeting requisitioned by shareholders may pass resolutions – it is required that the General Meeting be attended by shareholders owning shares representing at

least the minimum amount of share capital required by law to legitimise the reason for calling such meeting;

- ✘ Change in Board composition – such resolution requires the approval of shareholders who represent not less than 2/3 of the total share capital;
- ✘ Winding-up the Company – such resolution requires the approval of shareholders representing at least 85 per cent of the paid-up share capital.

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Details of corporate governance model adopted.

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

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

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

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

Corticeira Amorim encourages an internal reflection on corporate governance structures and practices adopted by the Company by comparing their efficiency with the potential benefits to be gained from implementing other practices and/or measures established as a reference in the Corporate Governance Code (the CMVM code up to 2017, and the IPCG code from 2018) or by other organisations.

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

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 effective members over 2018:

Chairman: António Rios de Amorim

Date of first appointment to the Board of Directors:

29 March 1990

First appointment as Chairman of the Board of Directors:

31 March 2001

End of term of current office:

31 December 2019, remaining in office until a new election pursuant to law.

Vice-Chairman: Nuno Filipe Vilela Barroca de Oliveira

Date of first appointment to the Board of Directors:

28 March 2003

End of term of current office:

31 December 2019, remaining in office until a new election pursuant to law.

Board Member: Fernando José de Araújo dos Santos Almeida

Date of first appointment to the Board of Directors:

31 July 2009

End of term of current office:

31 December 2019, remaining in office until a new election pursuant to law.

Board Member: Cristina Rios de Amorim Baptista

Date of first appointment to the Board of Directors:

20 July 2012

End of term of current office:

31 December 2019, remaining in office until a new election pursuant to law.

Board Member: 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 2019, remaining in office until a new election pursuant to law.

Board Member: Juan Ginesta Viñas

Date of first appointment to the Board of Directors:

20 July 2012

End of term of current office:

31 December 2019, remaining in office until a new election pursuant to law.

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

The **Board of Directors** of Corticeira Amorim is composed of three executive members and three non-executive members. Its composition remained unchanged during 2018:

Executive Members:

Chairman: António Rios de Amorim

Vice-Chairman: Nuno Filipe Vilela Barroca de Oliveira

Board Member: Fernando José de Araújo dos Santos Almeida

Non-Executive Members:

Board Member: Cristina Rios de Amorim Baptista

Board Member: Luísa Alexandra Ramos Amorim

Board 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.

Gender: Male | Age: 51

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).

Executive director of Barrancarnes (2000-2005).

After a year in the commercial area of Møre Codfish (Norway), he took part in the Comett programme and held an internship in Merrill Lynch (London), then began his professional activity in the Banco Comercial Português Group, where, for three years, he collaborated in the areas of Studies and Planning, International Area and Investment Funds.

Gender: Male | Age: 48

Fernando José de Araújo dos Santos Almeida (Member)

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

Gender: Male | Age: 57

Cristina Rios de Amorim Baptista (Member):

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

She began working in 1992, for international institutions such as S.G. Warburg España (Corporate Finance) in Madrid (1992), N.M. Rothschild & Sons Limited (Corporate Finance) in London (1993), Rothschild Asset Management Limited (Asset Management) in London (1993), and Soserfin, S.A. (management of economic studies and research) in 1994. She was a Member of the Board of Directors of Fundação Casa da Música (2006 to March 2013) and of Fundação AEP (2009 to April 2013). She joined the upper management of Amorim Investimentos e Participações, SGPS, S.A. (holding company of the Amorim Group) in 1994 and is currently Vice-Chairman and CFO of the Group. In 1997 she took office as Investor Relations Officer at Corticeira Amorim, SGPS, SA. (position held until the end of 2017) and, in July 2012, as member of the Board of Directors of the same company.

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

Gender: Female | Age: 50

Luísa Alexandra Ramos Amorim (Member):

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

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

Gender: Female | Age: 45

Juan Ginesta Viñas (Member):

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

Gender: Male | Age: 77

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

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

- ✦ António Rios de Amorim, Nuno Filipe Vilela Barroca de Oliveira, Cristina Rios de Amorim Baptista and Luísa Alexandra Ramos Amorim are members of the Board of Directors of Amorim Investimentos e Participações, SGPS, S.A.;
- ✦ Luísa Alexandra Ramos Amorim is a member of the Board of Directors of Great Prime, S.A.;
- ✦ Luísa Alexandra Ramos Amorim is a member of the management body of Investmark Holdings, 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.

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

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

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

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

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

Presiding Board of the General Meeting

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

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

- ✘ Calling the General Meetings - preparing the notice and fostering its publication;
- ✘ Receiving requests for the inclusion of items on the agenda and, in the event they are approved, publish the matters included on the agenda in the same manner used for the notice;
- ✘ In the case of virtual general meetings (cyber- meetings, online meetings and meetings by conference call), 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^[2]

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

Executive Committee

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

Supervisory Board

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

Statutory Auditor

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

Remuneration Committee

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

Organisational Structure of the Company

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

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

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

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

A reporting system between the Executive Committee and the Board of Directors has been implemented across the organisation with a view to ensuring alignment of their activities and that the Directors are informed of the activities of the Executive Committee in a timely fashion. The Executive Committee provides in good time and an appropriate manner to the request, all information requested by other Board Members and which are necessary in accordance with their respective duties.

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

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

² The Company's Articles of Association provide for the possibility of the Board of Directors being advised by one to three Advisors, to be appointed by it from among persons of recognised merit and experience, with terms of office coinciding with those of the Directors. The Advisors to the Board of Directors are people who advise the Board of Directors about the various issues addressed at board meetings, but they don't have the right to vote on resolutions passed at meetings. 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 were an important contribution to the development of the Company, assuming an important role in the Board meetings in the 2014-2016 term of office, remaining in the position until 7 April 2017, with the effective participation of Mr. Joaquim Ferreira de Amorim and the absence of Mr. Américo Ferreira de Amorim, for health reasons. The Board of Directors elected on 7 April 2017 for the 2017-2019 term did not appoint Advisors of the Board of Directors.

- ✘ 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 BU. The Organisation is often represented by one or more non-executive directors at international events, such as trade missions.

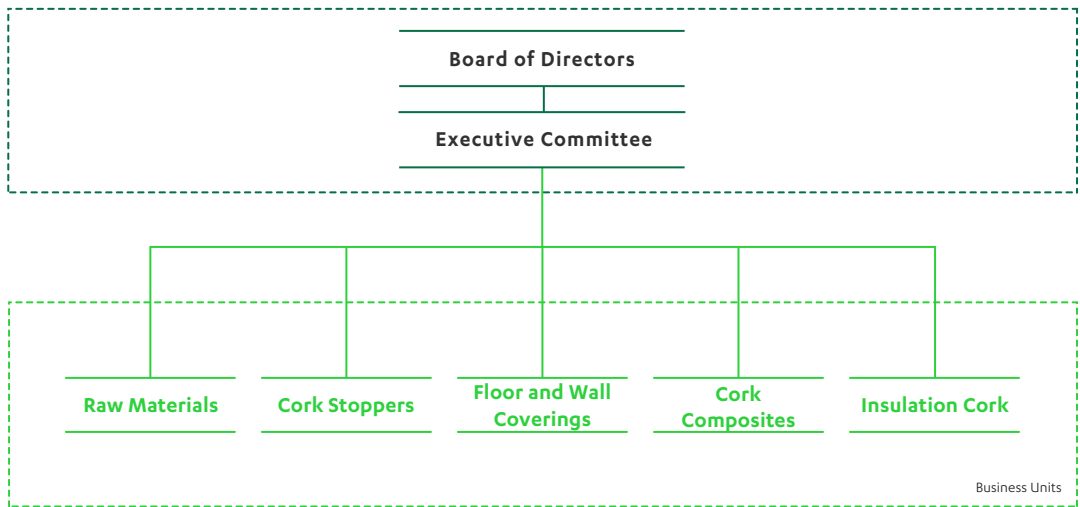
Corticeira Amorim’s operating structure is divided into five Business Units (BU)

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

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

The strategic alignment of the entire organisation is enhanced through the use of a balanced scorecard approach by Corticeira Amorim and its BUs. In this regard, Corticeira Amorim’s Board of Directors is responsible for approving strategic initiatives and goals (i) for the organisation as a whole, (ii) specifically for Corticeira Amorim, and (iii) for each BU, in close cooperation with the respective Executive Management.

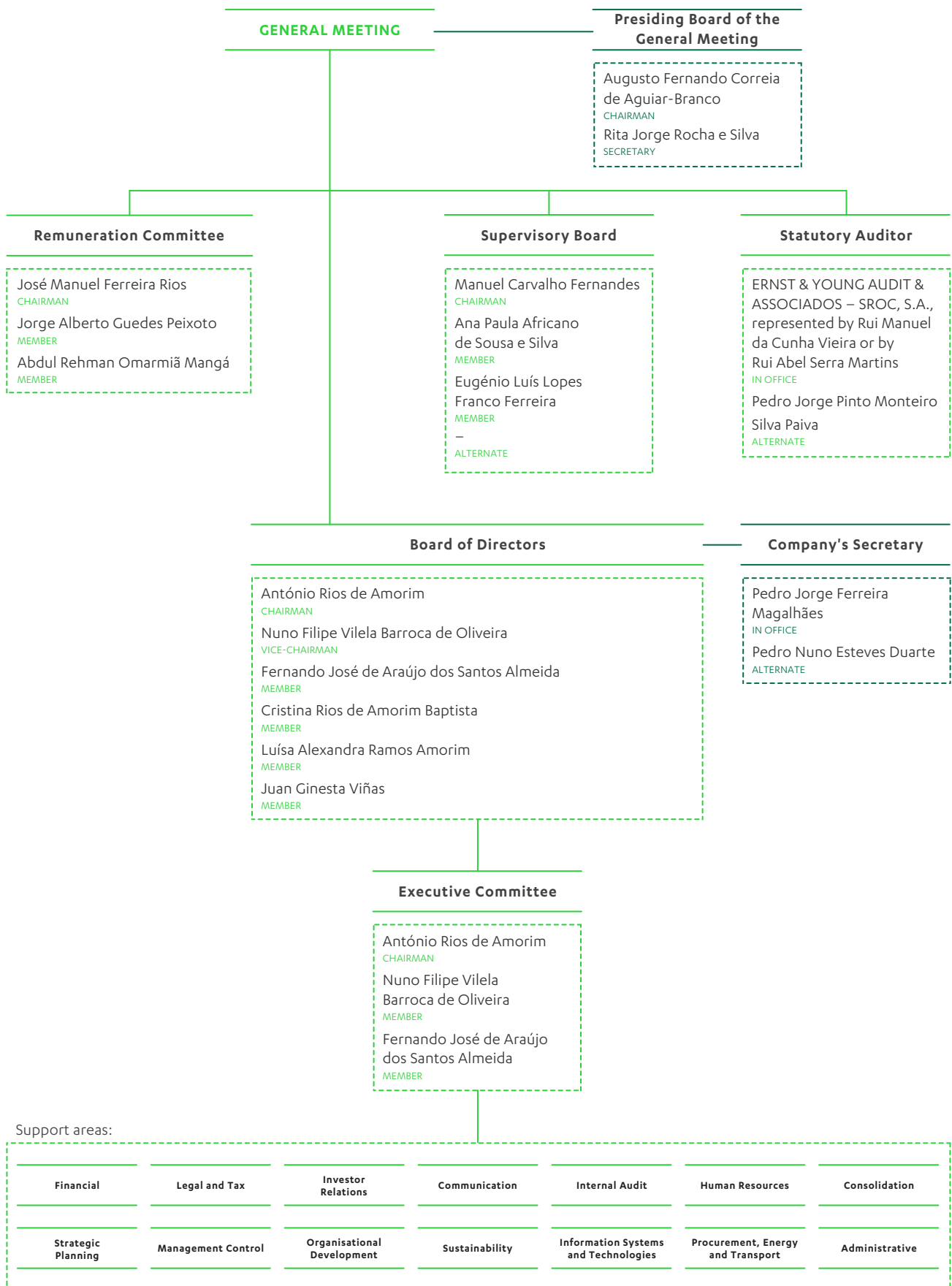
The diagram below shows how the management structure of the business is currently organised:



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

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

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



b) Functioning

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

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

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

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

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

Pursuant to the Articles of Association, the Board of Directors shall meet when and where corporate interest requires. Ten meetings of the Board of Directors were held throughout 2018 (2017: 11 meetings), and all the members of the Board in office attended or were represented at the meetings. Overall attendance was 100%. If the representation of directors is eliminated from this calculation, the attendance rate will be 90.0%.

The following were represented by another director: Nuno Filipe Vilela Barroca de Oliveira (Vice-Chairman) at the meeting on 9 April; Fernando José Araújo dos Santos Almeida (Member) at the meeting on 2 July; Cristina Rios de Amorim Baptista at the meeting on 27 July; and Juan Ginesta Viñas at the meetings on 8 January, 19 February and 27 July. 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 directors, including executive directors.

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

25. Predefined criteria for assessing executive directors' performance.

Pursuant to the statement on the policy for remunerations awarded to the Board of Directors approved at the General Shareholders' Meeting of 13 April 2018, as proposed by the company's Remuneration Committee (section 69.), a variable remuneration shall be added, if deemed adequate and feasible, to the fixed remuneration for executive directors. in the form of performance bonuses, which should result from the assessment of short-term performance and contribution to the annual performance for economic sustainability in the medium / long-term for the Organization. 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.



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

António Rios de Amorim (Chairman):

Company	Position Held
Corticeira Amorim Group	
Amorim & Irmãos, S.A.	Chairman of the Board of Directors
Amorim & Irmãos, SGPS, S.A.	Chairman of the Board of Directors
Amorim Bartop – Investimentos e Participações, S.A.	Chairman of the Board of Directors
Amorim Champcork, S.A.	Chairman of the Board of Directors
Amorim Compcork, Lda.	Director
Amorim Cork Composites, S.A.	Chairman of the Board of Directors
Amorim Cork Research, Lda.	Director
Amorim Cork Services, Lda.	Director
Amorim Florestal Espanha, S.L.	Chairman of the Board of Directors
Amorim Florestal, S.A.	Chairman of the Board of Directors
Amorim Flooring – Soluções Inovadoras de Cortiça, S.A.	Chairman of the Board of Directors
Amorim Industrial Solutions – Imobiliária, S.A.	Chairman of the Board of Directors
Amorim Isolamentos, S.A.	Chairman of the Board of Directors
Amorim Natural Cork, S.A.	Chairman of the Board of Directors
Amorim Revestimentos, S.A.	Chairman of the Board of Directors
Amorim Tops Series, S.A.	Chairman of the Board of Directors
Chapius, S.L.	Chairman of the Board of Directors
Comatral – Compagnie Marrocaïne de Transformation du Liège, S.A.	Chairman of the Board and Chairman of the Presiding Board of the General Meeting
Compruss – Investimentos e Participações, Lda.	Director
Cosabe – Companhia Silco-Agrícola da Beira, S.A.	Chairman of the Board of Directors
Dom Korkowy, Sp. Zo.o	Member of the Board of Directors
Equipar – Participações Integradas, SGPS, Lda.	Director
Ets Christian Bourrassé, S.A.	Member of the Board of Directors
Francisco Oller, S.A.	Member of the Board of Directors
Korken Schiesser GmbH	Chairman of the Board of Directors
Olimpíadas Barcelona 92, S.L.	Chairman of the Board of Directors
SIBL – Société Industrielle Bois Liège, S.A.R.L.	Director
Société Nouvelle des Bouchons Trescasses, S.A.	Director
Other Companies	
Amorim – Investimentos e Participações, SGPS, S.A.	Member of the Board of Directors
Amorim – Serviços e Gestão, S.A.	Chairman of the Board of Directors
Amorim – Viagens e Turismo, Lda.	Director
Amorim Desenvolvimento – Investimentos e Serviços, S.A.	Chairman of the Board of Directors
Amorim Global Investors, SGPS, S.A.	Chairman of the Board of Directors
Amorim – Sociedade Gestora de Participações Sociais, S.A.	Member of the Board of Directors
Clube de Tiro, Caça e Pesca a Alogal	Treasurer
Gierlings Velpor – Veludo Português, S.A.	Member of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Director
QM1609 – Investimentos Imobiliários, S.A.	Chairman of the Board of Directors
Quinta Nova de Nossa Senhora do Carmo, S.A.	Member of the Board of Directors

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

Company	Position Held
Corticeira Amorim Group	
Amorim & Irmãos, S.A.	Vice-Chairman of the Board of Directors
Amorim & Irmãos, SGPS, S.A.	Member of the Board of Directors
Amorim Cork Composites, S.A.	Member of the Board of Directors
Amorim Cork Ventures, Lda.	Director
Corecochik – Corking Shoes Investments, Lda.	Director
Growancork – Estruturas Isoladas de Cortiça, Lda.	Director
Amorim Florestal, S.A.	Member of the Board of Directors
Amorim Industrial Solutions – Imobiliária, S.A.	Member of the Board of Directors
Amorim Isolamentos, S.A.	Member of the Board of Directors
Amorim Natural Cork, S.A.	Member of the Board of Directors
Amorim Revestimentos, S.A.	Member of the Board of Directors
Amorim Revestimentos, S. A.	Member of the Board of Directors
Zweigniederlassung Delmenhorst	Member of the Board of Directors
Other Companies	
Amorim – Investimentos e Participações, SGPS, S.A.	Member of the Board of Directors
API – Amorim Participações Internacionais, SGPS, S.A.	Member of the Board of Directors
Casa das Heras – Empreendimentos Turísticos, S.A.	Member of the Board of Directors
Imobis – Empreendimentos Imobiliários Amorim, S.A.	Member of the Board of Directors
Mosteiro de Grijó – Empreendimentos Turísticos e Imobiliários, S.A.	Member of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Director
Paisagem de Alqueva, S.A.	Member of the Board of Directors
Quinta Nova de Nossa Senhora do Carmo, S.A.	Member of the Board of Directors
SSA – Sociedade de Serviços Agrícolas, S.A.	Member of the Board of Directors
TB Vinhos, S.A.	Member of the Board of Directors

Fernando José de Araújo dos Santos Almeida (Member):

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



Cristina Rios de Amorim Baptista (Member):

Company	Position Held
Corticeira Amorim Group	
Amorim & Irmãos, S.A.	Chairwoman of the Remuneration Committee
Other Companies	
Amorim – Investimentos e Participações, SGPS, S.A.	Chairwoman of the Board of Directors
Amorim – Sociedade Gestora de Participações Sociais, S.A.	Member of the Board of Directors
Banco BPI, S.A.	Member of the Board of Directors
Other Institutions	
AEP – Associação Empresarial de Portugal	Member of the General Council, representing Amorim & Irmãos, S.A.
BCSD Portugal – Conselho Empresarial para o Desenvolvimento Sustentável	Director
AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado	Member of the General Council, representing Corticeira Amorim, SGPS, S.A.

Luísa Alexandra Ramos Amorim (Member):

Company	Position Held
Other Companies	
Actual, SGPS, S.A.	Chairwoman of the Board of Directors
Amorim – Investimentos e Participações, SGPS, S.A.	Member of the Board of Directors
Amorim – Serviços e Gestão, S.A.	Member of the Board of Directors
Amorim – Viagens e Turismo, Lda.	Director
Amorim Desenvolvimento – Investimentos e Serviços, S.A.	Member of the Board of Directors
Amorim Global Investors, SGPS, S.A.	Member of the Board of Directors
Amorim Negócios Internacionais, S.A.	Chairwoman of the Board of Directors
Bucozal – Investimentos Imobiliários e Turísticos, Lda.	Director
Época Global, SGPS, S.A.	Chairwoman of the Board of Directors
Great Prime, S.A.	Member of the Board of Directors
Investmark Holdings, B.V.	Director
LUYNES – Investimentos, S.A.	Chairwoman of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Director
Quinta Nova de Nossa Senhora do Carmo, S.A.	Chairwoman of the Board of Directors
Vintage Prime, SGPS, S.A.	Member of the Board of Directors
TB Vinhos, S.A.	Chairwoman of the Board of Directors
Other Institutions	
Associação Bagos D'Ouro – IPSS	Chairwoman

Juan Ginesta Viñas (Member):

Company	Position Held
Corticeira Amorim Group	
Trefinos, S.L.	Chairman of the Board of Directors
Other Companies	
Les Finques, S.A.	Director



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

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

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

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

28. Composition of the Executive Committee.

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

Chairman: António Rios de Amorim

Board Member: Nuno Filipe Vilela Barroca de Oliveira

Board Member: Fernando José de Araújo dos Santos Almeida

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

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

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

According to Corticeira Amorim's articles of association, the Executive Committee is vested with the power to implement the decisions made by the Board of Directors, manage the Company's ordinary course of business and implement certain management duties. The activity of the Executive Committee was conducted in 2018 according to these duties, with the purpose of performing:

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

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

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

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

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

The Executive Committee met 14 times during 2018. The attendance rate was 100% (in global and individual terms).

III. SUPERVISION

a) Composition

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

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

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

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

The Supervisory Board was composed of three incumbent members and one alternate member during the current mandate (2017-2019):

Chairman: Manuel Carvalho Fernandes

Board Member: Ana Paula Africano de Sousa e Silva

Board Member: Eugénio Luís Lopes Franco Ferreira

Date of first appointment to the Supervisory Board:

24 March 2014

Date of first reappointment to the Supervisory Board:

07 April 2017

End of term in office:

31 December 2019, remaining in office until a new election pursuant to law

Deputy: position left vacant by the death in May 2018 of Mr. Durval Ferreira Marques

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

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

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

Manuel Carvalho Fernandes (Chairman):

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

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., Tecnicrédito, SGPS, S.A., Banco MAIS, S.A., Finpro, SCR, S.A. and Finpro Unipessoal, Lda.

Gender: Male | Age: 65

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 she 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 she has not held any director level positions.

Gender: Female | Age: 57

Eugénio Luís Lopes Franco Ferreira (Member):

Education and professional training: graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics in 1976 where he lectured Financial Mathematics in 1976/1977. Throughout his career he attended numerous training activities in several European countries and the United States; Member of the *Ordem dos Economistas* and member of the Portuguese Institute of Corporate Governance. In 2016 he voluntarily cancelled his enrolment in the *Ordem dos Revisores Oficiais de Contas* [Statutory Auditors' Association] and the *Ordem dos Contabilistas Certificados* [Chartered Accountants' Association]. Professional experience: is a member of the Supervisory Board of NOS, SGPS, SA; since 2009, to date a Consultant as an independent contractor; 1977-2008: joined the office in Porto of the then Price Waterhouse (PW), currently PricewaterhouseCoopers (PwC). After a brief stint at the Paris office (1986), he was admitted as a Partner in 1991, transferring to the Lisbon office in 1996. He initially joined the Audit department and later the Transaction Services department, having participated in numerous audits and consulting projects, particularly in the area of transactions and corporate reorganisations, in almost all business sectors, including in cork companies, covering the entire manufacturing sector. As an auditor, the scope of responsibilities included, in most cases, the performance of the duties of the Investmark Holdings, B.V. members of the Supervisory Board or the Statutory Auditor; at different times he performed various internal functions at PW / PwC, namely (i) the head of the Porto office (1989-1998); (iii) territorial responsibility for the technical audit function and risk management ("Technical Partner" and "Risk Management Partner"); (iii) responsibility for administrative functions, financial and internal IT ("Finance & Operations Partner"); (iv) in charge of the Audit Department; (v) member of the Executive Committee ("Territory Leadership Team"); 1966-1976: initiated activity in a small company in the automotive sector, interrupted between 1971-1974 for the fulfilment of military service.

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

Gender: Male | Age: 68

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 https://www.amorim.com/xms/files/Investidores/2_Orgaos_Sociais/2016_07_CA_RegCF_EN.pdf

35. The number of meetings held and the attendance report for each member of the Supervisory Board.

The Supervisory Board meets whenever called by the Chairman or by any other two members of the Supervisory Board, and at least every quarter, pursuant to article 10 of the rules of procedure of that body. Five meetings of the Supervisory Board were held during 2018, with a global attendance of 93.3%; the attendance of Manuel Carvalho Fernandes (Chairman) and Eugénio Luís Lopes Franco Ferreira (Member) was 100%; the attendance of Ana Paula Africano de Sousa e Silva (Member) was 80%.

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
AFSA, SGPS, S.A. Group – management positions	
AFSA, SGPS, S.A.	Director
COEPAR – Consultoria e Investimentos, S.A.	Director
S2IS – Serviços e Investimentos, SGPS, S.A.	Director
BRASILIMO – Investimentos Imobiliários no Brasil, SGPS, S.A.	Director
SSL – Serviços e Investimentos, S.A.	Director
QMETRICS – Serviços, Consultoria e Avaliação da Satisfação, S.A.	Director
SSL – Serviços e Investimentos, S.A.	Director
Other Companies – management positions	
Faceril – Fábrica de Cerâmica do Ribatejo, S.A.	Director
Coeprimob – Promoção Imobiliária, S.A.	Director
Qdata, Lda.	Director
Quatenaire, S.A.	Director
AFSA, SGPS, S.A. Group – other positions	
Douro Empreendimentos Imobiliários, Lda.	Advisory Board
Brasilimo Empreendimentos Imobiliários, Lda.	Advisory Board

Ana Paula Africano de Sousa e Silva (Member):

Institution	Position Held
Universidade do Porto	Lecturer
Faculdade de Economia da Universidade do Porto	Member of the Board of Representatives and the Scientific Board
Faculdade de Economia da Universidade do Porto	Member of the Scientific Committee of the Master's Degree in Economics and International Management
Centro de Estudos Económicos e Financeiros (CEFUP)	Member
Câmara Municipal de Espinho	Councillor (non-executive) without responsibility for a specific area

Eugénio Luís Lopes Franco Ferreira (Member):

Company	Position Held
NOS, SGPS, S.A.	Member of the Supervisory Board

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

c) Powers and duties

37. A description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor.

The Supervisory Board is responsible for monitoring the independence of the Statutory Auditor, especially in relation to the provision of additional services.

It should be noted that the entry into force on 1 January 2016 of Law No. 140/2015 of 7 September, approving the new Regulation of the Portuguese Institute of Statutory Auditors and Law No. 148/2015 of 9 September approving the Legal Regime for Audit Supervision, implied that the provision of services by the Statutory Auditor is substantially limited (a wide range of services are legally prohibited and the rest are limited to 70% of the total fees paid to the Statutory Auditor for statutory audit services) and that the non-prohibited services require the prior approval of the Supervisory Board.

Thus, while always requiring the prior approval by the Supervisory Board, services other than the statutory audit were contracted from the Statutory Auditor. These services essentially comprise work to comply with formalities established by law and work to ensure the reliability of the half-yearly financial statements.

Under such services:

- I. The Statutory Auditor does not lead the underlying projects. These projects are always headed by the appropriate department of Corticeira Amorim.
- II. The representatives appointed to the position of Statutory Auditor of Corticeira Amorim do not collaborate on these projects;

There are, therefore, no issues regarding the independence of the work of the Statutory Auditor.

38. Other duties of the supervisory body.

The Supervisory Board is responsible, under the law and respective Rules of Procedure, for the following:

- ✦ Oversee the management of the company;
- ✦ Monitor compliance with the law and articles of association;
- ✦ Check the correctness of the accounting records and documents supporting those records;
- ✦ Check when deemed convenient and in the manner considered adequate, the extent of cash and stocks of any kind of goods or assets owned by the company or received as collateral, deposit or otherwise;
- ✦ Check the accuracy of the financial statements;
- ✦ Check whether the accounting policies and valuation criteria adopted by the company lead to a correct assessment of the assets and profits;
- ✦ Prepare an annual report on its supervisory action and give an opinion on the report, accounts and proposals submitted by management;
- ✦ Convene the General Meeting when the Chairman of that Presiding Board does not and should do so;
- ✦ Monitor the effectiveness of the risk management system, internal control system and internal audit system, if any;
- ✦ Receive reports of irregularities presented by shareholders, company employees or others, giving them due treatment;
- ✦ Analyse the reports of irregularities received, requesting from the company's other corporate bodies and structures the necessary explanations for the reported situations;
- ✦ Suggest, following the analysis referred to in the preceding paragraph, measures to safeguard from the occurrence of such irregularities and give knowledge of them to the Board of Directors and 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;
 - ✘ other personal circumstances preclude them from carrying out their duties for a period of time presumably greater than sixty days and they ask the Supervisory Board to be temporarily suspended or the Board deems this to be in the interest of the company;
- ✘ Declare the removal from office of Directors when, following their appointment, there occurs some form of incapacity or incompatibility that poses a barrier to that appointment and the director does not leave that post or does not remove the supervening incompatibility within thirty days;
- ✘ Comply with all other duties set down by law or the articles of association.
- ✘ Assess the management report, the annual accounts, the legal certification of accounts or impossibility of certification, as well as the additional report to be prepared by the Statutory Auditor in accordance with article 24 of Law 148/2015;
- ✘ If it agrees with the statutory audit certificate or the statement that the issue of such certification is impossible, then it must explicitly state this in its opinion;
- ✘ If it does not agree with the statutory audit certificate or the statement that the issue of such certification is impossible, then it must include the reasons for such disapproval in its report;
- ✘ Send the report and opinion to the Board of Directors within fifteen days of the date on which it received the referred accounting documents;
- ✘ Issue in its report and opinion a statement that, relating to the annual directors' report, the annual accounts, and other accounting documents required by law or CMVM Regulations, to the best of its knowledge, the information was prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and profit/loss of the company and the companies included in the consolidation perimeter, and that the management report faithfully describes the evolution of the business, the company's performance and position and of the companies included in the consolidation perimeter, and it contains a description of the principal risks and uncertainties that they face;
- ✘ Supervise the process of preparation and disclosure of financial information and submit recommendations or proposals to ensure its integrity;
- ✘ Select the auditors to propose to the General Assembly and Investmark Holdings, B.V. justifiably recommend the preference for one of them;
- ✘ Monitor the statutory audit of the individual and consolidated annual accounts, in particular the implementation of the same, taking into account any findings and conclusions of the Portuguese Securities Market Commission;
- ✘ Verify and monitor the independence of the Statutory Auditor pursuant to the law, including the obtaining of formal written confirmations of the statutory auditor provided Investmark Holdings, B.V. in Articles 63 and 78 of the Statute of the Statutory Auditors Association and in particular, verify the appropriateness and approve the rendering of services other than audit services;

- ✘ Check that the published report on the corporate governance structure and practices includes the provisions referred to in article 245-A of the Portuguese Securities' Code.

The Supervisory Board is guaranteed access to all documentation and employees of the company to obtain regular information on the evolution of the activity in general, and the areas that are its special competence in particular. A system of regular reporting is also in place, covering meetings of the Executive Committee (submission of minutes), internal audit work and transactions with related parties.

IV. STATUTORY AUDITOR

39. Details of the statutory auditor and the partner representing it.
The Statutory Auditor shall consist of one member and one alternate member, any one of which may be a statutory auditor or statutory auditor firm.

The Shareholders' General Meeting, held on 7 April 2017, elected for the current term of office (2017-2019):

Statutory Auditor: ERNST & YOUNG AUDIT & ASSOCIADOS – SROC, S.A., represented by Rui Manuel da Cunha Vieira or by Rui Abel Serra Martins
Deputy: Pedro Jorge Pinto Monteiro da Silva e Paiva
End of term of office:
31 December 2019, remaining in office until a new election pursuant to law.

The Statutory Auditor is responsible for the following:

- ✘ Undertake all necessary examinations and checks for the audit and issue of the statutory audit certificate of the company's accounts. The following must be checked, in particular:
 - ✘ 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.

ERNST & YOUNG AUDIT & ASSOCIADOS – SROC, S.A. was elected on 7 April 2017, for the current term of office (2017-2019). 2018 was the second year of its term of office and, consequently, its second consecutive year in office.

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

During the year under review, ERNST & YOUNG AUDIT & ASSOCIADOS - SROC, S.A., including other entities belonging to the same network, was hired by the Company and its associated companies, to deliver audit and statutory audit services and other services subject to prior examination and approval by the Supervisory Board, such as: review of interim financial information, certification of the interim balance sheet and other reliability assurance services.

Other assurance services include the certification of eligible expenses in subsidised investment projects, the verification of the sustainability report and the issue of an opinion on a spin-off occurring in a subsidiary of the Group.

The independence of these service providers is not called into question as the leadership of the projects such service providers take on is always assumed by the appropriate department of Corticeira Amorim.

The total amount of those services are stated in section 47.



V. EXTERNAL AUDITOR

42. Details of the external auditor appointed in accordance with Article 8 and the partner that represents same in carrying out these duties, and the respective registration number in the CMVM.

The external audit of Corticeira Amorim is performed by the Statutory Auditor (as identified in section 39.).

43. State the number of years that the external auditor and respective partner that represents same in carrying out these duties consecutively carries out duties with the company and/or group.

As set out in section 40. above.

44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties.

As set out in section 40. above.

45. Details of the Board responsible for assessing the external auditor and the regular intervals when said assessment is carried out.

As set out in section 40. above.

46. Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the hiring of such services and a statement on the reasons for said hire.

As set out in section 41. above. (identification of work) and in section 37. (internal procedures).

47. Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the services:

	Audit and certification of accounts	The review of interim financial information and other reliability assurance services	Other services	Total
EY SROC:				
Corticeira Amorim	22,200	14,000	0	36,200
Group companies	132,750	7,440	0	140,190
Companies of EY's network				
Corticeira Amorim	0	0	0	0
Group companies	77,733	0	0	77,733
Total				
Corticeira Amorim	22,200	14,000	0	36,200
Group companies	210,483	7,440	0	217,923
Total	232,683	21,440	0	254,123
	92%	8%	0%	100%

C.

INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. The rules governing amendment to the articles of association (Article 245-A/1/h).

The rules governing the amendment of the Articles of Association of the Company are those provided for by law, with the addition of the following specific provisions set out in the aforementioned articles: the Company is managed by a Board of Directors consisting of a Chairman, a Vice-Chairman and from one to nine other Members. This statutory provision may be amended only with the approval by a majority of shareholders representing at least two-thirds of the Company's share capital.

II. REPORTING OF IRREGULARITIES

49. Reporting means and policy on the reporting of irregularities in the company.

It is the responsibility of Corticeira Amorim's Supervisory Board - in accordance with its rules of procedure - to receive the information on wrongful acts reported by shareholders, employees or other individuals or bodies and to treat such whistle-blowing reports appropriately.

Such reports shall be addressed to:

Supervisory Board of Corticeira Amorim, SGPS, S.A.

Address - Registered office of the company: Rua de Meladas, n.º 380 - Apartado 20 - 4536-902 MOZÉLOS
Telephone: 22 747 54 00

The Company ensures that the Supervisory Board will be the first to be made aware of the contents of such whistle-blowing reports (no employee of the Company is authorised to open mail specifically addressed to this corporate body or any of its individual members).

It is the Supervisory Board's responsibility to review any such reports and ask the Company's other governing bodies and officers for any explanations on the disclosed events and the circumstances surrounding the situation. In dealing with concrete situations, the Supervisory Board is entitled to:

- × Suggest measures to prevent such irregularities occurring;
- × Report any identified and confirmed irregularities to the Board of Directors and relevant authorities, both internal and external, in accordance with each specific situation.

The Company guarantees that the identity of whistle-blowers will not be disclosed throughout the process, unless they expressly choose to disclose their identity.

Corticeira Amorim believes that there are a number of measures, i.e. (i) the assignment of such responsibilities to the Supervisory Board - a body composed entirely of independent members, thus ensuring the impartial handling and consideration of irregularities reported to the Company; (ii) the non-imposition of the use of a specific format for such reports and the fact that the 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.

Raw materials (cork) risk:

The management of the procurement, storage and preparation of the single variable common to all business activities of Corticeira Amorim, i.e. the raw material (cork) is centralised in the Raw Materials BU, an autonomous BU with professional and independent management. This allows to:

- × Form a specialised team exclusively focused on raw materials;
- × Make the most of synergies and integrate all raw materials (cork) manufactured by other BUs in the relevant BU's production process;
- × Improve the management of raw materials from a multinational perspective;
- × Strengthen its presence in cork-producing countries;
- × Keep an updated historical record of production status by cork-producing forest unit;
- × Strengthen relationships with producers, promote forest certification, improve the technical quality of products and enter into research and development partnerships with forestry-related partners;
- × Ensure that an optimal mix of raw materials is used to meet market demand for finished products;
- × Ensure the supply stability of cork, a critical variable for Corticeira Amorim's operations, over the long term.
- × Prepare and propose to the Board of Directors the multi-annual purchasing policy to be implemented;

Market risk and operational business risk:

In the first instance, market risk and business risk are managed by the four BUs - Cork Stoppers, Floor and Wall Coverings, Cork Composites and Insulation Cork - that are involved in the markets that deal in

Corticeira Amorim's finished products.

In devising a strategic plan for these BUs – a strategic plan based on balanced scorecard methodology – a number of key factors for value creation are identified by using a multifaceted approach that encompasses the outlook for finance, market/customers, processes and infrastructures. Using this approach, strategic objectives and goals are defined as well as the actions required to achieve them.

The adopted method strengthens alignment between the defined strategy and operational planning where such are defined, for a shorter time horizon, the priority actions to develop to reduce risk and ensure sustained value creation. The Executive Management of each BU is responsible for pursuing the executive processes that allow the systematic monitoring of the actions, which are subject to periodic monitoring and monthly evaluation by the Board of Directors of the BU.

Legal Risk:

As far as legal risks are concerned, the main risk to the business of Corticeira Amorim and its subsidiaries relates to the potential for loss arising from amendments made to legislation – in particular, labour legislation, environmental regulations and similar –, which could have an impact on Corticeira Amorim's operations and affect its business' performance and profitability.

The Legal Department in cooperation with the Organisational Development and Strategic Planning area seek to anticipate such amendments and adapt corporate governance practices accordingly. The numerous certification processes (food safety, quality, environmental management, human resources, etc.), as described in more detail in Chapter 5 of the Management Report, are based on procedures designed, implemented and regularly and strictly audited by certifying organisations, thus guaranteeing the minimisation of such risks. Wherever possible and practicable, the Organisation takes out insurance to mitigate the effects of uncertain but potentially unfavourable events.

Financial Risk:

As Corticeira Amorim is one of Portugal's most international companies, it pays special attention to managing exchange rate risk as well as liquidity and interest rate risk.

In addition to the responsibilities of the finance department regarding identification, monitoring and management of the above risks, the main objectives of this department are to assist with the definition and implementation of global financial strategies and with the coordination of the financial management of the group's BUs. It is structured as follows:

- ✘ a Financial Board, which coordinates the financial function at a central level. The FB is responsible for developing policies and measures (to be approved by the Executive Committee) and implementing them, for conducting global dealings with financial counterparts, for monitoring progress and preparing regular reports (to the director responsible for the financial section and to the Executive Committee and the Board of Directors);
- ✘ Financial Directors who, at the company level, follow the progress of business deals managing their financial component in accordance with the advocated policies and guidelines, articulating their work performance with the FB.

The financial organisational structure is coordinated as follows:

- ✘ Daily and weekly reports and fortnightly debates on financial markets and economic developments that may have an impact on the companies' business;
- ✘ Regular (monthly) reports on globally agreed conditions;
- ✘ Quarterly meetings of finance Directors with a view to reviewing the current specific state of affairs and defining measures to be implemented;

- ✘ On the basis of reports submitted to the Board of Directors, the most important aspects of the financial operations (debt, investments, liabilities) shall be discussed.

Under the direction of the Board of Directors and assisted by an Executive Committee or an Executive Director, Corticeira Amorim's support divisions play an important role in managing critical risk factors, including risk identification. The finance department, the organisational development department, the management planning and control department and the internal audit department play an essential role in this regard.

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

The system of internal control 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); second, via the Company's website (www.corticeiraamorim.com); third, by means of a long list of Portuguese and foreign media contacts; and fourth, to

Corticeira Amorim's staff and to shareholders, investors, analysts and other stakeholders, whose contacts are stored in a database.

The process of preparation of financial information, including consolidated information, is dependent on the process of registration of the operations and the support systems. There is an Internal Controls Procedures Manual and an Accounting Manual implemented at the Group level. These manuals contain a set of policies, rules and procedures to (i) ensure that the process of preparation of financial information follows homogeneous principles and (ii) the quality and reliability of the financial information is ensured.

The implementation of accounting policies and internal control procedures relating to the preparation of financial information is subject to evaluation by the internal and external auditors.

The consolidated financial information by Business Unit is assessed, validated and approved by the management of the respective Business Unit, every quarter. This procedure has been consistently adopted by all the Corticeira Amorim's business units.

The consolidated financial information of Corticeira Amorim is approved by the Board of Directors and presented to the Supervisory Board, before its publication.

It is also to be emphasized that the referred Internal Control Procedures Manual contains a set of rules intended to ensure that the process of disclosure of financial information, including consolidated information, guarantees the quality, transparency and fairness in the dissemination of information.

IV. INVESTOR ASSISTANCE

56. Department responsible for investor assistance, composition, functions, the information made available by said department and contact details.

Corticeira Amorim ensures, through the Investor Relations Officer, the existence of permanent contact with the Capital Markets, promoting the communication of relevant and up-to-date information to the financial community. Its activity is based on the principles of transparency, rigour and integrity, respecting the principle of equality of Shareholders and preventing asymmetries in access to information by Investors, Financial Analysts and Regulatory Entities.

The Investor Relations Officer brings together and coordinates the work of professionals from other departments (Consolidation, Management Control, Legal and tax, Administrative and financial) of Corticeira Amorim in order to provide impartial and timely replies to all requests from investors (whether shareholder or not).

Role:

The Investor Relations Officer, has the following responsibilities:

- ✦ Regular publication of the Company's operation performance evaluation reviews and financial results, including co-ordination and preparation of their twice-yearly public presentation delivered at the Company's registered office (either in person or via conference call);
- ✦ Disclosure of privileged information;
- ✦ Disclosure of information on qualifying interests;
- ✦ Receipt and centralisation of all questions and queries raised by investors and answers to such questions;
- ✦ Participation in conferences, roadshows and meetings with investors and analysts.

The following measures carried out in 2018 in the context of contact with investors are especially noteworthy:

- ✦ Presentation of annual and biannual business activity and results via audio-conferencing, thereby promoting interaction in the disclosure of that information;
- ✦ One-on-one meetings with investors and financial analysts;
- ✦ Participation in road shows, both in Portugal and abroad;
- ✦ Meetings held on the Company's premises with investors and analysts, to whom the major industrial facilities were presented.
- ✦ Participation in Conferences, both in Portugal and in the main European financial centres.

The management team, whenever possible and appropriate, were involved in the actions described above, both those of Corticeira Amorim and of the various BUs.

Corticeira Amorim has been using its information technology to regularly disclose and disseminate its economic and financial information, including the Company's operation performance evaluation reports and financial results as well as its answers to specific questions and queries raised by investors.

Type of information made available (in Portuguese and English):

- ✦ The name of the Company, its public company status, registered office and other information set out in article 171 of the Portuguese Companies' Code;
- ✦ Articles of Association;
- ✦ Identification of the members of the Company's governing bodies and the investor relations officer;
- ✦ The Office of Investor Assistance, its functions and means of accessing this Office;
- ✦ Financial statements, including an annual report on the corporate governance structure and practices;
- ✦ Six-month calendar of corporate events released at the beginning of each half-year;
- ✦ Notices to members of Annual General Meetings to be given during a 21-day period prior to the date fixed for each meeting;
- ✦ Motions submitted for discussion and vote at a General Meeting during a 21-day period prior to the date fixed for the meeting;
- ✦ Absentee voting form;
- ✦ Proxy form for Annual General Meetings;
- ✦ Disclosure of annual, biannual and quarterly information on the Company's business affairs;
- ✦ Main financial and activity indicators;
- ✦ Share price evolution;
- ✦ Press releases: financial results, confidential information, qualifying interests in the share capital of the Company;
- ✦ Business presentations to investors and market analysts.

From the beginning of 2009 onwards, the minutes of the General Meetings and statistical information on the attendance of shareholders

at the General Meetings are also made available for consultation within five working days of the holding of the Annual General Meeting.

Contact information:

This Department can be reached by telephone at +351 22 747 54 00, by fax +351 22 747 54 07 or by e-mail at corticeira.amorim@amorim.com.

57. Investor Relations Officer.

The Investor Relations Officer of Corticeira Amorim is Ana Negrais de Matos (CFA).

58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years.

The response rate to requests for information is 100%. The reply is provided, on average, within 24 hours (working days), except for highly complex cases (average response time of five working days) that require consultation with external resources to the Company and are, therefore, dependent on the deadlines for the reply from such resources. These cases accounted for less than 5% of total requests for information in 2018. There were no pending replies at the end of the year.

V. WEBSITE

59. Address.

Corticeira Amorim provides a vast range of information on its website www.corticeiraamorim.com about its corporate structure, business activity and the development of its business.

60. Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies' Code is available.

<https://www.amorim.com/en/for-investors/institutional-informations/legal-structure/>

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

Articles of Association:
<https://www.amorim.com/en/for-investors/institutional-informations/legal-structure/>

Rules of procedure of the Supervisory Board:

<https://www.amorim.com/en/for-investors/institutional-informations/board-members/>

62. Place where information is available on the names of the corporate boards' members, the Investor Relations Officer, the Office of Investor Assistance or comparable structure, respective functions and contact details.

Holders of corporate positions:

<https://www.amorim.com/en/for-investors/institutional-informations/board-members/>

Investor Relations Officer:

<https://www.amorim.com/en/for-investors/institutional-informations/>

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

<https://www.amorim.com/en/for-investors/institutional-informations/>

63. Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements.

Accounting reports:

<https://www.amorim.com/en/for-investors/results/>
<http://www.amorim.com/investidores/resultados/>

Half-yearly calendar of company events:

<https://www.amorim.com/en/for-investors/calendar-of-events/>

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

<https://www.amorim.com/en/for-investors/institutional-informations/general-annual-meeting/>

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available.

<https://www.amorim.com/en/for-investors/institutional-informations/general-annual-meeting/>



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.

The Shareholders' General Meeting, held on 7 April 2017, elected the Remuneration Committee for the current term of office (2017-2019):

Chairman: José Manuel Ferreira Rios

Member: Jorge Alberto Guedes Peixoto

Member: Abdul Rehman Omarmiã Mangá

End of term in office:

31 December 2019, remaining in office until a new election pursuant to law.

The Remuneration Committee may decide to hire consulting services that it deems appropriate and suitable for the full exercise of its functions, and must ensure that the selection of the respective providers obeys criteria of competence and independence. In the financial year under review no natural or legal person was hired to assist the Remuneration Committee.

The Remuneration Committee met five times in 2018. The global attendance rate was 100%.

It is the responsibility of this Committee to present the Remuneration Policy to be submitted to the General Shareholders' Meeting regarding the remuneration to be paid to members of the Presiding Board of General Meeting, for the Supervisory Board and for the Statutory Auditor. It is also responsible for deciding on the remuneration of each director, which directors' remuneration consists of profit sharing as well as the percentage attributable to each of these.

The members of Corticeira Amorim's Remuneration Committee should not be formally considered independent from the Board of Directors. However, it is generally believed – particularly by the Annual General Meeting which elected the Committee members – that they have adequate technical skills, practical experience and balanced personality to enable them to fully and effectively discharge their role.

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee.

Members of the Remuneration Committee were selected on the basis of their wide experience in managing human resources, monitoring and benchmarking other companies' remuneration policies and their knowledge in terms of best remuneration practices and labour law.

Professional qualifications of each member of the Remuneration Committee and other important curricular information:

José Manuel Ferreira Rios (Chairman):

Graduated with a Bachelor's Degree in Economics from the Faculty of Economics of Porto. Property Damage Claims Specialist Course Investmark Holdings, B.V.(2016) and frequents various courses on Safety and Human Resources. Has performed since 1975 Management positions in various companies, including, among others, leadership in human resources departments, with extensive experience in human resource management, definition of analysis metrics and performance evaluation.

Currently also holds the titles of Chairman of the General Meeting of the Portuguese Cork Association (APCOR); member of the Supervisory Committee of the Cork Technology Centre (CINCORK) and member of the Board Directors of the Fundação Terras de Santa Maria.

Gender: Male | Age: 69

Jorge Alberto Guedes Peixoto (Member):

Graduated with a Bachelor's Degree in Economics from the Faculty of Economics of Porto.

Started working in 1969, as an accountant. He has worked at the Amorim Group since 1970, as an accountant, CFO, general BU manager and director at several companies.

Experience in the management of human resources and remuneration practices, which comes from the numerous positions held.

Gender: Male | Age: 67

Abdul Rehman Omarmiã Mangá (Member):

Bachelor of Accounting from the Commercial Institute of Lourenço Marques, Mozambique. He worked as the managing director of the Cervejeiro Moçambicano Group and general director of the Footwear Units after the independence of Mozambique, with direct responsibility for the management of Human Resources. Managing Director of Ormac – Organização, Máquinas e Artigos para Calçado, SA, also in charge of Human Resources.

Since June 1988, he has been the administrative director and person in charge of human resources at Amorim Investimentos e Participações, SGPS, SA.

Gender: Male | Age: 70

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 13 April 2018 approved the following remuneration policy:

1. The remuneration of the **Members of the Presiding Board of the General Meeting and of the Supervisory Board** is in the form of an attendance fee. This is established for the entire term of office, considering the characteristics of the Company and market practices;
2. The remuneration of the **Statutory Auditor** is in the form of a provision of services. This is established annually, considering the characteristics of the Company and market practices;
3. The **Members of the Board of Directors** shall be paid adequate remuneration taking into account:
 - ✗ the individual remuneration package agreed upon between the Company and each Director;
 - ✗ observance of the principles of internal equity and external competitiveness, taking into account relevant information disclosed by the main Portuguese economic groups on their remuneration policies and practices;
 - ✗ whenever such is adequate and feasible, such remuneration shall primarily consist of a fixed pay (for executive and non-executive directors) plus a variable pay (for executive directors only) as performance-based premium;
 - ✗ The award of the variable pay component of remuneration referred to in the preceding paragraph shall be a bonus resulting from short term performance evaluation and from the contribution of the annual performance to medium / long term economic 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) in respect of a three-year period. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway.
 - ✗ the members of the Board of Directors are prohibited from concluding contracts with the Company or with its subsidiaries and/or companies in which it holds

an interest, which may mitigate the risk inherent to the variability of the remuneration as determined by the Company.

4. It is not the Company's policy to assign the following rights to the members of its governing bodies:
 - ✗ the allotment of shares and/or options to acquire shares or based on share price variation; or
 - ✗ any retirement benefit scheme.

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 13 April 2018 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 2018 financial year, all the members of the Board of Directors earned remunerations from Corticeira Amorim amounting to EUR 843,818.45:

- ✦ the executive members earned fixed remunerations amounting to EUR 551,168.45 (António Rios de Amorim: EUR 239,256.15; Nuno Filipe Vilela Barroca de Oliveira: EUR 169,256.15; Fernando José de Araújo dos Santos Almeida: EUR 142,656.15) 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 292,650.00 (António Rios de Amorim: EUR 120,500.00; Nuno Filipe Vilela Barroca de Oliveira: EUR 60,500.00; Fernando José de Araújo dos Santos Almeida: EUR 111,650.00);
- ✦ the non-executive members of this Board did not receive any remuneration for the performance of their roles on the Board of Directors of Corticeira Amorim.

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control. In the 2018 financial year none of the members of the Board of Directors earned remunerations from other associate or subsidiary companies included in the consolidated accounts of Corticeira Amorim.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

The variable component of the remuneration package for Directors is similar to a performance bonus and is contingent on the degree of compliance with the Company's strategic targets, goals and initiatives and its three-year priority action plan and annual variations. Of note for this purpose were, among others, the analysis of the development of the results and the level of compliance with the following strategic objectives: innovation, financial soundness, value creation, competitiveness and growth.

The amounts paid to the members of the Board of Directors pursuant to this section are detailed 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 2018.

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 2018 financial year, the members of the **Supervisory Board** earned as a whole remuneration amounting to EUR 36,000 (Manuel Carvalho Fernandes: EUR 12,000; Ana Paula Africano de Sousa e Silva: EUR 9,600; Eugénio Luís Lopes Franco Ferreira: 9600; Durval Ferreira Marques: EUR 4,800). Under the remuneration policy set out herein, the members of the Supervisory Board did not earn any variable remuneration.

82. Details of the remuneration in said year of the Chairman of the Presiding Board to the General Meeting.

The Chairman and the Secretary of the Board of the General Meeting earned total remuneration EUR 10,000 and EUR 3,000, 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 in normal market conditions. Business of significant value (transaction greater than EUR 1 million) or, by their nature, of particular relevance to the Company, is analysed by the Executive Committee and/or Board of Directors.

In accordance with the regulation on transactions with holders of qualifying holdings³ approved and in force since 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.

³ 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 10,346 million (2017: EUR 8,528 thousand). The transactions in the opposite direction amounted to EUR 138 thousand (2017: EUR 96,000).

The sales of Quinta Nova, S.A., a subsidiary of AMORIM - INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A., to the companies of the universe of Corticeira Amorim totalled EUR 48 thousand (2017: EUR 55 thousand). The transactions in the opposite direction amounted to EUR 161 thousand (2017: EUR 120 thousand).

Purchases of reproduction cork during the year from companies owned by the major indirect shareholders of Corticeira Amorim amounted to EUR 1,124 thousand (2017: EUR 1,430 thousand) corresponding to less than 2% of total purchases of the cork raw material.



PART II

CORPORATE GOVERNANCE ASSESSMENT



1.

DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

In matters of corporate governance Corticeira Amorim is governed by: (i) current Portuguese legislation, in particular the Portuguese Companies' Code, Portuguese Securities' Code and the regulations issued by the Portuguese Securities Market Commission (CMVM), which may all be accessed on the CMVM's website: www.cmvm.pt; (ii) its own articles of association, which are available on the Company's website at: <http://www.amorim.com/investidores/informacao-institucional/estruturas-juridica/>. It also welcomes the Corporate Governance Code issued by the Portuguese Institute of Corporate Governance (IPCG) and, although it is only a recommendatory framework, it is an important reference point of good practice, which is also available at www.cgov.pt.

In this report, Corticeira Amorim assesses its practices in relation to the aforementioned Corporate Governance Code on a 'comply or explain' basis. This report on Corticeira Amorim's corporate governance structures and practices is benchmarked against all legislation, regulations and recommendations to which our Company is subject.

2.

ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

CHAPTER I - GENERAL

1.1. Company Relations with Investors and Information

1.1.1. The company must establish mechanisms that adequately and precisely ensure the production, treatment and timely disclosure of information to its corporate bodies, shareholders, investors and other stakeholders, financial analysts and the market in general.

Complies. Sections 55., 56., 57. and 58.

1.2. Diversity in the composition and functioning of corporate bodies

1.2.1. Companies must establish criteria and requirements related to the profile of new members of the corporate bodies appropriate to the function to be performed. In addition to individual attributes (such as competence, independence, integrity, availability and experience), these profiles should consider diversity requirements, particularly to gender, which can contribute to improving the performance of the body and to the balance in its composition.

Complies. Part I - introduction to Chapter B., sections 19. and 26. (Board of Directors), and sections 33. and 36. (Supervisory Board), section 11. (Board of the General Meeting); sections 67. and 68. (Remuneration Committee).

1.2.2. The management and supervisory bodies and their internal committees must have internal regulations - in particular for the exercise of their duties, chairmanship, frequency of meetings, operation and framework of duties of their members - and detailed minutes of the respective meetings must be drawn up.

Complies partially.

As explained in sections 22. and 27., there is no formalised internal rules for the Board of Directors or the Executive Committee established from it. As referred to in these sections, these two bodies act in a legal, statutory and procedural framework which, as a whole, already establishes appropriate functioning rules conducive to the adoption of best practices, in order to safeguard the efficiency of the company and the creation of value for the shareholder.

The internal rules of the Supervisory Board exist and are available on the Company's website.

Detailed minutes of the meetings of these bodies are drawn up.

1.2.3. The internal rules of management and supervisory bodies and their internal committees must be fully disclosed on the website.

Adopted for the Supervisory Board (sections 22., 34. and 61.). There are no formalised internal rules for the other bodies, so they are not disclosed on the company's website.

1.2.4. The composition, number of annual meetings of the management and supervisory bodies and their internal committees shall be made public through the company's website.

Complies. Sections 17. and 23. (Board of Directors); sections 28. and 29. (Executive Committee); and sections 31. and 35. (Supervisory Board).

1.2.5. The company's internal rules must provide for the existence and operation of mechanisms for the detection and prevention of irregularities, as well as the adoption of a whistleblowing policy that guarantees adequate means for the communication and treatment of the same safeguarding the confidentiality of the information transmitted and the identity of the person who provided it, when this is requested.

Complies. Section 49.

1.3. Relations between the company bodies

1.3.1. The articles of association or other equivalent means adopted by the company must establish mechanisms to ensure that, within the limits of applicable legislation, the members of the management and supervisory bodies are permanently assured access to all information and employees of the company for performance evaluation, the status and the prospects for the development of the company including, in particular, the minutes, supporting documents for the decisions taken, notices and archives of meetings of the executive management body, without prejudice to access to any other documents or persons who may be asked to provide explanations.

Complies. Sections 21., 29. and 38.

1.3.2. Each body and committee of the company must ensure, in a timely and adequate manner, the flow of information, starting with

the respective notices and minutes, necessary for the performance of the legal and statutory powers of each of the remaining bodies and committees.

Complies. Sections 21. and 29.

1.4. Conflicts of Interest

1.4.1. The obligation for members of corporate bodies and committees to inform the respective body or committee in a timely manner of the facts that may constitute or cause a conflict between their interests and those of the company.

Complies. Sections 21. and 29.

1.4.2. Procedures must be adopted to ensure that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and clarifications requested by the body, the committee or its members.

Complies. Sections 21. and 29.

1.5. Related party transactions

1.5.1. The management body must define, with the prior and binding opinion of the supervisory body, the type, scope and minimum value, individual or aggregate, of related party transactions that: (i) require the prior approval of the management body (ii) and those that, because they are of a higher value, still require a prior favourable opinion from the supervisory body.

Complies. Section 38., 89., 90. and 91.

1.5.2. The management body must report to the supervisory board at least every six months on all the business covered by Recommendation 1.5.1.

The businesses covered by Recommendation 1.5.1. are communicated to the Supervisory Board on a quarterly basis. The value of these transactions is disclosed annually in the Corporate Governance Report (section 92.).

CHAPTER II - SHAREHOLDERS AND GENERAL MEETING

11.1. The company must not set an excessively large number of shares necessary to confer the right to a vote and should state in the governance report its option whenever it implies a deviation from the principle that each share corresponds to one vote.

Complies. Section 12.

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

Does not comply. Section 14.

As detailed in section 14., the Articles of Association of Corticeira Amorim enshrine a quorum for calling meetings to order/taking decisions that is greater than that established in law in the following situations:

- ✦ Restriction or withdrawal of pre-emption rights in share capital increases – the Company's articles of association require that the Annual General Meeting be attended by shareholders accounting for at least 50 per cent of the paid-up share capital (article 7);
- ✦ Removal of a director elected under the special provisions set out in article 392 of the Portuguese Companies' Code - in order that a resolution on this issue may be adopted, it is necessary that shareholders accounting for at least 20 per cent of the share capital shall not vote against the resolution to remove a Director from office (article 17);
- ✦ In order that resolutions may be passed at an Annual General Meeting convened by shareholders, the meeting shall be attended by members holding shares equivalent to the minimum amount required by law to justify the calling of such a meeting (article 22);

- ✘ Change in the composition of the Board of Directors – this resolution must be approved by shareholders accounting for at least two-thirds of the share capital (article 24);
- ✘ Winding-up of the Company – this resolution must be approved by shareholders accounting for at least 85 per cent of the paid-up share capital (article 33).

Therefore, non-compliance with this Recommendation and the requirement of a higher quorum than that provided for by the Portuguese Companies' Code gives shareholders - particularly small or minority shareholders - an important role in a number of decisions that can have significant impact on corporate life (winding-up), corporate governance model (removal of a Director proposed by minority shareholders and change in the composition of the Board of Directors), ownership rights of shareholders (restriction or abolition of shareholders' pre-emptive subscription rights in share capital increases) and an appropriate participation in Annual General Meetings convened by shareholders.

Thus, we are of the opinion that keeping these conditions will contribute to enhance and protect shareholders' rights and role in respect of significant corporate governance matters – values that the Corporate Governance Code seeks to protect.

II.3. The company must implement adequate means to exercise the right to vote by mail, including by electronic means.

Partially adopted (section 12.).

Voting by mail (postal ballot) is permitted. The votes addressed to the Chairman of the Board of the General Meeting must be received at the Company's headquarters on or before six pm of the third business day prior to the day set for the General Meeting and under the other conditions expressly announced in each Notice of General Meeting. The presence of the shareholder at the General Meeting revokes any vote it may have sent by mail.

Corticeira Amorim's Articles of Association allow electronic voting, provided that there are adequate technical resources available to enable checking the validity of electronic votes and ensuring their data integrity and confidentiality. If the Chairman of the Board of the General Meeting decides that the technical requirements for voting by electronic means are met, such information shall be included in the Notice calling the meeting. Such requirements were not met in 2018.

II.4. The company must implement adequate means for the participation of shareholders in the meeting by telematic means.

Does not comply. The Articles of Association of Corticeira Amorim do not allow taking part in the General Shareholders' Meeting by telematic means.

II.5. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or jointly with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.

Complies. Section 5. and 13.

II.6. Measures that determine the payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair financial interests in the free transfer of shares and free assessment by shareholders of the performance of the directors shall not be adopted .

Complies. The Company has not entered into any agreements that determine payments or the assumption of charges by the Company in the event of a change of control or change in the composition of the Board of Directors, except for the normal "change of ownership" clauses included in certain financing agreements entered into in the ordinary financing of operations. No measures have been implemented

specifically targeting the effects described in this recommendation. Sections 4. and 84.

CHAPTER III - NON-EXECUTIVE MANAGEMENT AND SUPERVISION

III.1. Without prejudice to the legal duties of the chairman of the board of directors, if he is not independent, the independent directors must designate a lead independent director from among them, namely: (i) acting as liaison with the chairman of the board of directors and other managers, (ii) ensure that they have all the necessary conditions and means to carry out their duties; and (iii) coordinate them in the evaluation of performance by the management body provided for in recommendation V.1.1.

Does not comply. There are no independent directors, which prevents the adoption of the practice in the precise terms in which it is advocated.

However, it is considered that the objectives are fully taken care of (i) by the careful and collegial performance of the Board of Directors, both in its monthly meetings where all relevant issues for company are discussed with the presence of its chairman (attendance record: 100%); (ii) the implemented system ensures, on the one hand, the timely reporting of the Executive Committee to all members of the Board of Directors and, on the other hand, the preparation of meetings of the Board of Directors, scheduling them in advance and circulating the agenda of the same and respective supporting documents with the necessary advance for study and questions; (iii) the evaluation is done collegially, by all the members that make up the Board of Directors.

III.2. The number of non-executive members of the management body as well as the number of members of the supervisory board and the number of members of the committee for financial matters should be appropriate to the size of the company and the complexity of the risks inherent in its activity, but sufficient to efficiently ensure the tasks entrusted to them.

Complies. Section 18. (Board of Directors), and section 31. (Supervisory Board).

III.3. In any case, the number of non-executive directors must be higher than that of executive directors.

Does not comply. Section 18. Although the number of non-executive directors is equal to the number of executive directors, they are considered to perform their responsibilities fully and efficiently.

III.4. Each company must include a number not less than one-third but always plural, of non-executive directors who meet the requirements of independence. For the purposes of this recommendation, a person who is not associated with any specific interest group in the company nor is it likely under any circumstance to affect his or her exemption in terms of analysis or decision-making, shall be considered independent, in particular by virtue of:

- i. Having exercised for more than twelve years, on a continuous or interim basis, roles in any corporate body;
- ii. Having been a worker of the company or company with which it is in a control or group relationship in the last three years;
- iii. Having, in the past three years, provided services or established a significant business relationship with the company or company with which it is in a control or group relationship, whether directly or as a shareholder, director, manager or leader of a legal person;
- iv. Being the beneficiary of remuneration paid by the company or company with which it is in a control or group relationship, beyond the remuneration resulting from the exercise of the role of director;
- v. Living in a common-law union or being the spouse, relative or similar relationship in a straight line and up to the 3rd degree, inclusive, in a collateral line, of directors of the company, of directors of legal persons directly or indirectly holding qualifying holdings, or of directors of natural persons directly or indirectly holding qualifying holdings;

- vi. Being the holder of a qualifying holding or representative of a shareholder having qualifying holdings.

Does not comply. Sections 18. and 20.

Although there are no independent directors, non-executive directors have a wide and diversified academic and professional experience, as well as high standards of ethics and professional conduct that give added guarantees of performance in the pursuit of the greater interest of the company and shareholders in general, to the detriment of private interests.

The existence of clear and mandatory internal rules governing transactions between related parties as well as the obligation to abstain from decisions in which they may have a particular interest, make it impossible for them to act for their own benefit, thus ensuring impartial professional activity.

III.5. The provisions of paragraph (i) of recommendation III.4 shall not preclude the qualification of a new director as independent if at least three years have elapsed between the termination of duties in any company body and the appointment to the new role (cooling-off period).

Not applicable.

III.6. Non-executive directors must participate in the definition by the management body of the strategy, main policies, corporate structure and decisions that should be considered strategic to the company by virtue of their amount or risk, as well as in evaluating their compliance.

Complies. Chapter 12 of the Consolidated Management Report (Activity by non-executive members of the Board of Directors of Corticeira Amorim); sections 9. (Non-delegable duties and powers of the Board of Directors) (Structure and business management)

III.7. The general and supervisory board must, within the framework of its legal and statutory powers, collaborate with the executive board of directors in defining the strategy, main policies, corporate structure and decisions that should be considered strategic for the company, due to the amounts or risk, as well as assessing compliance with these.

Not applicable. The model adopted by Corticeira Amorim does not include this body, as described in section 15.; the powers to define policy and strategies under this recommendation are powers that cannot be delegated by the Board of Directors. The Supervisory Board and the Statutory Auditor have supervisory powers, with the specific nature arising from the scope of the respective activity.

III.8. In compliance with the powers conferred upon it by law, the supervisory body shall, in particular, monitor, evaluate and issue its decision on the strategic guidelines and risk policy defined by the management body.

Complies. Section 38.

III.9. The companies must establish specialised internal committees that are appropriate to their size and complexity, covering, separately or cumulatively, matters of corporate governance, remuneration and performance appraisal, and appointments.

Partially adopted. There is no Corporate Governance Committee or an Appointments' Committee, matters that, given the size of the Company, are dealt with at the Board of Directors and Executive Committee level. Sections 27. and 29.

III.10. The risk management, internal control and internal audit systems must be structured in terms appropriate to the size of the company and the complexity of the risks inherent to its activity.

Complies. Section III - Internal Control and Risk Management of Chapter C - Internal Organisation.

III.11. The supervisory body and the financial matters committees must oversee the effectiveness of systems and risk management, internal control and internal audit, and propose any adjustments that may prove necessary.

Complies. Sections 38. and 54.

III.12. The supervisory body must issue its opinion on the work plans and resources concerning the internal control services, including control of compliance with the standards applying to the company (compliance services) and internal audit services, and shall be the addressees of the reports made by such services, at least in the case of matters relating to the rendering of accounts, the identification of or settling of conflicts of interest and the detection of potential irregularities.

Complies. Sections 37. and 38.

CHAPTER IV - EXECUTIVE MANAGEMENT

IV.1. The management body must approve, through internal regulations or through equivalent means, the performance scheme for executives and the exercise by them of executive duties in entities outside the group.

Does not comply. Although there are no internal rules formalised in the terms foreseen in this recommendation: (i) there is the formal delegation of duties of the Board of Directors to the Executive Committee which, together with the legislation in force, already establish a scheme for performance of the members of the Executive Committee, and (ii) there are clear and generally observed internal rules for the Board of Directors to have information on possible corporate positions, executive or not, in entities not related to the Corticeira Amorim Group.

IV.2. The management body must ensure that the company acts in accordance with its objectives and must not delegate powers as regards the following: i) definition of the strategy and the general policies of the company, ii) organisation and coordination of the business structure; (iii) matters which are to be considered strategic in view of their amount, risk or special characteristics.

Complies. Section 21.

IV.3. The management body must set risk-taking objectives and ensure that they are pursued.

Complies.

IV.4. The supervisory body must be internally organised, implementing periodic control mechanisms and procedures to ensure that the risks effectively incurred by the company are consistent with the objectives set by the management body.

Complies.

CHAPTER V - PERFORMANCE ASSESSMENT, REMUNERATION AND APPOINTMENTS

V.1 Annual Performance Assessment

V.1.1. The management body must annually assess its performance, as well as the performance of its committees and delegated directors, taking into account compliance with the company's strategic plan and budget, risk management, internal operations and the contribution of each member to that end, and the relationship between the bodies and committees of the company.

Complies. Chapter 17. of the Consolidated Management Report.

V.1.2. The supervisory body must supervise the management of the company and, in particular, annually assess compliance with the company's strategic plan and budget, risk management, the internal functioning of the management body and its committees, as well as the relationship between the company's bodies and committees.

Complies. Section 24., 25. Section 38.

V.2 Remunerations

V.2.1. The remunerations shall be determined by a committee whose composition ensures its independence from the management.

Partially adopted. Sections 66., 67. and 68.

V.2.2. The Remuneration Committee shall, at the beginning of each term of office, annually approve and confirm the remuneration policy for the members of the company's corporate bodies and committees. Accordingly, it shall establish the fixed components and, for

executive directors or directors who sporadically conduct executive duties, and if there is a variable component of remuneration, the respective allocation and measurement criteria, the mechanisms of limitation, the mechanisms for deferring payment of the remuneration and the remuneration mechanisms based on the company's own options or shares.

Complies. Sections 69., 70., 71., 72., 77. and 79.

V.2.3. The statement on the remuneration policy for the members of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June, shall also contain:

- i. The total remuneration broken down by the different components, the relative proportion of fixed remuneration and variable remuneration, an explanation of how total remuneration complies with the remuneration policy adopted, including how it contributes to the long-term performance of the company, and information on how the performance criteria have been applied;
- ii. Remuneration from companies belonging to the same group;
- iii. The number of shares and stock options granted or offered, and the main conditions for the exercise of rights, including the price and date of such exercise and any change in those conditions;
- iv. Information on the possibility of requesting the re-establishment of variable remuneration;
- v. information on any departure from the procedure for the implementation of the approved remuneration policy, including an explanation of the nature of the exceptional circumstances and an indication of the specific elements subject to derogation;
- vi. Information regarding the enforceability or unenforceability of payments for the termination of appointment of board members.

Does not comply.

However, although the information referred to in this recommendation has not been included in the statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law no. 28/2009 of 19 June - as it is a statement on remuneration policy and not on the remuneration actually awarded, Corticeira Amorim considers that the provision of this information through the Corporate Governance Report (Section IV of Chapter D. Remuneration) is an alternative way of complying with this recommendation since the information is made available to the Shareholders' General Meeting.

V.2.4. For each term of office, the remuneration committee shall also approve the pension scheme of directors if the articles of association permit such, and the maximum amount of any compensation to be paid to the member of any body or committee of the company by virtue of the termination of their duties.

Not applicable. Pursuant to the statement on remuneration policy approved at the Shareholders' General Meeting, based on proposal of the Remuneration Committee, it is not the Company's policy to assign retirement benefit systems to the members of its corporate bodies.

V.2.5. In order to provide information or clarification to the shareholders, the chairman or, in his/her absence, another member of the remuneration committee, shall be present at the annual general meeting and any other meetings if the respective agenda includes matters concerning the remuneration of the members of the corporate bodies and committees, or if such presence has been requested by shareholders.

Complies. It is standard practice for the Remuneration Committee to be represented at the General Meetings.

V.2.6. The remuneration committee must be free to decide, within the budgetary constraints of the company, on the contracting by the company of the consultancy services necessary or convenient for the performance of its duties. The Remuneration Committee shall ensure that the services are provided independently and that

the respective providers will not be hired for the provision of any other services to the company itself or to other companies that are in a control or group relationship without the express authorisation of that Committee.

Complies. Section 67.

V.3 Remuneration of Directors

V.3.1. In view of the alignment of interests between the company and executive directors, a portion of their remuneration should be of a variable nature that reflects the sustained performance of the company and does not encourage excessive risk-taking.

Complies. Sections 69., 70. and 71.

V.3.2. A significant part of the variable component must be partially deferred over time for a period of not less than three years, associating it with the confirmation of the sustainability of the performance, in the terms defined in the company's internal rules.

Complies. Sections 69. and 72.

V.3.4. When the variable remuneration includes options or other instruments directly or indirectly dependent on the value of shares, the beginning of the exercise period shall be deferred for a period not less than three years.

Not applicable. Pursuant to the statement on remuneration policy approved at the Shareholders' General Meeting, based on proposal of the Remuneration Committee, it is not the Company's policy to assign shares and/or stock option systems to the members of its corporate bodies, based on stock price changes.

V.3.5. The remuneration of non-executive directors shall not include any component whose value depends on the performance of the company or its value.

Complies. Sections 77. and 78.

V.3.6. The company must be equipped with the appropriate legal instruments so that the termination of duties before the term of office does not directly or indirectly give rise to the payment to the director of any amounts other than those provided by law. It must explain the legal instruments adopted in the company's governance report.

Complies. Sections 83. and 84.

V.4. Appointments

V.4.1. The company must, under such terms as it deems appropriate, but perfectly demonstrable, ensure that proposals for the election of members of corporate bodies are accompanied by a statement of the adequacy of the profile, knowledge and curriculum of each candidate for the role.

Complies. The proposals to the Shareholders' General Meeting for the election of the members of the corporate bodies are accompanied by the academic and professional curriculum of each of the candidates, indicating their academic and professional competences, their professional career and relevant positions held or in currently being held.

V.4.2. Unless the size of the company does not justify it, the role of monitoring and supporting appointments of senior management must be attributed to an appointments committee.

Does not comply. In Corticeira Amorim the role of monitoring and supporting the appointment of senior managers is carried out by the Human Resources Department.

V.4.3. This committee includes a majority of independent non-executive members.

Not applicable. There is no Appointments Committee.

V.4.4. The Appointments Committee shall make its terms of reference available and shall, to the extent of its competences, induce transparent selection procedures that include effective mechanisms for identifying potential candidates, and that those proposed have the greatest merit, are most adequate to the demands

of the function and promote, within the organisation, adequate diversity including in terms of gender.

Although there is no Appointments Committee as stated in V.4.2., in Corticeira Amorim there is a set of internally established procedures that advocate and enable:

- ✦ The timely and adequate identification of the profiles required/compatible with a given management role;
- ✦ The conduct of the selection processes is based on the adequacy of the profile with a view to the function to be performed and criteria of professional merit;
- ✦ The appointment of senior management abides by the diversity policy of Corticeira Amorim (Introduction to Section B. Part I of this report).

CHAPTER VI - RISK MANAGEMENT

VI.1. The management body must discuss and approve the company's strategic plan and risk policy, including the definition of acceptable levels of risk.

Complies. Section 54.

VI.2. The company must establish a risk management system based on its risk policy, identifying

- i. the main risks to which it is subject in the performance of its business activity,
- ii. the probability of their occurrence and the respective impact,
- iii. the instruments and measures to be adopted with a view to their mitigation,
- iv. the monitoring procedures, with a view to their monitoring and
- v. the oversight procedure, periodic evaluation and adjustment of the system.

Complies. Section 54.

VI.3. The company must annually evaluate the degree of internal compliance and the performance of the risk management system, as well as the perspective of changing the previously defined risk framework.

Complies. Section 54.

CHAPTER VII — FINANCIAL INFORMATION

VII.1 Financial information

VII.1.1. The internal rules of the supervisory body must establish that it supervises the adequacy of the preparation and disclosure of financial information by the management body, including the adequacy of accounting policies, estimates, judgments, relevant disclosures and their consistent application between financial periods, duly documented and communicated.

Complies. Section 38.

VII.2 Statutory audit and supervision

VII.2.1. The supervisory body must define the following by means of internal rules:

- i. The criteria and selection process of the statutory auditor;
- ii. The company's communication methodology with the statutory auditor;
- iii. Supervisory procedures designed to ensure the independence of the statutory auditor;
- iv. Non-audit services that cannot be provided by the statutory auditor.

Complies. The Supervisory Board has established an internal procedure that covers these matters.

VII.2.2. The supervisory body must be the main liaison with the statutory auditor of the company's accounts and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.

Complies.

It is the responsibility of the Supervisory Board to propose the Statutory Auditor and the respective remuneration, within the framework of the Remuneration Policy approved at the Shareholders' Meeting.

VII.2.3. The supervisory board must annually assess the work performed by the statutory auditor, its independence and suitability for the performance of the functions and propose to the competent body its dismissal or termination of the contract as to the provision of the services when there is a valid basis for said dismissal.

Complies. Sections 38.

VII.2.4. The statutory auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body.

Complies. Section 39. The Statutory Auditor is responsible, within the scope of its duties, for carrying out all the exams and verifications deemed necessary to the audit and legal certification of the company's accounts.

VII.2.5. The statutory auditor must cooperate with the supervisory body and must immediately provide it with information on any significant irregularities concerning the performance of the role of the supervisory body which it has detected and any difficulties encountered in the performance of its duties.

Complies. Section 38.

Mozelos, 15 February 2019

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



These unique forests, filled with exceptionally resistant trees, are living ambassadors of sustainability.



04

Sustainability
Report

MESSAGE FROM THE DIRECTOR OF SUSTAINABILITY

Dear Stakeholder,

Global megatrends, such as climate change, scarcity of resources, population growth, acceleration of urbanisation, changes in global economic power and technological advances, are changing the way that organisations, industries and society interact. Corticeira Amorim is no exception.

In this ever-changing world, our choices and actions must increasingly be aligned with the actual capacities of Planet Earth, our common home, and the absolute necessity to promote global sustainable and inclusive development, eradicating the abysmal asymmetries that currently exist.

At Corticeira Amorim we have always assumed a firm commitment to developing resource-efficient products and solutions, produced in a sustainable manner and based on a sustainable raw material – cork. But we always want to go further. There are research, development and innovation projects that allow us to offer a portfolio of products and solutions that achieve their functions in an irreproachable way, offering incomparable advantages: they reduce the carbon footprint of the final product, save energy or water, clean the environment, improve indoor air quality, and foster well-being and comfort.

We therefore believe that our efforts contribute to the Agenda 2030 and to the United Nations' Sustainable Development Goals (SDG).

One of the key highlights of 2018 was the confirmation of the sustainability credentials of the *Neutrocork* stopper, a latest generation cork stopper, which guarantees excellent quality with a significant positive impact on the environment. And also WISE, the first generation of Amorim-branded flooring, that is a totally PVC-free, a carbon-negative product that incorporates cork and recycled materials.

Over the past year, following an unprecedented stakeholders consultation process, we reviewed our sustainable development strategy and identified priority targets aligned with the SDGs. We underscored our contribution to integrating the values of ecosystems and biodiversity through the ongoing Forestry Intervention Project that over the coming years will foster, the planting of 50 thousand hectares of cork oak forest, with greater density and productivity than the traditional *montado* (cork oak forest); and to protect labour rights and promote safe and secure workplaces we set the objective to reduce the number of work-related accidents by 2020.



This is a one-way journey. Overcoming challenges, innovating, exploring new ways of achieving more with less, influencing our value chain by setting an example, promoting the well-being of communities, create value in harmony with nature, make our work fascinating and rewarding.

This is the work of a vast team – almost 4,500 employees all over the world – who invest their skills and enthusiasm in this mission. We would like to express our sincere gratitude to everyone.

Also, a word of thanks is due to all our stakeholders for their collaboration and trust during 2018.

Cordially,

Cristina Rios de Amorim

Board Member and Director of Sustainability



1

ABOUT THE SUSTAINABILITY REPORT

Corticeira Amorim has regularly published a sustainability report since 2006 – an unprecedented practice in the cork sector – promoting transparency, improving practices and fostering the adoption of the principles of sustainability both in its value chain and among its principal stakeholders. In 2017, we once again began to produce an annual sustainability report, included in the Consolidated Annual Report, thereby increasing the dissemination of this information to a wider number of stakeholders.

This current report, generically entitled the 2018 Sustainability Report, details the economic, social and environmental performance of the Corticeira Amorim in 2018 (perimeter indicated below). It has been drawn up in accordance with the latest GRI guidelines – GRI Standards 2016 for the core level and meets the legal requirements introduced by Portugal’s Decree-Law no. 89/2017 of July 28, being, under article 508-G of the Commercial Companies Code, a Consolidated Non-Financial Statement of Corticeira Amorim, SGPS, S.A..

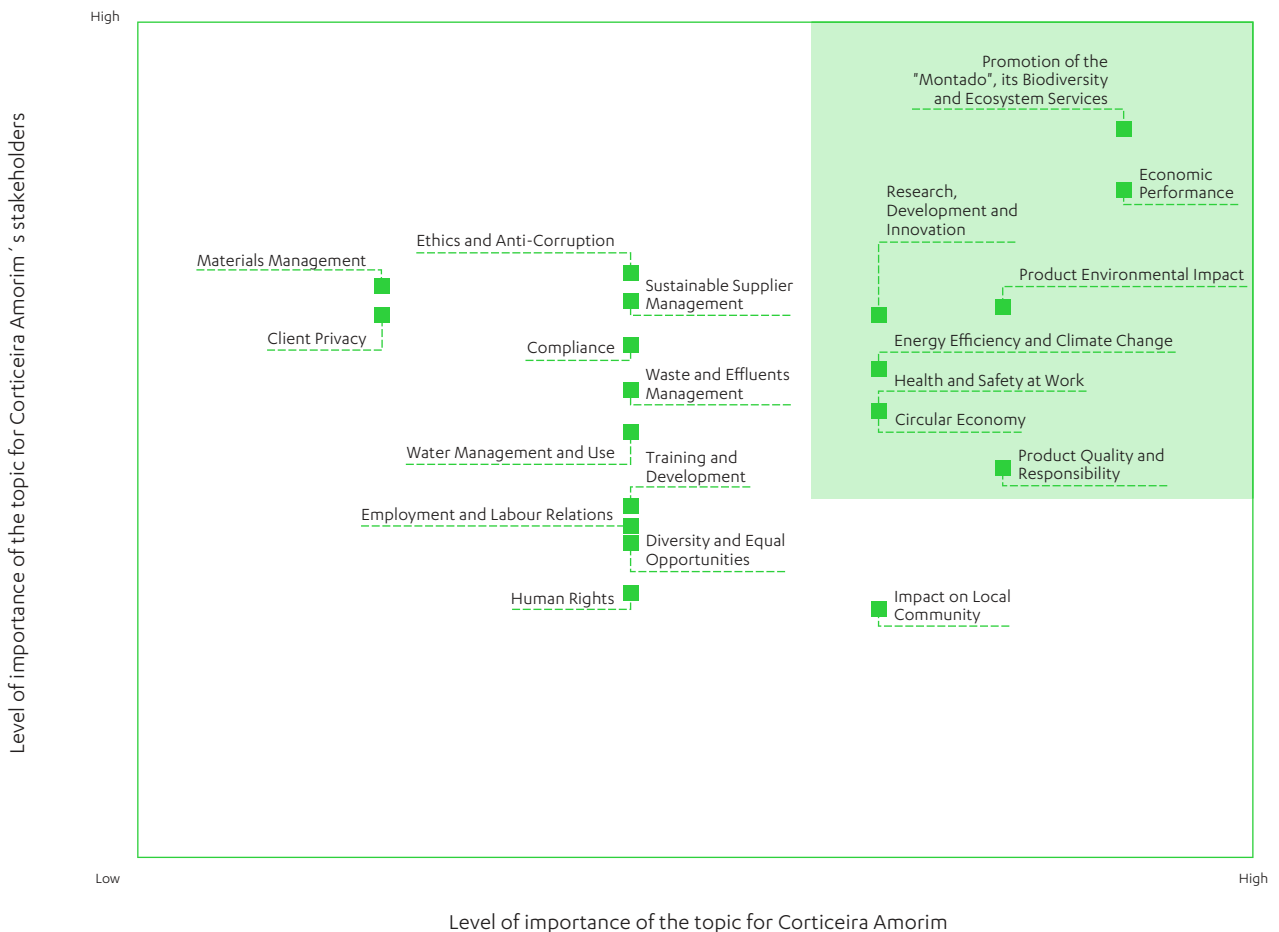
Key indicators from previous years are included, where possible, appropriate and relevant, to provide stakeholders with a perspective of the company’s development.

The content of this report is complemented by publically accessible information contained in the Group’s Consolidated Management Report, the Corporate Governance Report and on the company website – www.amorim.com.

In 2018, Corticeira Amorim implemented a stakeholder consultation process, which made it possible to identify the sustainability issues that stakeholders consider to be relevant in the framework of the Organisation’s activities.

Combining the importance that various sustainability themes have for stakeholders and for Corticeira Amorim, a matrix was built illustrating the materiality of the various themes of the social, environmental and economic pillars, which served as the basis for the selection of information to be considered in this report.

Materiality Matrix – Corticeira Amorim



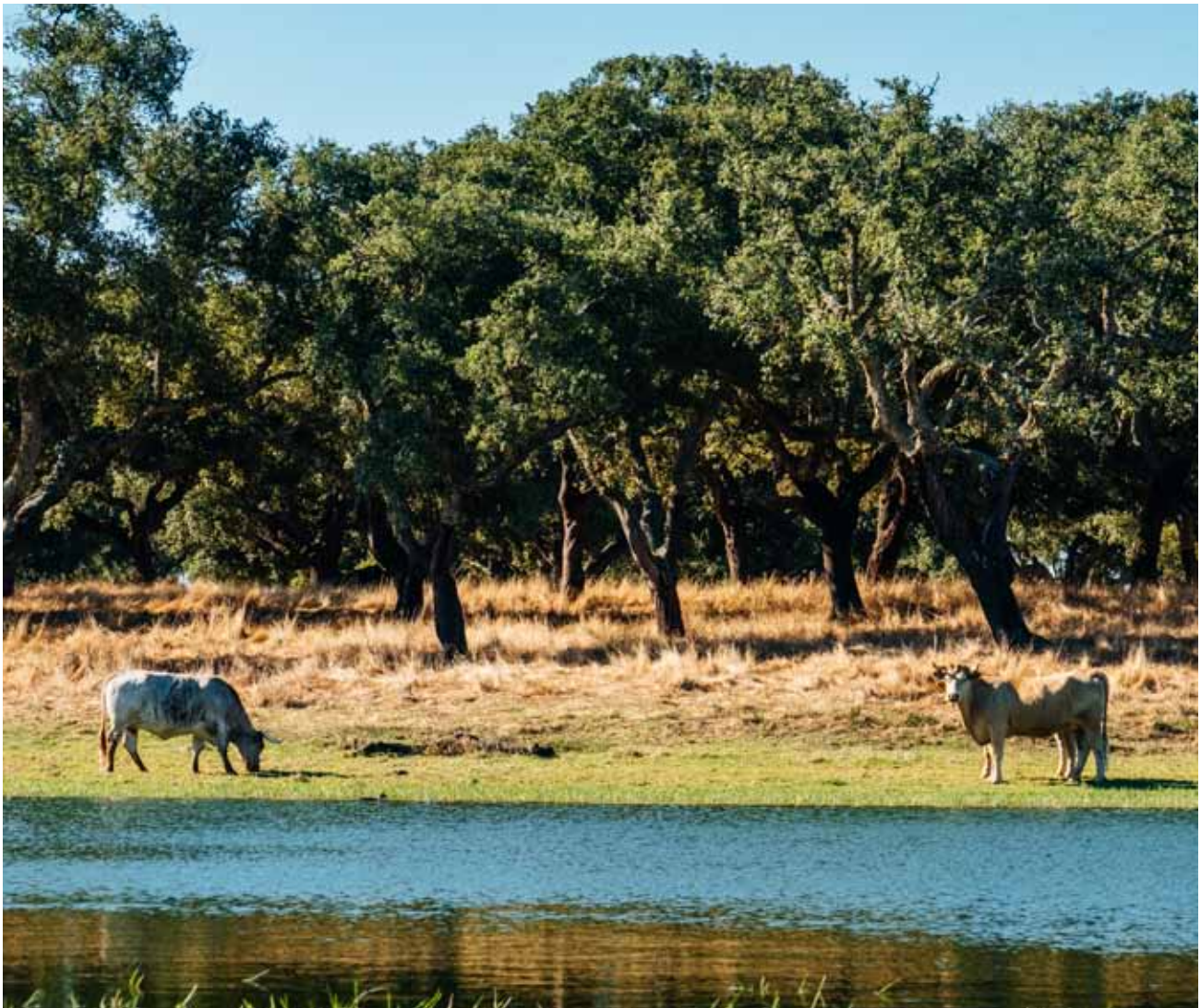
The process showed that the most significant topics for Corticeira Amorim and its stakeholders are: Promotion of the *Montado*, its *Biodiversity and Ecosystem Services*; Economic Performance; Research, Development and Innovation; Energy Efficiency and Climate Change; Health and Safety at Work; Circular Economy; Product Environmental Impact (including the topic of Product Quality and Responsibility). In view of its importance for the Organisation, the topic of Training and Development was also considered to be relevant for the purposes of this report.

The criterion adopted to define the universe of companies covered by this report was to include all units that generate significant impacts in regard to the areas referred to above. The scope of the report therefore does not include all the companies in the Corticeira Amorim group, largely due to the difficulty of implementing sustainability information systems in smaller companies. A plan for its gradual inclusion is underway. The companies covered include 86% of the Corticeira Amorim group's industrial units and corresponded to 74% of its employees at the end of 2018.

The methodologies used to calculate indicators, used in addition to the GRI Standards Guidelines 2016, are explained in chapter 7. Methodological Notes. Whenever the reported data does not refer to all the companies covered, the area covered considered is indicated. Similarly, whenever the reported data are derived from estimates, the basis on which these estimates are calculated is presented.

Validation of the sustainability information included in this report was conducted by Ernst & Young Audit & Associados, SROC, S.A..

This document is available at <https://www.amorim.com/en/sustainability/sustainability-reports/>. Clarifications can be requested from Corticeira Amorim using the email address: natural.choice@corticeira.amorim.com.



2

CORTICEIRA AMORIM

2.1. ORGANISATIONAL PROFILE

2.1.1. Identification

Corticeira Amorim, SGPS, S.A. is a holding company with its registered office in Mozelos, Santa Maria da Feira. The shares that represent its share capital currently amount to €133 million and are listed on Euronext Lisbon.

2.1.2. Operational Structure

Corticeira Amorim's operations are organised into five Business Units (BUs).

Corticeira Amorim adopts a management model based on a strategic-operational holding concept, where the BU are coordinated by Corticeira Amorim's Executive Board.

Each BU has its own Board of Directors, composed of non-executive members and executive members, which has the power to decide on all matters that are considered to be relevant. Each BU also has an Executive Board, which is composed of highly qualified, independent executives, who have suitable technical and professional skills to manage the respective business activities and the specific challenges associated to current and potential future activities. In the BU, executive management is the exclusive responsibility of independent professional managers. In other words, it is the CEO of the BU, rather than the Chairman of the Board of Directors who is responsible for executive management. In the case of the Cork Stoppers BU, given the complexity of the business, there are two independent professional Joint CEOs.

The use of the balanced scorecard method by Corticeira Amorim and its BUs enhances the strategic alignment of the whole organisation. It is the responsibility of Corticeira Amorim's Board of Directors to approve the objectives and strategic initiatives that (i) apply to the whole organisation, (ii) that are specific to Corticeira Amorim and (iii) of each BU in strict collaboration with the respective Executive Boards.

2.1.3. Main Products and Services

Corticeira Amorim is continually deepening its knowledge of cork as a raw material, through research, development and innovation of a vast portfolio of sustainable products and applications that anticipate market trends and exceed the expectations of some of the world's most demanding industries – such as wines and spirits, aerospace, construction, and interior design. Highlights include:

Cork Stoppers BU: world leader in the production and supply of cork stoppers with an annual production of 5,5 billion units. Its extensive portfolio of natural cork stoppers (for wine, sparkling wine and spirits) and its own distribution network place it in an unparalleled position to supply the ideal cork stopper for every wine segment and in any part of the world;

Floor and Wall Coverings BU: world leader in the production and distribution of cork flooring and wall coverings. In line with sustainability and nature-inspired values, the Floor and Wall Coverings BU produces high quality and sustainable flooring, thereby ensuring better quality of life, while preserving the environment. The use of a multi-layer structure, which combines the natural and exclusive properties of cork with state-of-the-art technology, has made it possible to develop superior floors, which offer unique benefits, such as greater acoustic and thermal insulation, greater walking comfort and superior indoor air quality;

Composite Cork BU: focuses on the production of granulated cork, agglomerates and cork composites. The natural properties of cork, enhanced by combination with other materials, result in the development of cutting-edge solutions for a wide range of business sectors including construction, footwear, aerospace, railways, electricity transformers and interior design, among others;

Insulation Cork BU: is dedicated to the production of insulation materials with excellent technical performance standards that are rigorously 100% natural. The unique characteristics of expanded cork agglomerate ensure a high level of thermal, acoustic and anti-vibration insulation – as well as practically unlimited durability – making it a material of choice for sustainable construction projects. Because of its tactile appeal, it is also being increasingly used in interior design.



2.1.4. Participation in Associations

The companies of the Corticeira Amorim group are members of the governing bodies, and participate actively in the discussions of several Portuguese and international associations and organisations of interest to its activities and the sustainable development of the countries where it operates. They include:

Organisation	Aim	Corticeira Amorim's Representative
	Cork sector business association that represents, promotes, disseminates and researches the Portuguese cork industry. http://www.apcor.pt	Vice-President of the Management Board and Chairman of the General Meeting's Board
	Business association that is a member of the world network of the WBCSD – World Business Council for Sustainable Development, the largest international organisation working in the field of sustainable development, with more than 200 associated companies in different countries and 68 independent organisations across five continents, which jointly represent over 20,000 companies and an international network of partnerships. https://www.bcsdportugal.org/	Vice-President of the Management Board
	A body that supports the competitiveness and technological advancement of forest-based industries with the aim of protecting forests and guaranteeing their future without neglecting ecological, social and economic issues. http://www.aiff.pt/	Secretary of the General Meeting's Board and Member of the Management Board
	A non-profit organisation whose purpose is to contribute to the production and dissemination of knowledge in the area of waste. It encourages action to enhance cooperation between entities operating in the waste sector by promoting and supporting the activities and projects of its associates that contribute to achieving the association's goals. http://www.smartwasteportugal.com/pt/	Member of the Management Board
	A body that brings together companies, municipalities, research and development centres, business associations and other entities that believe in sustainability as a rallying banner for innovation and competitiveness. http://www.centrohabitat.net/pt	Member of the Management Board
	Platform for all those involved in the area of research, technological development and innovation of the Spanish wine industry. http://www.ptvino.com	Member of the Technical Section
	The University of Minho initiative that brings together more than 80 researchers from diverse fields of knowledge, with the goal of finding solutions to the complex societal challenges associated with sustainability. http://ib-s.uminho.pt/	Member of the Strategy Board

2.2. PEOPLE AND CULTURE

Aware of its responsibility as a critical player in its area of activity, Corticeira Amorim fully assumes its leadership role, fostering the ambition to continuously develop new cork solutions that combine exceptional technical performance, a premium factor and unique sustainability credentials and that add value to the market when compared with more conventional solutions.

It is a source of pride to work with a natural raw material as versatile as the thousands of applications that cork gives rise to and, Corticeira Amorim believes, that it will continue to generate.

However, it is, in fact, the company's employees all around the world who support Corticeira Amorim's growth and innovation strategy. This is why the company advocates a people management policy that promotes ambition and challenge, commitment and demand, cooperation and working in partnership. Developing a work environment where transparent communication, internal equity and diversity of every kind are imperatives is the fundamental goal underpinning the company's policies and practices as they relate to people and work environments.

Corticeira Amorim believes that to go far, a group of women and men from different countries with different roles should all converge in a shared culture, in which identification with its products and its business is something that everyone can share.

This shared culture is based on:

Mission:

To add value to cork in a competitive, differentiating and innovative manner, in perfect harmony with Nature.

Values:

Pride – We take pride in the tradition of our business, in our Company history and in the knowledge that we have accumulated in the many years of work of different generations. We are proud to work with a raw material that comes from the earth that is sustainable, has an identity, and combines tradition, modernity and innovation.

Ambition – We take pleasure in what we do, we drive ourselves to do more and better, attracting new customers, new markets and new applications for cork.

Initiative – We find solutions for commitments and challenges, responding quickly, effectively and positively to different circumstances and contexts, always focused on the development of the business and the industry.

Sobriety – We celebrate victories and commemorate successes internally, favouring discretion in our relationship with the outside world, never forgetting that we must always learn more and continuously do better.

Attitude – We remain loyal to the company through good and bad times, via our effort, commitment and availability, giving our best and always respecting Colleagues, Customers, Suppliers, Shareholders and other stakeholders relevant to the sustainability of Corticeira Amorim.

2.3. PRINCIPLES AND POLICIES

Matters relating to the governance, risk and internal control of Corticeira Amorim are subject to wide and regular reflection within the organisation. Reflecting the professionalism and the ethics of its leaders and managers – as well as their culture – some aspects related to these issues are not formally set down in writing or publicly available.

While being convinced that the risks to which the Company's activity is subject are fully covered and the interests of its stakeholders safeguarded, the Company is aware of the increasing emphasis and scrutiny given to such matters and has begun a detailed analysis of its current practices. This analysis is underway and aims, wherever possible and appropriate, to give formal expression to these matters and to disseminate them.

The policies adopted by Corticeira Amorim reflect a set of commitments by the Company in the areas of ethics and economic, environmental and social responsibility. Together, they embody the responsibilities assumed by the different companies within the framework of a management model that advocates responsible competitiveness. Full details can be found at <https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/> and: <https://www.amorim.com/en/for-investors/institutional-informations/board-members/>.

2.3.1. Human Rights

Defending and respecting human rights is a fundamental practice for Corticeira Amorim. No cases of discrimination have been identified in any of the group's activities or operations, nor has any risk of child labour, forced or compulsory labour or restrictions on the freedom of association or freedom of unionisation been identified.

The work with Corticeira Amorim's chain of suppliers is carried out in accordance with institutional and legal structures. Working conditions in the supply chain satisfy the labour legislation in force in each region where Corticeira Amorim operates. Although no such risks have been identified in the company's activities or in the supply chain, Corticeira Amorim's aim is to continue adopting practices which distinguish it positively in terms of sustainable development and the safeguarding of human rights, promoting – by example and awareness-raising initiatives – these practices throughout the supply chain. Thus, Corticeira Amorim's methodology for the qualification and assessment of suppliers includes, among other means, the use of social responsibility indexes, as detailed in subchapter 2.4. Supply Chain, and at <https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system>.

2.3.2. Code of Ethics and Professional Conduct

Corticeira Amorim has formalised a Code of Ethics and Professional Conduct to guide the professional behaviour of all its employees. The Code is the subject of regular reflexion and revision, most recently in 2017. The Code currently covers 12 areas:

- ✦ Professional use of the company's assets;
- ✦ Privacy and confidentiality;
- ✦ Rules governing the use of information technology;
- ✦ Relations between employees;
- ✦ Community;
- ✦ Corruption/bribery;
- ✦ Customers and suppliers;
- ✦ Communication with the exterior;
- ✦ Corporate image;
- ✦ Industrial property;
- ✦ Data protection;
- ✦ Human rights/preventing harassment.

2.3.3. Corruption and Bribery

The identification and assessment of the risks of corruption and bribery in the markets where Corticeira Amorim operates is carried out jointly by the Executive Board and the BU' management teams, taking into account the specific characteristics of each market and is complemented by internal control process audits that assess the conformity of processes and identify inefficiencies.

Corticeira Amorim has defined a procedure for communicating irregularities and it is incumbent on the company's Statutory Audit Committee, a body composed entirely of independent members, to receive, in accordance with its operating regulations, any notice of irregularities (addressed to the Statutory Audit Committee and sent by post to the company's registered office) communicated by shareholders, employees or other persons or entities, and to deal with them appropriately. After analysing the irregularities communicated, it is also the committee's responsibility to suggest measures for preventing the occurrence of such irregularities.

No irregularities were communicated in the 2018 financial year. More information on this can be found in the Corporate Governance Report, chapter C. Internal Organisation, II. Communicating irregularities.

2.3.4. Management Systems

29 Industrial units / distribution with FSC certification in the chain of custody

5 Industrial units / distribution with certification ISO 50001

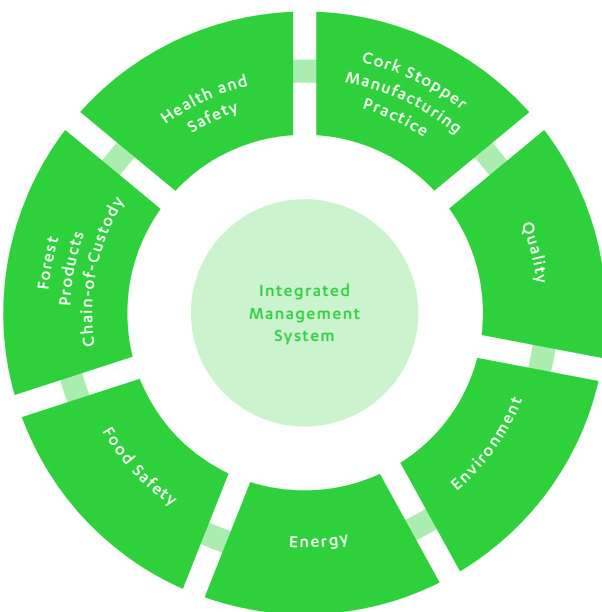
4 Industrial units / distribution with certification ISO 14001

1 Industrial unit with certification OHSAS ISO 18001

Corticeira Amorim's management system certifications are considered fundamental for ensuring the effective management of environmental and social issues and are geared towards achieving the company's strategic goals. The BUs are certified in different management systems appropriate to safeguarding against and mitigating the non-financial risks arising from their activities.

In 2018 this practice was reinforced through the renewal of the certifications of different management subsystems in the different companies and the beginning of the process for implementation of new certifications: an industrial unit for ISO 50001 certification; four industrial units for ISO 14001 certification; five industrial units for ISO 45001 certification.

Further information is available in the table in chapter 6 of the Consolidated Management Report, Approaching Sustainability.



2.3.5. Voluntary Commitments

Charter of Principles of the Business Council for Sustainable Development (BCSD Portugal)

BCSD Portugal is part of the world network of WBCSD – World Business Council for Sustainable Development. In Portugal it is the umbrella organisation of more than 90 leading companies that are actively committed to ensuring a smooth transition to sustainability. Corticeira Amorim subscribed in November 2017 to the Charter of Principles which sets out the fundamental principles of sustainability that subscribing companies voluntarily adopt, seeking to absorb them into their value chain and sphere of influence. The Charter also encourages subscribers to go beyond compliance with legal norms by adopting recognized norms and practices, aligned with ethical, social, environmental and quality standards, in any context of the global economy.

Like all subscribers to the Charter, Corticeira Amorim:

- ✦ recognises the importance of sharing information about sustainability with its stakeholders, giving answers and clarifying any doubts or concerns in the area of sustainability, thus contributing towards stressing the importance and relevance of adopting sustainable practices;
- ✦ considers the Charter to be an initiative that is applicable throughout the value chain and will seek to open a dialogue with its direct and relevant suppliers in order to encourage them to sign up to the Charter;
- ✦ commits itself to the ambitions set out in the United Nations' Sustainable Development Goals.

The Charter can be consulted at:

https://www.bcsdportugal.org/en/wp-content/uploads/2019/02/Carta_Principios_BCSDPortugal_ENG.pdf

Charter of Principles of the Porto Protocol

The Porto Protocol is a new movement, founded in Porto by Adrian Bridge, president of The Fladgate Partnership group, which began with over 96 companies to share and discuss solutions to tackle climate change and minimise its impacts. For the global launch of the initiative, the Climate Change Leadership Porto Summit 2018 was held in Porto, attended by countless personalities, including Barack Obama, former president of the USA, Mohan Munasinghe, 2007 nobel peace prize winner and Irina Bokova, general director of UNESCO. The summit focused on the issue of climate change and solutions to mitigate this problem. The Porto Protocol and its Charter of Principles were also presented during the summit. This movement aims to create synergies between companies committed to fighting climate change in the awareness that, by their example, they can influence other entities to support this cause. The members of the Porto Protocol undertake to pursue their activity on the basis of good environmental principles, and execute projects that improve the sustainability of their respective organisations. The Porto Protocol also foresees the development of partnerships among members, the possibility of disseminating ideas and providing access to new learning tools, reports and expertise produced by official entities.

For further information: <https://climatechange-porto.com/porto-protocol/>.



2.4. SUPPLY CHAIN

29 Units with FSC certification in the chain of custody

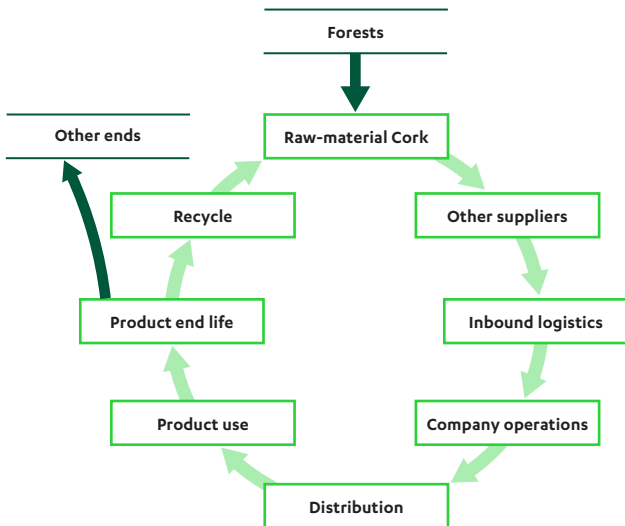
72% Purchases of cork in Portugal

Main means of transport is maritime

Reflecting the ethical, economic, environmental and social responsibility commitments referred to in subchapter 2.2. People and Culture, Corticeira Amorim gives preference, wherever possible, to suppliers who provide raw materials according to the best sustainability practices – in terms of both source of origin and manufacturing processes.

Corticeira Amorim considers that raw material suppliers (mainly of cork) and transportation services assume dominant importance in its value chain, given their critical importance to the business and their relative weight in the company's cost structure.

Corticeira Amorim has a vertically integrated business model, encompassing all stages of production, from purchase of the raw material to commercialisation of a varied portfolio of cork products, sold to over 25,000 customers, wherein 93% of products are exported – to over 100 countries.



UN SDGS AND TARGETS



SDG 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

SDG 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

SDG 12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

SDG 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.

SDG 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

SDG 12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

SDG 17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.



2.4.1. Procurement and Supply of Cork

The integrated management of the business begins with the Raw Materials BU. Its mission is to guarantee the supply of all types of cork raw materials for the different BUs and their respective market applications, wherein it is responsible for preparing, discussing and deciding on Corticeira Amorim's multi-annual supply strategy.

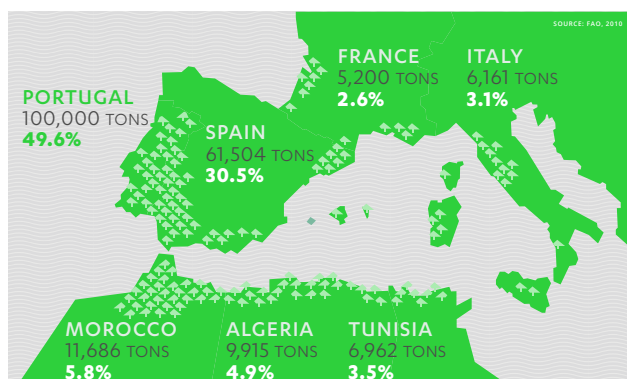
The Raw Materials BU assumes other important missions, and has a significant impact on the accumulation of knowledge about cork oak forests (*montado*) and improvements in the quality of the cork produced. Among other activities, the BU promotes the forest certification of cork producers, including Forest Stewardship Council (FSC) certification. The BU is characterised by its strong research and forestry development policies. Introducing new cork production techniques by means of improved irrigation processes is one of its priority areas with the aim of increasing the quality and quantity of the cork produced to ensure the sustainability of the business. Further information is available in the subchapter 5.1.2. Forestry Intervention Project.

Over recent years, this BU has adopted a policy of diversification of its supply sources, in order to take proactive action in all regions of cork production (Mediterranean Basin, as shown below), being concentrated in Portugal (72%). These are also the areas where Corticeira Amorim's operations are mainly located. Of the total number of employees identified in this report, 95% (more than 3 100 jobs) belong to units located in this geographic area, demonstrating the importance of the Company's activity for the social and economic promotion of these areas, while preserving cork forests – one of the largest natural treasures of the Mediterranean Basin.

Cork purchases (thousands of euros):

	2018	2017	2016
Portugal	189,673	197,785	162,015
North Africa	10,909	9,373	14,562
Other Origins	62,407	55,313	55,127
Total	262,989	262,472	231,705

Annual production of cork by country:



Traceability – Forest Stewardship Council (FSC) Certification

Cork oak forests occupy an estimated area of more than 2,2 million hectares in the Western Mediterranean Basin. Portugal has the largest area of cork forest in the world, which corresponds to about one third of the world's total cork forests. About 126 000 hectares of this area have FSC certification (FSC Portugal, 12/31/2017).

In 2004, Corticeira Amorim became the first company in the cork industry to receive the FSC chain of custody certification. In anticipation of the needs of the wine industry – the customer for its main product – it also became the first packaging company in the world to receive this certification.

Among other initiatives, Corticeira Amorim was responsible, between 2008 and 2015, for a free technical advice service for forest producers who are jointly responsible for more than 20 000 hectares of cork oak forest in Portugal. The advice was aimed at identifying and adopting best management practices and supporting biodiversity. The service was launched in October 2007, when Corticeira Amorim joined the European Commission's Business and Biodiversity Initiative, through a protocol established in partnership with Portugal's Institute for Nature Conservation and Forests (ICNF) and two NGOs – World Wildlife Fund (WWF) and Quercus – Associação Nacional de Conservação da Natureza (Quercus). As well as the technical advisory service for forest producers, the agreement was also aimed at encouraging forestry research and disseminating best management practices.

Corticeira Amorim continues to focus on product development in accordance with FSC principles and aims to maintain FSC certification, a well-known international standard. By the end of 2018, around 29 Corticeira Amorim (industrial and/or distribution) units had received chain of custody certification in accordance with FSC regulations, providing the market with increased guarantees in terms of protection of biodiversity, workers' rights, rights of indigenous peoples and areas of significant environmental and cultural importance.

2.4.2. Procurement and Supply of Non-Cork Products

To manage the purchase of all non-cork materials, services and contracts, including transportation, the company runs a Central Purchasing Department. Its mission is to manage the portfolio of suppliers professionally and from a global perspective to maximise the sustainable creation of value by Corticeira Amorim, seeking excellence in the goods and services acquired and in permanent harmony with the goals of Corticeira Amorim companies. In this context, Corticeira Amorim privileges the establishment of stable and lasting partnerships with suppliers and enjoys a high degree of loyalty among its main suppliers.

During 2018, this Department supervised a global volume of purchases of more than €140 million, carried out in several countries, predominantly in Portugal

Pre-qualification, Qualification and Evaluation of Suppliers

The company has defined a methodology for the pre-qualification, qualification and evaluation of suppliers, partly based on social responsibility (IRSoc) and environmental responsibility indexes (IRAmb): suppliers are qualified to supply Corticeira Amorim in function of the quality of the good or services they supply, their delivery times and their social responsibility and environmental responsibility indices.

Methodology for Evaluating the Social Responsibility Index (IRSoc)

The IRSoc is calculated according to the percentage of requirements met by the supplier. If the supplier is certified in accordance with the NP 4469 standard, they will be given an IRSoc of 100%. For each requirement that the supplier does not undertake to comply with, 25% will be subtracted from their IRSoc.

Methodology for Evaluating the Environmental Responsibility Index (IRAmb)

The IRAmb is calculated according to the percentage of requirements met by the supplier. If the supplier is certified in accordance with the ISO 14001 standard, they will be given an IRAmb of 100%. For each requirement that the supplier does not undertake to comply with, 25% will be subtracted from their IRAmb.

If a supplier is found not to meet one or more of the requirements to which they have committed, they will be given an IRSoc or IRAmb of zero.

Further information on the requirements of these indices can be found at <https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/>.

A supplier audit programme is drawn up each year, based on a specific set of criteria, including the following: supplier performance in the previous year, criticality of the products / services provided or whether it is a new supplier, and including quality, environmental and social aspects. After each audit, the supplier's performance is evaluated. When nonconformities are identified, a plan of action is requested and, in function of the criticality of the detected nonconformities, the companies of the Corticeira Amorim group can conduct follow-up audits to check implementation of the specified actions. There may also be a need to collaborate with the supplier to resolve nonconformities or find alternatives to that supplier. During 2018, Corticeira Amorim did not substitute suppliers as a result of the pre-qualification, qualification and evaluation process of suppliers.

2.4.3. Transport

The company runs a Department of Transportation within the Central Purchasing Department that is governed by values of commitment, credibility, integrity (ethics) and the pursuit of excellence. Its strategic goals include:

- ✦ positioning purchasing as a value generator for the organisation;
- ✦ optimising the purchasing structure with a view to achieving goals common to the whole organisation;
- ✦ differentiating its approach according to the category and nature of the process in question;
- ✦ aligning the technological platform with management processing and information requirements.

In recent years, the transport area has become a critical factor for the business in both economic and environmental terms. This is due, on one hand, to an increase in costs caused by fuel price rises, and, on the other, by the weight transport has in the consumption and emissions of upstream and downstream operations in the value chain.

Upstream and Downstream Activities in the Value Chain

Emissions generated in the value chain occur mainly during the transport of raw materials and products, which are primarily handled by external logistics service providers. Upstream and downstream transport and distribution accounts for 96% of scope 3 emissions ascertained.

The values presented below consider the most important aspects of Corticeira Amorim's value chain, for its activity in Portugal. In 2018, there was an increase in scope 3 emissions compared to 2017, as a result of an increase in business activity.

Information on scope 1 and 2 emissions can be found in subchapter 5.2. Energy Efficiency and Climate Change.

	2018		2017	
	Consumption outside the Organisation (GJ) (Portugal Scope)	CO ₂ Emissions – Scope 3 (t CO ₂) (Portugal Scope)	Consumption outside the Organisation (GJ) (Portugal Scope)	CO ₂ Emissions – Scope 3 (t CO ₂) (Portugal Scope)
Transport and upstream distribution	444,101	32,916	364,681	27,022
Waste generated in operations	3,820	283	3,199	237
Business travel	14,137	1,020	16,420	1,175
Employee transport	36,039	2,677	32,458	2,405
Transport and downstream distribution	983,750	71,917	911,767	67,072

New actions have been undertaken to minimise this impact and ensure that it continues to be a positively differentiating factor of Corticeira Amorim's international competitiveness, maximising, whenever possible, the maritime transport of goods rather than road transport, wherein the former is the main means of transport used by the company. The group also encourages projects aimed at maximising the amount of product transported per unit of packaging, with a view to rationalising transport flows.

CASE STUDY

Maximisation of Product Packaging in the Cork Stoppers BU

Objective:

Developed by Amorim Top Series, in order to reduce the amount of packaging material used; reduce, at source, the quantity of materials channelled towards waste / recycling; maximise the amount of product transported per packaging unit; optimise stocking space along the supply chain.

Initiatives:

Development of a pallet-size box which uses less cardboard, including the design of more ergonomic solutions for opening/use:

- ✦ Identification of a partner to produce it;
- ✦ Testing the solutions along the supply chain to evaluate their robustness and rigidity;
- ✦ Promotion of the idea with stakeholders;
- ✦ Implementation.

Results:

This solution, already adopted by several clients and which is being evaluated and tested by others, enables the following:

- ✦ Insert another 20% of product in each packaging / transport unit, thereby increasing the quantity of product transported in each shipment;
- ✦ Increase the quantity of product that may be stocked in the same space;
- ✦ Reduce the amount of packaging materials by 30%.

3

SUSTAINABILITY MANAGEMENT AND STRATEGY

Amorim is not only a world leader in the cork industry, it's also an outstanding role model for companies everywhere, because of its high quality products and deep commitment to economic, social and environmental sustainability.

PROF. MOHAN MUNASINGHE, NOBEL PEACE PRIZE 2007

3.1. SUSTAINABILITY MANAGEMENT STRUCTURE

Corticeira Amorim reflects continually on its corporate governance in the light of Portuguese and international best practices, the developing circumstances of its business activities and the challenges to which it has to respond. As a result, it has implemented a set of measures that seek to strengthen internal control and oversight systems, increase transparency, encourage the participation of all stakeholders in the life of the company and ensure the sustained creation of value for stakeholders.

Best corporate governance practices are a cornerstone of Corticeira Amorim's sustainable development. The Corporate Governance Report sets out in detail the structure and practices of corporate governance, describing on the website <https://www.amorim.com/en/sustainability/management-of-corporate-sustainability/> the material considered relevant or complementary to this report, in particular:

- consultation and involvement of stakeholders;
- the organisational structure supporting corporate sustainability (CS) management.

The integrated sustainability management system is based on Corticeira Amorim's mission and values. It advocates:

Interaction with stakeholders, especially consulting them regularly. This is considered fundamental for validating strategic options and for gauging expectations regarding the matters that stakeholders want Corticeira Amorim to monitor and communicate to them. Additional information about stakeholder consultation in 2018 can be found in subchapter 3.2. Engagement with Stakeholders.

Strategy: The strategic alignment of the whole organisation is strengthened by the use of the balanced scorecard method. It falls to the Board of Directors to approve strategic goals, strategic initiatives and priority actions. The integration of processes with the strategic perspectives of the balanced scorecard strengthens sustainable development practices

by aligning the different management subsystems that promote efficiency, as shown here: <https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/>.

Operations: the teams responsible for implementing sustainable development practices at each BU, acting in accord with a structured programme called Natural Choice, implement the initiatives and actions required to meet defined goals and regularly monitor performance.

Support structure: the organisational structure facilitates the management and alignment of the sustainable development strategy and policies and practices that derive from it. The support area focuses on coordinating the activities of each BU and their respective functional areas with the Executive Commission responsible for their periodic monitoring and supervision, as set out in the diagram in chapter B. Corporate Boards and Committees of the Company Corporate Governance Report. António Rios de Amorim, CEO and Chairman of Corticeira Amorim oversees Sustainability.



Management and Strategy in Corticeira Amorim:



3.2. ENGAGEMENT WITH STAKEHOLDERS

Corticeira Amorim recognises all its stakeholders as fundamental to the continuation of its activities and to the success of the company. Corticeira Amorim considers that all its stakeholders fulfil important roles in validating its strategic options. The sustainable management of Corticeira Amorim takes into account their concerns and expectations in deciding what issues require monitoring and communicating.

3.2.1. Corticeira Amorim’s Stakeholders

Corticeira Amorim’s stakeholders include all those persons or institutions that affect and/or are affected by the company’s activities, products or services and by its performance.



3.2.2. Main Means of Communication

Corticeira Amorim seeks to manage engagement and communication with its stakeholders in the best way possible for understanding and responding to their concerns and expectations. To this end, the company uses a differentiated range of communication methods and channels, as summarised in the following table. The communications methods used are subject to regular review.

	Shareholders and Investors	Clients	Employees	Official and Government Entities	Suppliers	Media	NGOs & Community	Partners & Civil Society
Report								
Shareholders' General Meeting	■							
Meetings with investors and analysts	■							
Periodic report of the evolution of the activity	■			■		■	■	
Report & Accounts	■			■	■	■	■	
Sustainability report	■	■	■	■	■	■	■	■
Promote & Disclose								
Initiatives to protect the <i>montado</i> and the environment			■	■			■	■
Environmental education / awareness actions		■	■		■		■	■
Community involvement initiatives							■	■
Support for initiatives / projects	■	■	■	■	■	■	■	■
Collaborate								
Selection and evaluation of suppliers					■			
Satisfaction surveys		■	■					
Participation in fairs and industry events		■		■	■	■		■
Awareness and technical support programs		■			■			
Innovate								
Collaboration protocols on R & D		■		■	■		■	■
Publication of technical articles		■		■	■	■		■
Involve								
Work groups		■		■	■		■	■
Meetings and periodic contacts	■	■		■	■		■	■
General and sectoral meetings				■			■	■
Inform								
Information panels			■					
Procedures and policies			■					
Intranet			■					
Performance management systems			■					
Seminars and workshops		■	■	■	■		■	■
Internal thematic and awareness raising actions			■				■	
Communicate								
Answering external requests	■	■	■	■	■	■	■	■
Visits to the <i>montado</i> and Corticeira Amorim	■	■	■	■	■	■	■	■
Web site	■	■	■	■	■	■	■	■
Newsletter and press releases	■	■	■	■	■	■	■	■
Information brochures	■	■	■	■	■	■	■	■

3.2.3. Consultation

Corticeira Amorim has defined a regular stakeholder consultation and engagement process that enables the company to identify the core sustainability issues to be considered among future priorities and for designing a strategy for their respective engagement. The most recent process occurred in 2018.

a) Procedures used and structure of the questionnaire

Procedures used:

Duration: the questionnaire was conducted from July to August 2018 by Pricewaterhousecoopers (PwC).

Distribution: the stakeholders of the various BUs were sent an email by the various contact persons at Corticeira Amorim inviting them to complete the questionnaire provided on an online platform. Whenever asked to do so by Corticeira Amorim, PwC sent stakeholders an email to emphasise the request to complete the questionnaire.

Types of questions: the questionnaire consisted of three groups of open and closed questions with the possibility of adding additional comments.

The questionnaire was divided into three main sections:

Sustainability vision: a question about whether Corticeira Amorim was considered to be an organisation with a clear vision of its economic, environmental and social responsibilities, with a field to add explanatory examples.

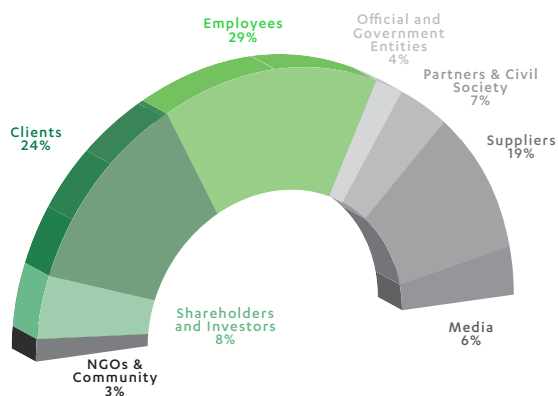
Sustainability performance: two questions: the first, multiple choice, identified Corticeira Amorim's importance and performance in sustainability themes, with a field to add other relevant non-predefined themes; the second, open-ended, was designed to identify opportunities for improvement in themes selected in the preceding questions that performed poorly.

Sustainability report: five questions: the first question aimed to identify whether the stakeholders had read the latest sustainability report; the second aimed to classify the information provided in the report overall; the third aimed to classify the sustainability report according to seven criteria; the fourth, open-ended, aimed to present suggestions for improvement for the sustainability report assessment criteria; and the fifth, also open-ended, aimed to include new themes in the sustainability report that had not been referred to in previous iterations.

b) Sample characterisation and response rate

Throughout the 2009-2018 period, various stakeholder consultation processes were held, with a gradual increase in the size of the sample. In the 2018 process, which involved many respondents (74%), 137 stakeholders and relevant sustainability themes were identified under GRI guidelines and in line with AccountAbility's AA1000 Stakeholder Engagement Standard (AA1000SES) criteria and the requirements of ISO 9001 and ISO 14001.

c) Distribution of responses by stakeholder group



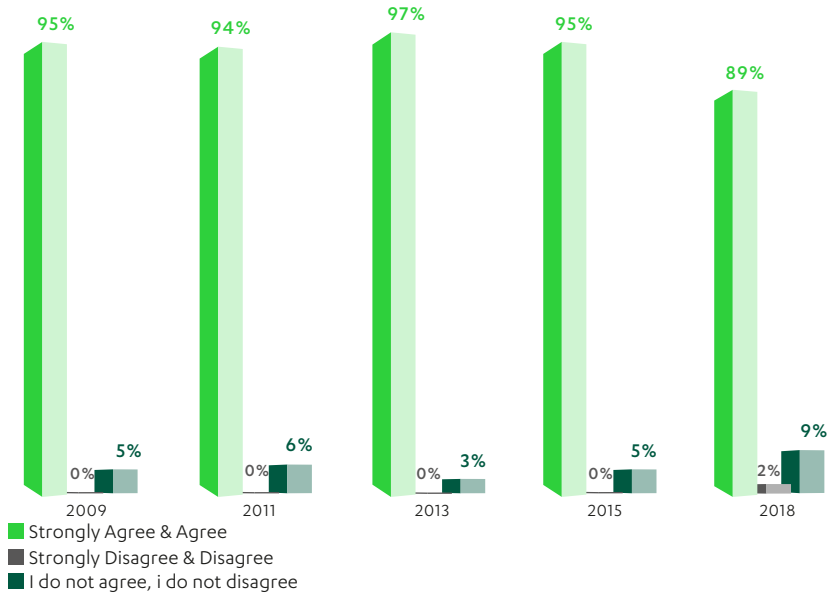
d) Main conclusions of the consultation process

Sustainability vision

Most (89%) of Corticeira Amorim's stakeholders felt the organisation had a clear vision of its economic, social and environmental responsibilities.

Question posed to stakeholders: "Do you consider that Corticeira Amorim has a clear vision of its social, environmental and economical responsibilities?"

Global Evolution 2009-2018



Relevant themes

TOP 5 2018 – Level of importance



Question posed to stakeholders: "Considering the Corticeira Amorim's business activity, classify the level of importance the various themes?"

Within the scope of Corticeira Amorim's activities, the five themes important to stakeholders include three themes from the environmental pillar and two themes from the economic pillar.

On the themes of "Human Rights", "Water Management and Use" and "Materials Management", stakeholders awarded a significantly higher level of importance compared to 2015.

The most important theme identified by stakeholders was "Promotion of the *montado*, its Biodiversity and Ecosystem Services". "Ethics and Anti-Corruption" is the third most important theme for stakeholders and the one that reveals the best perceived performance by respondents. "Economic Performance" is identified as the second most important theme and second best performing theme at Corticeira Amorim.

Sustainability Performance

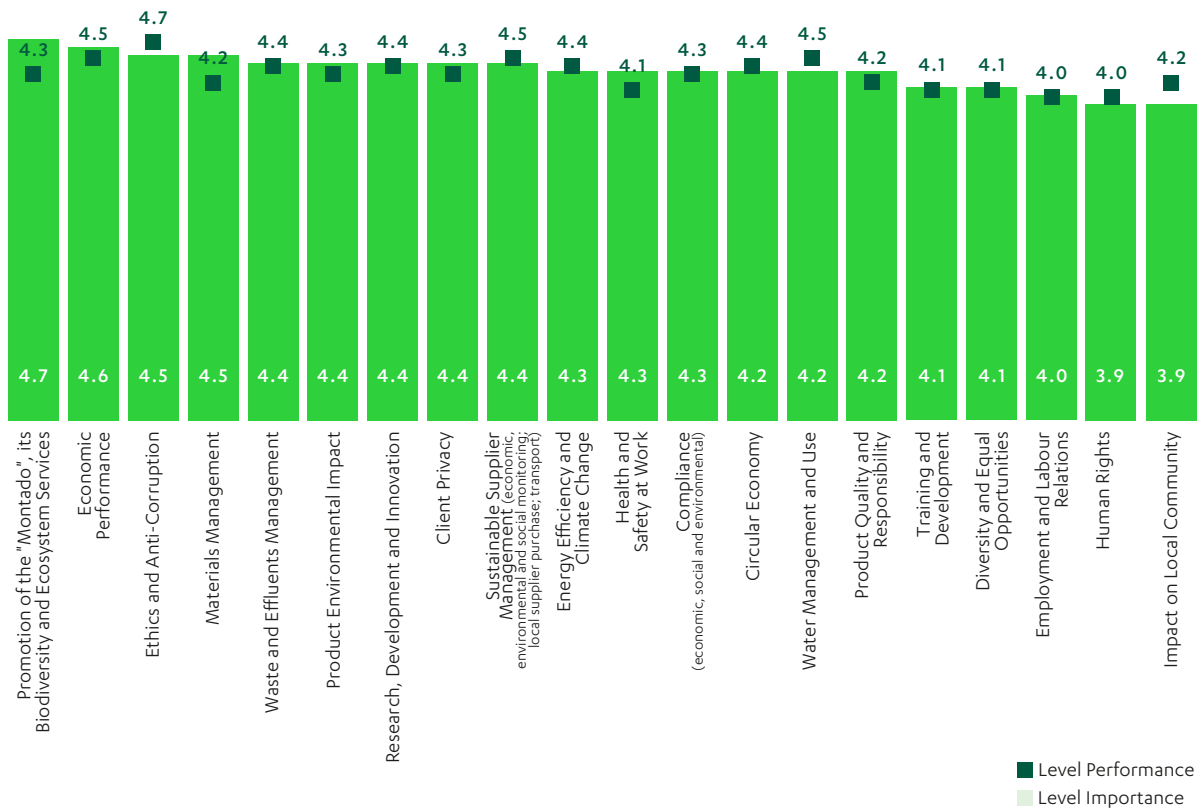
Question posed to stakeholders: “Considering the Corticeira Amorim’s business activity, classify the level of performance the various themes?”

“Human Rights” and “Employment and Labour Relations” show the most significant improvements in performance as perceived by stakeholders compared with 2015.

Declines were seen in perceived performance assessment with regard to the themes of “Promotion of the *montado*, its Biodiversity and Ecosystem Services” and “Impact on the Local Community”.

To a general degree, for the stakeholders consulted, Corticeira Amorim has performed well in the five themes considered most important. There is an opportunity to improve the themes of “Human Rights” and “Employment and Labour Relations” that revealed lower perceived performance compared to the results as a whole.

Level Importance Vs Level Performance

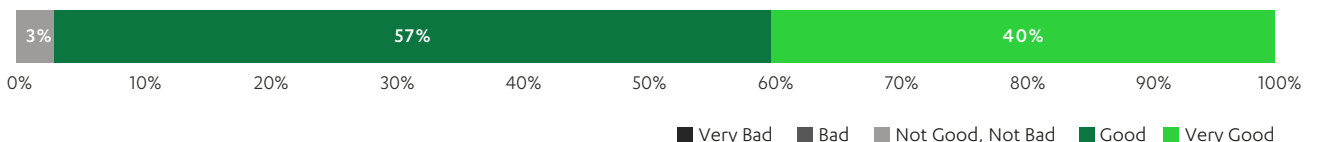


Sustainability Report

Question posed to stakeholders: “Classify the information provided in the 2017 Sustainability Report.”

Around 97% of the stakeholders who have read the Sustainability Report consider the information provided to be good or very good. There are no negative ratings from stakeholders. Only 3% are indifferent to the information provided. In comparison with the stakeholder consultation process in 2015, there was a slight 1-percentage-point rise in the positive rating of the information provided in the Sustainability Report.

Classify the information provided in the 2017 Sustainability Report



3.3. SUSTAINABLE DEVELOPMENT PRIORITIES

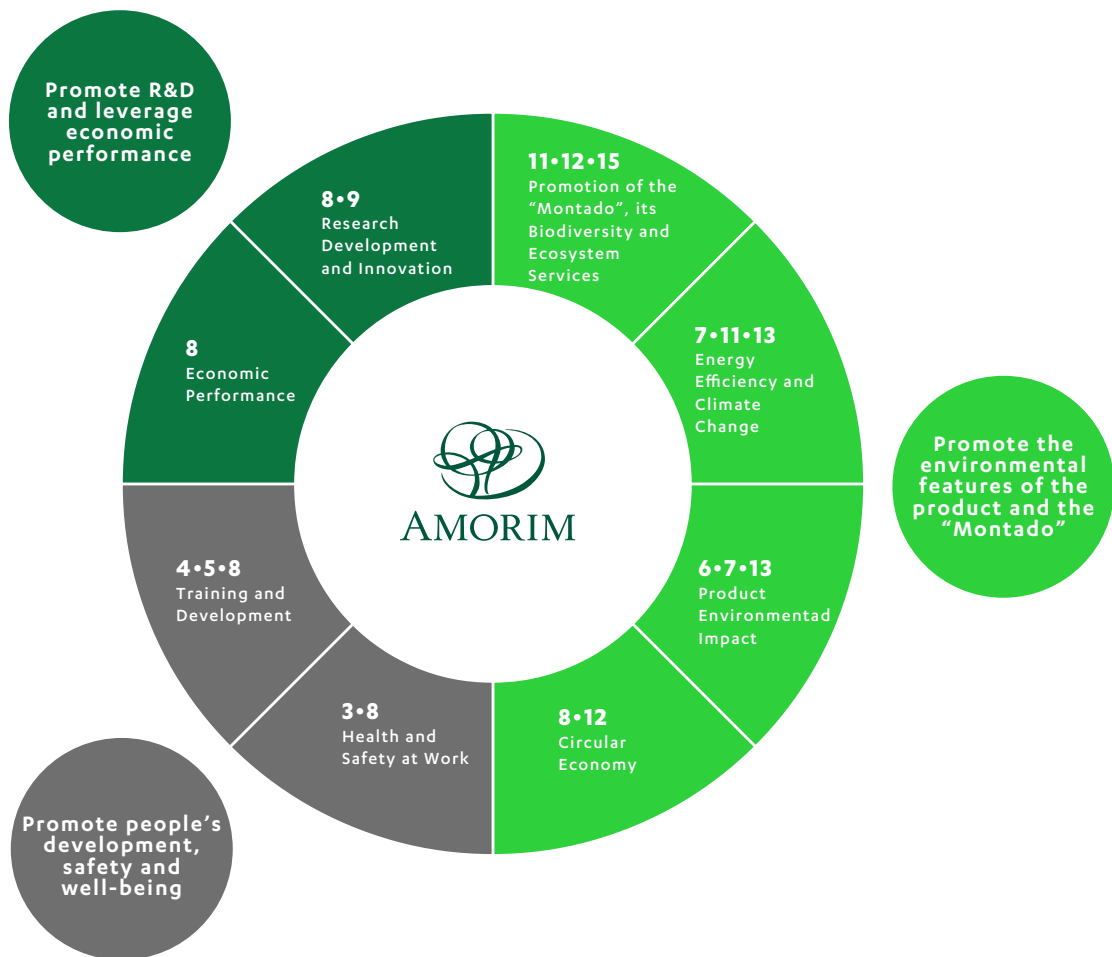
Strategy aligned with 12 of the 17 SDGs

The strategic priorities for sustainable development identified by Corticeira Amorim comprise economic, environmental and social concerns that take into consideration the results of consulting stakeholders, benchmarking analysis, internal commitments and policies and alignment with the United Nations' Sustainable Development Goals (SDGs).

Ambitions established by the United Nations Sustainable Development Goals

Approved by 193 countries in September 2015, the 17 SDGs make up part of the 2030 sustainable development agenda of the United Nations. They are the result of governments and citizens all around the world working together to establish a new global model capable of ending poverty, providing prosperity and well-being for all, protecting the environment and combatting climate change.

In 2018, Corticeira Amorim revised its sustainable development strategy based on materiality analysis, in order to foster alignment with stakeholders' expectations and feedback. It also identified the SDGs that are most related to the material themes, and selected performance indicators and key targets for each relevant SDG. Twelve SDGs and 44 targets were identified as priorities for Corticeira Amorim's sustainable development strategy.



4

PROMOTE RESEARCH, DEVELOPMENT AND INNOVATION AND LEVERAGE ECONOMIC PERFORMANCE

4.1. RESEARCH, DEVELOPMENT AND INNOVATION

€7.5 M€ average investment
R & D + I/year

25 New patents (3 years)

SDG 9 calls for the construction of resilient and sustainable infrastructures and promotes inclusive and sustainable industrialisation. It also recognizes the importance of Research, Development and Innovation to find long-lasting solutions to major social, economic and environmental challenges.

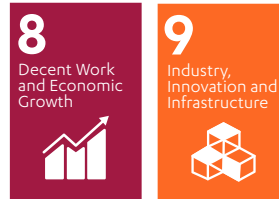
Cork is, by nature, such a formidable material that it might seem impossible to improve it. But that is precisely what Corticeira Amorim has done since its foundation – with a firm commitment to ensuring differentiation through quality and making a unique contribution, unparalleled in the industry, to the reinvention of an exceptional natural resource that responds to the main challenges of today’s society, benefitting people, the planet and sustainable development.

Research, development and innovation (R&D+I) is strategic to business development and value creation for all of Corticeira Amorim’s BUs. The company also has a decisive and autonomous transversal structure – Amorim Cork Research. Each BU also has its own R&D+I competences. More information is detailed in the Innovation, Research & Product Development chapter of the Consolidated Management Report for the financial year 2018. The company’s R&D+I policy is guided by the following principles:

- ✦ Developing new products and markets for cork;
- ✦ Seeking out new technological solutions, in terms of both products and processes, in partnerships with customers, suppliers and other bodies;
- ✦ Strengthening the reputation of its brands through the constant evolution of product ranges in response to new market and consumer trends;
- ✦ Fostering a culture of innovation through an environment favourable to the creativity, critical spirit and initiative of employees, nurturing teamwork and mutual assistance;
- ✦ Valuing innovative practices;
- ✦ Establishing an environment that provides incentives for boldness, assuming risks and failures as an inherent part of the innovation processes;

- ✦ Providing continuous training for employees in support of their professional and personal fulfilment;
- ✦ Facilitating internal and external communications, establishing new channels for exchanging information and improving existing ones;
- ✦ Permanently seeking to implement the best management and monitoring practices and identify opportunities for improvement.

UN SDGS AND TARGETS



SDG 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

SDG 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

SDG 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

SDG 9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

Corticeira Amorim’s strategic commitment to R & D + I takes the form of an average annual investment of around € 7,5 million and much a higher amount invested in state-of-the-art technology and exclusive production processes, for the development of new products and solutions and reinforcement of Corticeira Amorim’s position as a knowledge centre. In this context, 25 new patents have been registered over the last three years.

	2018	2017	2016
Submission of patents	9	5	11



4.2. ECONOMIC PERFORMANCE

€716.1 M distributed to stakeholders

Corticeira Amorim began trading in the nineteenth century and over its life has become the world's largest cork-processing company, currently generating turnover of more than € 763 million in more than 100 countries, through a network of dozens of subsidiaries. Cork is a 100% natural raw material and Corticeira Amorim has developed a varied portfolio of cork-based products, that are used by some of the world's most technologically advanced and demanding industries, such as the wine and spirits industries, aerospace, construction, sports, interior design and fashion.

The cork oak forest is of crucial importance to the economy and ecology of several Mediterranean countries. Portugal has 34% of the world's total cork forests, corresponding to an area of 736 thousand hectares and 23% of Portugal's forestry area. The cork oak is found mainly in Southern Portugal, with the *Alentejo* occupying a prominent place – with 84% of the total. Annual worldwide cork production is 201 thousands tons, and Portugal once again stands out as the world's biggest cork producer, with 49.6% of the world total. Portuguese cork exports account for about 2% of Portuguese exports, 1.2% of total exports and a trade balance of €815.6 million, equivalent to a coverage rate of 578%. (Source: 2018/19 APCOR Cork yearbook).

In 2018, Corticeira Amorim generated net income of €766,9 million, with €716,1 million distributed to the various stakeholders, corresponding to a 12% increase over the income distributed in 2017.

Economic Value Generated		Economic Value Accumulated		
2016	643,798	2016	56,736	
2017	706,692	2017	66,111	
2018	766,910	2018	50,856	

Operating Costs	2016	400,188
	2017	451,264
	2018	523,777
Employees	2016	113,608
	2017	128,071
	2018	136,117
Capital Providers	2016	34,556
	2017	36,626
	2018	39,425
State	2016	38,560
	2017	24,397
	2018	16,525
Community	2016	150
	2017	224
	2018	209

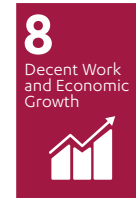
(thousand euros)

In every country in which the group operates, Corticeira Amorim contributes to local social security regimes covering all its employees in accordance with the specific legislation in effect. In 2018, this contribution rose to € 22,1 million, 10% higher than the amount in 2017.

	2018	2017	2016
Local Social Security Regimes	22,056	19,996	17,830

(thousand euros)

UN SDGS AND TARGETS



SDG 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.

5

PROMOTE THE ENVIRONMENTAL FEATURES OF THE PRODUCT AND THE MONTADO

5.1. PROMOTION OF THE MONTADO, ITS BIODIVERSITY AND ECOSYSTEM SERVICES

€100/year per hectare – value of the ecosystem services of the montado

50 thousand hectares of planned new plantations (Forestry Intervention Project)

The *montado* is a highly important national agricultural, forestry and pastoral system, both at the socioeconomic and environmental level. The pan-European conservation network Natura 2000 rates the *montado* as highly important for conserving biodiversity. This ecosystem is highly biodiverse, including threatened species such as the emblematic Iberian lynx and Iberian imperial eagle, and provides society with countless services, ranging from regulation of the climate and water cycles to protection against erosion and wildfires, carbon sequestration, cultural services such as open-air leisure activities, cork and firewood production, and cattle rearing.

The production of cork on the estate (key to its economic viability) does not affect the countless services provided by the ecosystem since the cork-extraction process – stripping – does not harm the tree. The cork oak lives for 200 years on average, during which it may be harvested between 15 to 18 times. The cork oak is the only oak species whose bark regenerates after extraction.

The WWF's Living Planet Report 2018 underlines the importance of nature to people and mentions that "all economic activity ultimately depends on services provided by nature, making it an immensely valuable component of a nation's wealth." The same report notes that the ecosystem services supplied by nature globally are worth around \$125 trillion per year.

Corticeira Amorim is conscious of its role in ensuring the viability of cork oak forests and considers that their defence/ preservation is a strategic priority. The company's contribution to the maintenance, conservation and enhancement of the cork oak forest is based on the following guidelines:

- ✦ Expand knowledge about the environmental impact of cork products and the ecosystem they support;
- ✦ Promote cork solutions and the development of the cork oak forest as guarantors of the ecosystem;
- ✦ Proactive discussion of policies and proposals for measures to protect the cork oak and conserve cork oak forests, as well as promoting the cork sector, the certification of forest management systems and remuneration of the environmental benefits of cork oak forests.

UN SDGS AND TARGETS



SDG 11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage.

SDG 12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

SDG 15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.

SDG 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

SDG 15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.

SDG 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

SDG 15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts.

SDG 15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.

SDG 15.b Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.

5.1.1. Increasing knowledge relating to the impact of cork products and the ecosystem they make viable

Corticeira Amorim was the first company in the industry to promote the analysis of the environmental impact of its products, namely cork stoppers, comparing the life cycle of cork stoppers with those of aluminium screwcaps and plastic stoppers. The analysis concluded that cork stoppers are the most environmentally friendly. More information can be found at <https://www.amorim.com/en/sustainability/integrated-management-system/management-approaches/>.

In 2018, a number of life cycle analysis and Environmental Product Declaration (EPD) studies were carried out in the various BUs, through which it has been possible to highlight the superior environmental performance of cork solutions, based on internationally recognised standards.

CASE STUDY

Study on Neutrocork's carbon footprint in the Cork Stoppers BU

Objective:

The Neutrocork stopper is recommended for wines with a certain complexity and is used by thousands of wine producers around the world. The recent study, conducted by PwC, aimed to confirm that this stopper has a negative carbon footprint, thus reiterating the group's commitment to protecting the environment.

Initiatives:

In this independent PwC study, a life cycle analysis (LCA) methodology was used, following the guidelines of the Greenhouse Gas (GHG) Protocol, developed by the World Business Council for Sustainable Development and the World Resources Institute. The Cradle to Gate methodology made it possible to calculate the carbon emissions of the Neutrocork stopper across the entire production process and distribution process to the UK.

Results:

The study concluded that the Neutrocork stopper has a negative carbon footprint of -342 kg of CO₂ per ton of product, corresponding to -1.8 g of CO₂ per cork stopper. When considering the carbon retention capacity of the cork oak forest associated with cork production, the result is even more impressive: a total of -73 342 kg CO₂ per ton of product, or -392 g CO₂ per cork stopper. This independent study confirmed the environmental credentials of the Neutrocork stopper, a solution that, in addition to its technical excellence, highlights the value of cork as one of the world's most exceptional natural and sustainable materials.



CASE STUDY

Rigorous Quality Control in Amorim Isolamentos

Objective:

The Insulation Cork BU is dedicated to the production of acoustic and thermal insulation agglomerated cork, 100% natural and with a high technical performance. The goal is to recognize the superior quality and sustainability of its products in comparison with conventional products. With virtually unlimited durability, cork retains all its characteristics throughout the product's lifetime, in addition to being 100% natural and fully recyclable. It is industrially produced without recourse to additives and requires reduced energy consumption.

Initiatives:

Subjecting of processes and products to rigorous certification processes.

Results:

The following certifications:

- ✦ Quality control according to EN 13170 and consequent CE marking;
- ✦ DAPHabitat System by Centrohabitat – Association of the Platform for Sustainable Construction – Environmental Product Declaration based on ISO 14025;
- ✦ NATUREPLUS – International Association for Sustainable Construction and Accommodation (Germany) – certifies the best products for sustainable construction;
- ✦ ACERMI – Association Pour La Certification des Matériaux Isolants (France) – certifies specific materials used for insulation, evaluating their technical performance;
- ✦ ICEA – Institute for Ethical and Environmental Certification (Italy) – certification of the environmental and ethical aspects of products;
- ✦ R certificate from Positivlisten Arge kdR (Germany) – certifies energy consumption throughout the product's life cycle, depletion of resources and the emissions associated to the materials;
- ✦ LQAI – Indoor Air Quality Laboratory (Portugal) – certifies non-emissions of VOC, formaldehyde and other compounds related to the product;
- ✦ PCS – Sustainable Construction Portal (Portugal) – product sustainability certificate;
- ✦ Ecological Certification – Japan Environment Association (Japan) – certifies the environmental impact of products;
- ✦ ISO 9001 Certification;
- ✦ Thermal conductivity certification after 45 years of use, keeping characteristics intact.



5.1.2. Forestry Intervention Project

Corticeira Amorim has been working on a project aimed at ensuring the preservation and sustainable development of cork oak forests – the Forestry Intervention Project. Under the motto “take care of the present, build the future”, the main guidelines include improving the installation of irrigation systems, sequencing the cork oak genome, improving the cork oak species and combatting pests and diseases.

The project was born out of an experimental plantation of cork oaks that Francisco de Almeida Garrett, owner of the Herdade do Conqueiro estate in Avis, Alentejo (Portugal), began irrigating a few years ago. The success of his experiment – the first cork harvest for some trees was made after only eight years instead of the normal 20-25 years – motivated him to contact Corticeira Amorim. The company, aware of the importance of these results, immediately involved the University of Évora.

In this context, the first structured plantation of 50 hectares of cork oak trees was launched in 2017, which is innovative compared to other areas of cork forest, since it benefits from an improved irrigation system. This system provides drip irrigation for new trees until the first extraction of cork, at which point the cork tree returns to its normal growth pattern, with cork harvested at nine-year intervals.

In the plan defined for the Forestry Intervention Project, the goal is, with involvement and support of forest owners, to plant 50 thousand hectares of cork oak trees, with a higher density than current areas of cork forest, and thereby increase cork production by 30%.

CASE STUDY

Improving the cork oak and crossbreeding different species in the Raw Materials BU

Objective:

Select trees only by crossbreeding species naturally without any genetic manipulation. The goal is to produce trees that are better adapted to soil and climate conditions as well as to climate change to produce quality cork.

Initiatives:

- ✦ Mycorrhiza process – application of a fungus to the roots of cork oaks to increase their robustness and resistance;
- ✦ Sequencing the cork oak genome – mapping the cork oak’s genetic code will make it possible to identify the genetic markers for cork quality and to develop other markers for identifying pest- and disease-resistant trees, enabling an ideal selection of cork oaks while retaining genetic variability;
- ✦ Research focused on pest and disease control.

Results:

A combination of traps and volatile attractants (pheromones) will be in the final phase of experimentation, which will allow the bio-rational control of *Coraebus Undatus* – the flathead oak borer – reducing the number of affected trees.



CASE STUDY

Project LIFE+ SUBER in the Raw Materials BU

Objective:

To contribute to the better adaptation and resistance of cork oak forests to climate change, ensuring their conservation and the maintenance of the associated value chain. The programme also includes the objectives of combatting water stress, the growth of pests and the frequency of wildfires.

Launched in 2014, the project was led by the Consorci Forestal de Catalunya in association, besides Amorim Florestal, with the Centre Tecnologic Forestal da Catalunya, Forestal Catalana and the Centro de la Propiedad Forestal de Catalunya. It was supported by the European Commission under the LIFE programme and was co-financed by Amorim Florestal Mediterrâneo, the Diputació de Barcelona and the Institut Català del Suro.

Initiatives:

The project was developed in Catalonia and covered a total of 108 hectares of forest and associated control areas. A total of 28 measures were implemented grouped into different categories:

- ✦ Implementation measures: establishment of demonstrative pilot plantations with different innovative forest management techniques, from irregular management with selective cleaning to planting of cork oaks, restoration of degraded areas and massive removal of *Coraeus Undatus*;
- ✦ Continuation measures: to test the effectiveness of measures used and propose changes to improve techniques;

- ✦ Dissemination measures: to convey the techniques and tools developed under the project to owners and managers of *montado*.

Results:

Through the Life+ SUBER project, innovative forestry management models were applied to improve the vitality and production of the cork oak forest, reducing the risk of wildfires. With measures such as selective pruning and on-site treatment of the waste residues from cork harvesting, there is a reduction in the density of small trees and maintenance of the large trees. It is thereby hoped that cork production will increase. These interventions also lessened forest vulnerability, attaining important improvements with regard to treetop fires leading to high-density wildfires, in particular. Pest control measures were also applied, namely biorational control of *Coraeus Undatus*, contributing significantly to knowledge of this insect. Finally, cork oak restoration measures were applied by setting up protective systems for endangered trees, creating the conditions in which they can naturally regenerate and increase forest vitality.

5.1.3. Acquisition of the Herdade da Baliza estate

In 2018, Corticeira Amorim acquired the Herdade da Baliza estate, a property in the Castelo Branco/Tagus International region covering a total of 2 866 hectares for €5,5 million. This acquisition marked the company's first step as a forest owner, a strategic operation aimed at implementing new cork oak forest management techniques and leading by example.

5.1.4. Location of Operations

Corticeira Amorim's activities are conducted in areas outside those classified by the Instituto da Conservação da Natureza e das Florestas (ICNF) as protected. There is therefore no significant impact on biodiversity.



5.2. ENERGY EFFICIENCY AND CLIMATE CHANGE

Positive carbon balance

65% of energy used from biomass

72 thousand tons of CO₂ emissions avoided

Global megatrends, such as climate change and resource scarcity, population growth, heightened urbanisation, changes in global economic power and technological advances are affecting consumer and company decision-making all around the world. At Corticeira Amorim, we respond proactively to these trends, promoting the *montado*, adopting a business model based on the circular economy and developing high-added-value green products based on renewable and recyclable materials that facilitate the transition to a low-carbon economy.

Corticeira Amorim's contribution to the fight against climate change therefore involves continual improvement of its energy performance and the implementation of production technologies and processes that ensure the optimisation of the amount of cork used throughout the industrial process. As one of the main promoters of the *montado*, it also contributes in this way to fighting climate change as cork oak trees are major carbon sinks, since they use their roots, leaves, trunk and bark (cork) to store carbon during their lives, which may last over 200 years. Investing in cork recycling programmes globally is another important contribution, given that extending the life cycle of cork through recycling delays the release of emissions of carbon embedded in cork back into the atmosphere.

In 2013, Corticeira Amorim established an environmental policy common to all its BUs and subsidiaries. In alignment with its principles and sustainable management practices, it made commitments to:

- ✦ Guarantee compliance with all legal stipulations and other requirements agreed to by the organisation and applicable to all the environmental aspects of its activities, products and services;
- ✦ Control significant environmental impacts and contribute to preventing pollution;
- ✦ Act proactively to evaluate and take preventive measure appropriate to minimising the environmental impacts specific to each activity, applying, whenever viable, the best practices and technologies available.

In 2017, it subscribed to the Charter of Principles of BCSD Portugal (a member of the World Business Council for Sustainable Development – WBCSD), while also making a commitment to:

- ✦ Foster continual improvement of processes, products and services by identifying, monitoring and mitigating the environmental risks associated with its activities, aiming at reducing the negative impacts on the climate, air, water, soil, biodiversity, territory and communities;
- ✦ Reduce natural resource use and waste generation, maximising process efficiency, re-use and recycling;
- ✦ Foster environmental responsibility, use of innovative and clean technologies and stakeholder involvement with a view to adapting to global challenges.

To implement these commitments, the various Corticeira Amorim BUs have set up different management systems and gained certification under the various standards described in subchapter 2.3. Principles and Policies, namely ISO 14001 and ISO 50001, which, with regard to the whole reported perimeter, cover 23% of the industrial units (IUs), correspond to 56% of energy used and, amongst other things, foresee specific procedures and responsibilities in line with the respective standards, internal audits, executive monitoring and definition of objectives. The implementation of ISO 14001 in another four IUs and ISO 50001 in another one is currently ongoing, increasing the reach to 34% of the IUs.

In addition, it is important to note the existence of an Energy Efficiency Forum, which two or three times per year invites energy managers from the different BUs with a view to improving process performance and efficiency. In 2018, this forum was held for the 29th and 30th times, involving the participation of over 60 employees.

UN SDGS AND TARGETS



SDG 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

SDG 7.3 By 2030, double the global rate of improvement in energy efficiency.

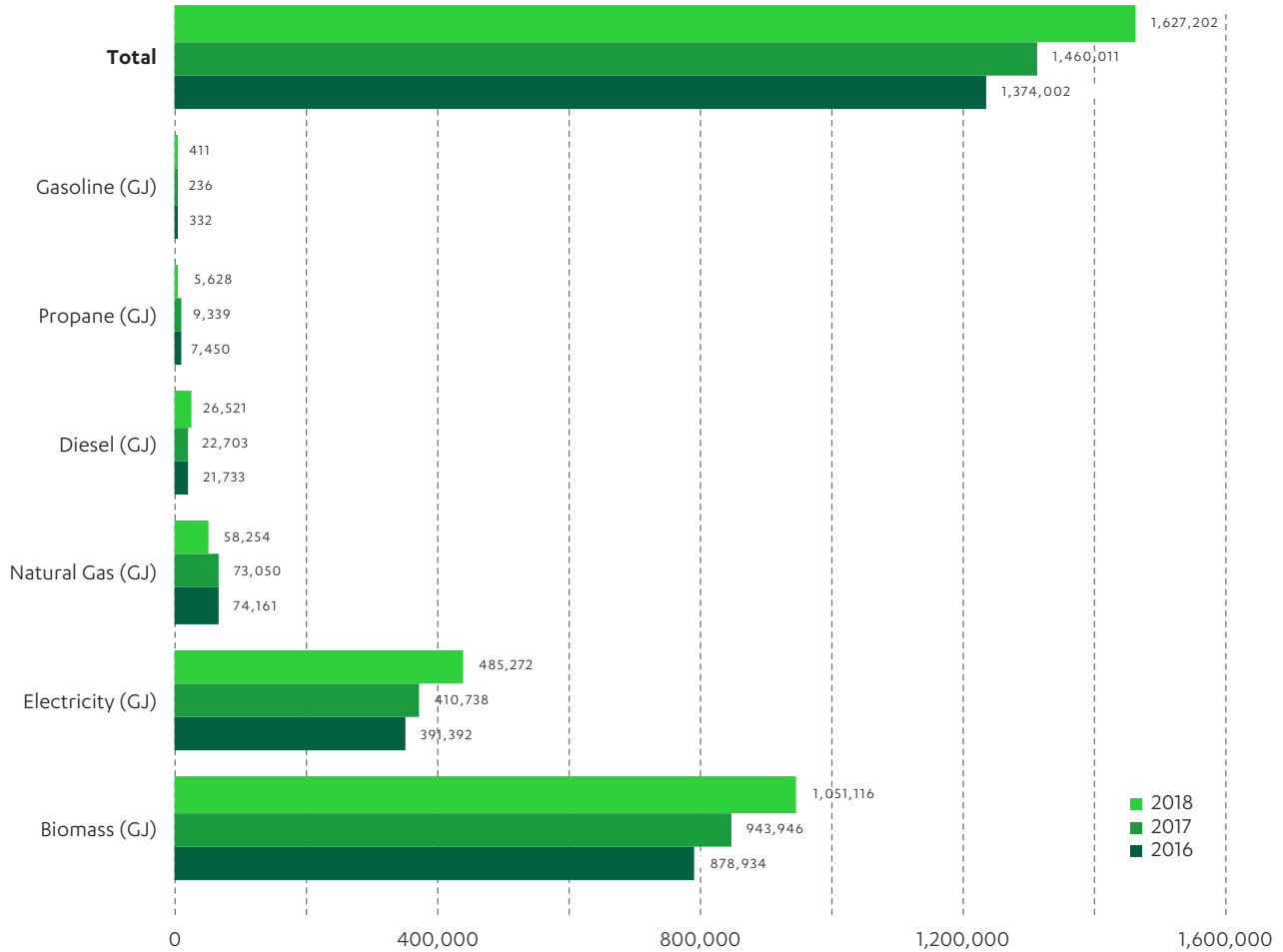
SDG 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

SDG 13.2 Integrate climate change measures into national policies, strategies and planning.

SDG 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

5.2.1. Energy

Corticeira Amorim's energy consumption, measured in gigajoules (GJ) increased in 2018 compared to 2017, in line with the increase in the company's activity and integration of three new industrial units within the perimeter of the sustainability report. This is the result of the work implemented to date to increase the material dimension of the reported information. The energy mix remained practically unchanged, but there was a slight increase in the proportion of electricity used.



5.2.2. Energy Intensity

	2018	2017	2016
Energy Intensity (GJ/M€ sales)	2,160*	2,161	2,142

* includes increase in perimeter; maintaining the same perimeter: 2,069

There has been a reduction in energy intensity compared to the previous year, which is more noticeable if we exclude the perimeter effect (-4%), the result of the implementation of a set of 84 operating/energy efficiency measures split between various areas, notably thermal energy (20 measures), compressed air (37 measures) and drives/motors (10 measures).

Energy management system certifications – ISO 50001 – were renewed in the five plants in the Cork Stoppers BU used as an implementation pilot with certification underway for another plant in the Composite Cork BU. The adoption of this standard compels the establishment of systems and processes to improve energy performance and energy use and consumption, namely focusing on the more efficient use of the energy sources available while creating systematised work that is executed and adapted to other management systems underway.

In total, €3.5 million was invested, resulting in an annual saving of over 212 thousand GJ.

CASE STUDY

Energy Efficiency and Operational Optimisation Measures in the Cork Stoppers BU

Objective:

To improve energy efficiency and operational optimisation, to ensure more regular operation of all equipment and to therefore obtain a substantial improvement in process costs.

Initiatives:

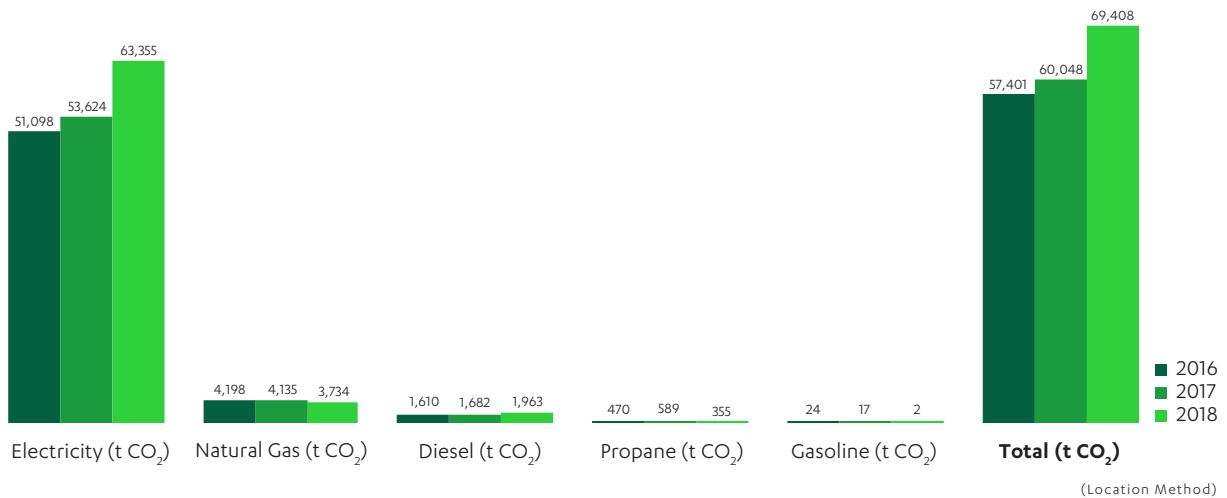
Forty-five operational and energy efficiency measures were applied. One of the main measures was the installation of a high/medium voltage substation with the improved operation of all the equipment dependent on it for energy. This project is part of the Lamas hub of the Cork Stoppers BU and covers three plants which share a production line.

Results:

The project makes annual savings in operational costs of roughly 20%, while providing improvements to the quality of energy supplied.



5.2.3. Emissions



Scope 1 and 2 emissions attained 69,408 t CO₂, recording an increase over the previous year. The reasons for this increase were essentially the variation in the perimeter, the increase in business activity and the increase in the weight of electricity in the energy mix.

Regarding electricity, similar to the consideration included in the 2016/2017 Sustainability Report, in order to align with the recommendations of the Greenhouse Gas Protocol, developed by the World Business Council for Sustainable Development and the World Resources Institute, in the present report, indirect energy emissions (scope 2) were calculated using the location-based method and the market-based method.

Indirect energy emissions using the market-based method are: 64,735 t CO₂ (2017: 54,792 t CO₂, 2016: 41,485 t CO₂).

Information on scope 3 emissions is available in subchapter 2.4.3. Transport.

5.2.4. Carbon Intensity

	2018	2017	2016
Carbon Intensity (t CO ₂ / M€ sales)	92.1*	88.9	89.5

* includes increase in perimeter; maintaining the same perimeter: 87.5

In 2018, despite the reduction seen in energy intensity, there was an increase in carbon intensity that essentially resulted in the higher share of electricity in the energy mix. A key contributing factor to this situation was the integration of three additional industrial units within the perimeter, which are undergoing a process of adjustment and adaptation to the processes in practice in the other plants. In comparison, the carbon intensity of Corticeira Amorim's activities saw a 2% reduction to 87,5 tons of CO₂ per M€ of sales.

The constant demand to implement production technologies and processes to ensure the optimisation of cork yield in the industrial cycle has led to a reduction in the availability of cork dust for energy purposes. This raises some challenges and drove investment in production systems to make it possible to produce the same amount of energy from less cork dust. In 2018, therefore, energy produced from biomass maintained its share of 65%, deemed CO₂ neutral, of Corticeira Amorim's energy mix (65% in 2017 and 64% in 2016) and achieved 72 thousand tons of avoided CO₂ emissions, as a result of the operational/energy efficiency measures and the mix considered. Among the main initiatives in 2018, of note was the Composite Cork BU's project to improve the efficiency of boilers.

CASE STUDY

Improved Boiler Efficiency – Burning and Heat Transfer (thermal fluid) in the Composite Cork BU

Objective:

The lack of temperature stability in thermal fluid and steam form at the industrial unit led to a considerable rise in gas use. The project's aim was to improve the energy efficiency of the boilers, ensuring temperature stability, raising the number of operating days of the main thermal fluid boiler and ensuring the delivery of superheated steam. These measures reduced natural gas use and minimised emissions of incompletely burned particles, improving the environmental impact of the boilers.

Initiatives:

Work on the thermal fluid and steam boilers.

Results:

- ✦ Thermal fluid temperature stability in the industrial unit;
- ✦ Increase of 63% in main boiler monthly working days;
- ✦ 10°C lower set point temperature;
- ✦ Lower cork dust use;
- ✦ Over 100% higher steam delivery temperature;
- ✦ Lower electricity use with savings of around 146 tons of CO₂;
- ✦ Lower compressed air use with savings of around 296 tons of CO₂;
- ✦ 50% lower cleaning frequency;
- ✦ Lower use of natural gas.



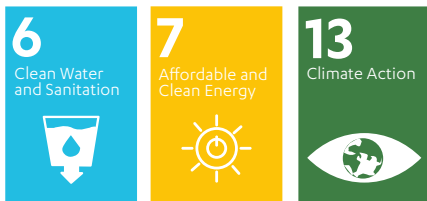
5.3. PRODUCT ENVIRONMENTAL IMPACT

A vast range of green products

Population growth places unprecedented pressure on the world's finite resources. The 2017 report, produced by United Nations Environment Programme's International Resource Panel, shows that global materials use is accelerating – it has more than tripled since 1970 and may double again up to 2050 – and if resource use does not become more efficient, the Sustainable Development Goals will not be attained.

As a 100% natural, 100% renewable and 100% recyclable product, cork is an excellent alternative to reduce global dependence on non-renewable products and lower the carbon footprint of final products. Corticeira Amorim plays a proactive role in enlarging cork's already extensive applications, sustained by the material's innate characteristics, which also stands out for its lightness, excellent insulation and consequent energy efficiency.

UN SDGS AND TARGETS



SDG 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

SDG 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

SDG 6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.

SDG 7.3 By 2030, double the global rate of improvement in energy efficiency.

SDG 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

5.3.1. Water Management and Use

Water is an important natural resource that is key to human survival and the functioning of many industries. Climate change affects the availability of fresh water and therefore economic growth, putting pressure on the global water supply. The lack of access to drinking water is a universal problem that is everyone's responsibility.

Water is especially important for the Raw Materials, Cork Stoppers and Insulation Cork BUs, responsible for the withdrawal of 86% of all water used by Corticeira Amorim. Public network water accounts for around 8% of all water collected, most of which is sourced from groundwater (92%). In 2018, water use rose by 5%, essentially due to variation in the perimeter. If the perimeter had remained the same, and despite the growth in activity, the rise would have been less than 1%, reflecting Corticeira Amorim's effort to manage water use efficiently.

Water withdrawal (m³) by source

	2018	2017	2016
Public network	41,692	30,259	31,073
Groundwater	465,673	453,863	440,664
Total	507,365	484,122	471,737

Various initiatives were implemented in the different plants to increase efficient water management, notably:

- ✦ Fitting of innovative equipment or technologies to reduce water use;
- ✦ Monitoring and rescheduling of times and length of irrigation;
- ✦ Implementing of measures to reduce pollutants disposed of in the water, namely via changes to the waste water treatment plants (WWTPs);
- ✦ Regular analysis of abstracted water, via competent external bodies, to detect and eliminate groundwater contamination.

CASE STUDY

Water Systems in the Floor and Wall Coverings BU

Objective:

To reduce water and energy use in the sanitary facilities of Amorim Revestimentos.

Initiatives:

Implementation of a water saving system via the fitting of flow restrictors on taps and showerheads and water-saving equipment on flushes.

Results:

The fitting of flow restrictors on taps and showerheads reduced water use and energy to heat water by over 50%.



CASE STUDY

Change to the Functioning of the WWTP at the Coruche Industrial Unit in the Raw Materials BU

Objective:

Due to a higher volume of water needing treatment after boiling the cork, the physical-chemical WWTP no longer had the necessary capacity and lost efficiency. Simultaneously, the biological WWTP, which treated the water to wash the disks, was being under-utilised. The aim was to raise efficiency in the treatment process by using the biological WWTP and:

- ✦ Raise the volume of liquid effluent treated;
- ✦ Lower the organic chemical compounds (OCCs) in liquid effluent;
- ✦ Lower WWTP chemical use;
- ✦ Move from 2 shifts to 1;

Initiatives:

In 2018, testing was undertaken on jointly treating two liquid effluents (physical-chemical, and biological) for the first time in a physical-chemical WWTP and then in a biological WWTP, via decantation in the biological reactor. A centrifuge to remove sludge, the junction of the physical-chemical and biological processes, and the reduction of chemical products in 2019 are planned.

Results:

After the first tests, OCCs fell by over 50% and coagulant and flocculent use dropped. At the end of the project, it is foreseen that the daily treatment of effluent will be doubled.



5.3.2. Product Quality and Responsibility

Cork is the bark of the cork oak tree. It is a natural raw material that is harvested, without harm, from the tree over a nine-year cycle and has a series of properties which make it unique. It is light, waterproof, elastic and compressible, thermally and acoustically insulating, burns slowly and is highly resistant to wear and tear. Moreover, it is totally biodegradable, renewable, recyclable, reusable and can be continually recirculated in the economy.

Cork is an excellent eco-friendly alternative to high-impact non-renewable materials and, in a world in which innovation and ecology go hand in hand, it is creating interest in more and more sectors which are exploiting its characteristics, creating new products and solutions that also help society to adapt, mitigate or correct the impacts of climate change, the dwindling of resources and environmental erosion, leading to industry's transition to a low-carbon economy.

Among the various projects implemented by Corticeira Amorim in this area, the following are of note:

- ✦ Development of 100% natural solutions (Cork Stoppers BU);
- ✦ Launch of WISE flooring solutions (Floor and Wall Coverings BU);
- ✦ Development of IMO-certified primary decking solutions (Composite Cork BU);
- ✦ GreenURBANLIVING, an innovative cork solution for green façades (Insulation Cork BU).



CASE STUDY



Development of 100% Natural Solutions in the Cork Stoppers BU

Objective:

To create a series of solutions with low environmental impact that provide an alternative to plastics. To that end, Amorim Top Series, in partnership with Amorim Cork Composites, has developed a 100% natural composite from granulated cork and natural polymer. This composite allows the production of more sustainable capsules.

Initiatives:

- ✦ Development of composites consisting of cork granules and polymer of natural origin;
- ✦ Characterisation of the aesthetic aspect and physical and mechanical resistance of the product, amongst other things, making it possible to develop optimisation actions;
- ✦ Pre-series production for market presentation.

Results:

This composite broadens the portfolio of Amorim Top Series by making available products with lower environmental impact consisting of at least 50% cork by volume and a 100% natural polymer. Prototype presented in 2018 with launch planned for 2019.

CASE STUDY

Launch of WISE Flooring by the Floor and Wall Coverings BU

Objective:

To introduce onto the market the first generation of Amorim flooring solutions in which sustainability is absolutely central. WISE is an innovative and sustainable solution, a totally PVC-free product, with a negative carbon footprint, made of cork and recycled products.

Initiatives:

Development of a product whose structure is composed of integrated cork underlay followed by an innovative core – Cork Rigid Core – consisting of 94% cork and recycled materials. An additional layer of cork serves to reinforce the acoustic and thermal comfort and it is finished with a cork or wood appearance – natural decoration (cork), digital printing (wood) or non-PVC printed film (wood).

Results:

WISE is a sustainable product with a negative carbon footprint. It is totally PVC-free and has all the main indoor air quality certifications: TUV, A+ and underway Green Guard, Blue Angel, F4stars and EPD. It was launched in January 2019.



CASE STUDY

Development of IMO-Certified Primary Decking by the Composite Cork BU

Objective:

Development of a cork solution for the primary decking of ships in compliance with International Maritime Organization (IMO) safety standards, in particular in terms of fire and smoke performance.

Initiatives:

- ✦ Compiling of requirements and creation of a value proposition. Analysis of international standards;
- ✦ Development of a new outdoor primary decking material in which cork's organic and recyclable nature, lightness and forestry origin meet the needs of green shipbuilding and sustainability in the naval sector.

Results:

- ✦ First cork solution for this purpose to comply with legislation and to stand out for its thermal and light weight properties (weight reduction of over 50%). This solution has unique credentials in economic and sustainability terms, namely with regards to origin, safety and the carbon footprint of materials used on ships in terms of the growing demand for alternative and sustainable solutions;
- ✦ First product from Amorim Cork Composites to be certified in this area. Used on renowned vessels, river cruisers and polar exploration ships, amongst others.



CASE STUDY

GreenURBANLIVING, Innovative Cork Solution for Green Façades by the Insulation Cork BU

Objective:

In a sector traditionally dominated by synthetic materials, this project aims to place expanded cork agglomerate, a 100% natural product, at the heart of new green façade systems.

Initiatives:

Project led by Amorim Isolamentos and developed by a national consortium bringing together the Instituto de Investigação e Desenvolvimento Tecnológico para a Construção, Energia, Ambiente e Sustentabilidade (ITeCons), Neoturf and the Associação Nacional para a Qualidade nas Instalações Prediais (ANQIP). The project is focusing on digitally modelling green roofs and façades that may be irregular in shape with the possibility of establishing different forms of flowerbeds and conceiving roofing systems to be applied in sloping environments.

Results:

A model of roofing which, by using cork, has higher environmental and energy performance than conventional roofing. Among its main technical benefits, also of note is thermal comfort and excellent drainage and retention capacity, with a major contribution to water efficiency in buildings and urban rainwater management.



5.3.3. Local Impact

All agents have an environmental impact. Corticeira Amorim is concerned about these impacts and is implementing measures to mitigate them, adapted to the specific characteristics of each unit:

- ✦ Regular noise measurements and active noise reduction measures, such as encapsulating machinery and engines;
- ✦ Chimney emission controls and specific measures to avoid dust and particle emissions by fitting filters;
- ✦ Employee training on best practices to avoid spills, with spill kits available;
- ✦ Emergency response procedures in force.



5.4. CIRCULAR ECONOMY

o Cork waste

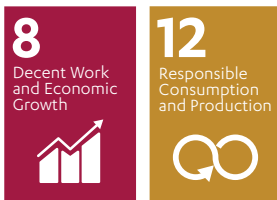
478 tons of recycled cork

90% valorised residues

According to the WBCSD – World Business Council for Sustainable Development, the Circular Economy is a \$ 4,5 trillion opportunity that offers major potential for global economic growth and will also help society accelerate towards a sustainable future.

Corticeira Amorim has identified optimising the use and consumption of cork throughout the production cycle as a key strategy. By-products generated during the cork stopper production process and cork that does not meet production standards are used in other high added-value applications. Cork not suitable for use in such products is used as a source of energy in the form of biomass, deemed neutral in terms of CO₂ emissions.

UN SDGS AND TARGETS



SDG 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.

SDG 12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

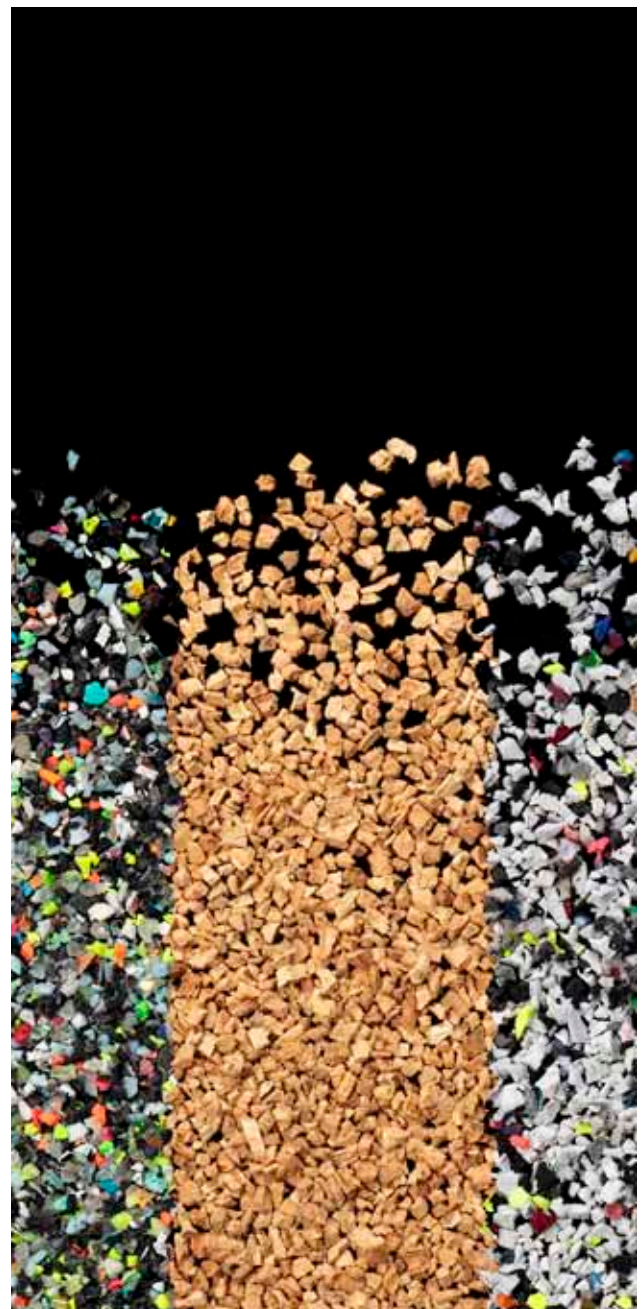
SDG 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

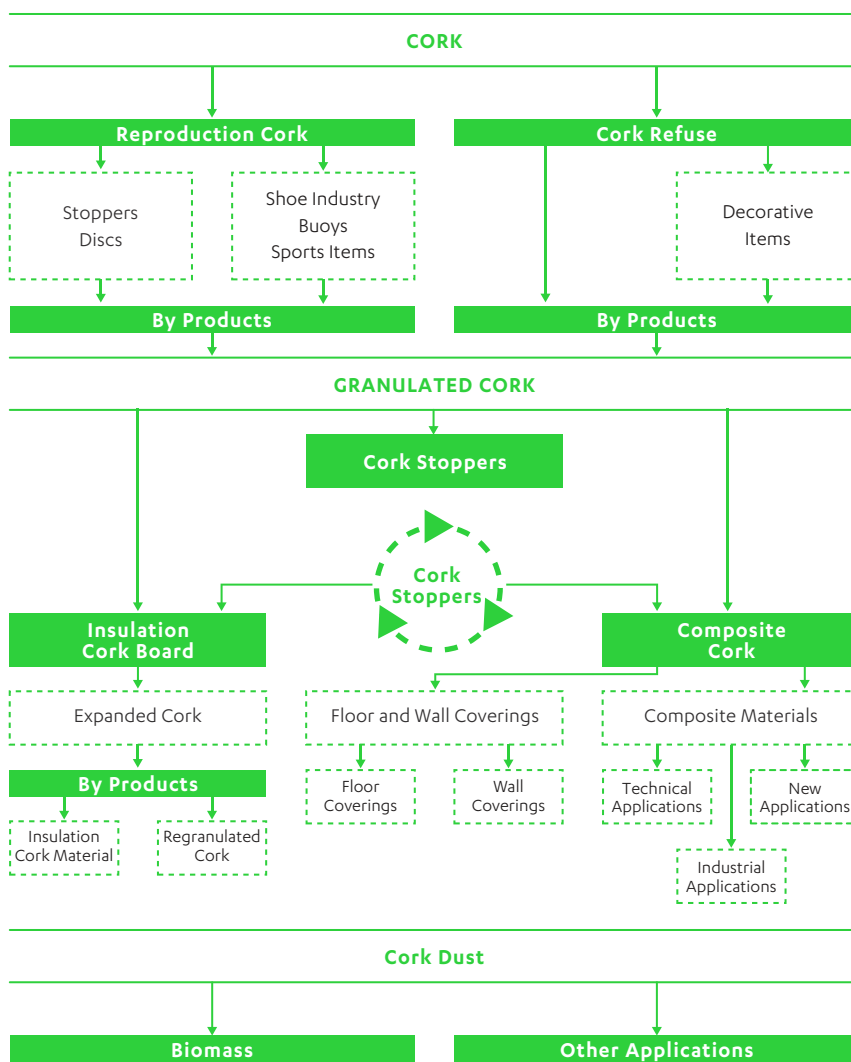
SDG 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

As a result, there is no wastage and no cork waste is generated – no cork is lost and everything is used to generate value. Even the raw material generated by the maintenance of cork oak forests (pruning trimmings) is used in the production of floor and wall coverings and insulation cork solutions, as well as for a multiplicity of other purposes. The diagram below illustrates the cork transformation process adopted by Corticeira Amorim, and some of the applications resulting from its integral application, a paradigmatic case of the circular economy.

Since cork is a material that promotes synergies with other materials, in addition to full use of cork, Corticeira Amorim uses by-products from other industries, whenever feasible, thereby saving the planet's natural resources and reducing the problems associated with their depletion .

Within this framework, the main initiatives include the "Circular Economy" project, implemented in the Composite Cork BU and various initiatives for selective collection and recycling of cork, which is noted in subchapter 5.4.1. Recycling Cork.





CASE STUDY

Circular Economy in the Composite Cork BU

Objective:

The creation of Amorim Cork Composites within the Corticeira Amorim group of companies exemplifies the use of by-products and other sources of cork that, due to their technical characteristics, are of little interest for the production of cork stoppers. The development of composite materials, which incorporate by-products from various industries, beyond the world of cork, makes it possible to give life to new products for a wide range of applications in the most diverse business segments. The “circular economy” project consists of identifying and valuing these materials.

Waste products generated by Amorim Cork Composites’ production operations are also incorporated into manufacturing processes. This circular economy model, complemented by other materials, covers several areas of the company, and focuses in particular on innovation, procurement and industrialisation, with the objective of valuing cork, using it in its optimal quantity, in combination with other materials.

Initiatives:

- ✦ Definition of a strategy for large scale procurement and contracting of alternative raw materials;

- ✦ Installation of a new grinding and agglomeration line;
- ✦ Identification and implementation of new agglomeration processes;
- ✦ Development of new products / raw materials based on the circular economy. These products combine cork with other carbon neutral raw materials, raw materials with a negative carbon footprint, or by-products from other industries.

Results:

- ✦ Identification of more than 5 thousand tons of materials of potential interest;
- ✦ Higher than 180% increase in the consumption of this type of material;
- ✦ Increased efficiency and production capacity by more than 260%;
- ✦ Development of a portfolio of new products based on the circular economy.

5.4.1. Recycling cork






One of the environmental advantages of recycling cork lies in the fact that it incorporates carbon absorbed by the cork oak tree, which is held there throughout the cork's lifetime. Increasing the life cycle of cork through recycling delays the release of this carbon back into the atmosphere.

Although not used in cork stoppers, recycled cork can have a second life and be used for a multiplicity of other purposes, extending its life cycle and the related environmental benefits.

Cork stoppers and other cork products are collected, treated and ground at one of three Corticeira Amorim industrial units in Portugal licensed for recycling cork. After being processed into granules, it can be reintegrated into the production process and used to produce composite and insulation cork agglomerates.

The company supports several initiatives for the selective collection and recycling of cork stoppers, a concept that originated in Portugal in 2008 with the launch of the Green Cork project, a partnership between Corticeira Amorim and Quercus, Portugal's leading environmental association. The project was subsequently extended to other countries, including Spain, the US, Canada, France, Italy, the UK, South Africa and Australia. In 2018, 478 tons of cork were recycled through the various programmes, corresponding to 87% stoppers and 13% other products.

The main ongoing initiatives in 2018 are listed below, highlighting the campaign developed in 2018 with the Auchan Group in France.

Program	Description
	<p>Implemented since 2008, Green Cork is a project managed by Quercus to collect cork stoppers for recycling. It is developed in partnership with Corticeira Amorim and several other partners. Its main objectives are to collect cork stoppers and finance the planting of native trees, through the Common Forest project. http://www.greencork.org/participe/</p>
	<p>In operation since 2011, this initiative involves associations and institutions that mobilise around 1 000 volunteers and manage more than 5 000 collection points throughout Italy. For every ton of cork stoppers collected, a donation is made to institutions, thereby financing charity projects, while favouring the circular economy, giving a new lease of life to recycled cork. http://www.amorimcorkitalia.com/campagna-etico</p>
	<p>Launched in France in 2009 with the aim of strengthening customer relations allied to environmental protection and various charity institutions. Today it is the world's biggest cork recycling initiative. http://www.ecobouchon.com/</p>
	<p>The largest cork stopper recycling programme in North America, adopted in 2008 by the Canadian shoe company SOLE. The cork stoppers collected via the project's network of more than 3 000 partners are forwarded to units that transform and subsequently incorporate them into the production of shoe soles produced by SOLE. https://recork.org/</p>
	<p>Launched in 2013 in South Africa, this initiative aims to collect used or surplus cork stoppers to give them a new lease of life. https://www.amorimcork.co.za/about-cork/</p>

CASE STUDY

Cork Stopper Recycling Campaign with Auchan

Objective:

In partnership with the French retail chain Auchan, a recycling campaign was conducted that aimed to raise consumer awareness of the importance of recycling cork stoppers, while emphasising the excellent environmental credentials of this natural raw material.

Initiatives:

During the traditional Autumn Wine Fair, 641 stores in the Auchan chain in France have collected used cork stoppers, by encouraging their customers to take part in one of France's biggest cork recycling initiatives. Subsequently, the corks collected were delivered to Amorim France, which is responsible for forwarding them for recycling.

Results:

The cork oak tree is a biological carbon sink. Using its roots, leaves, trunk and bark – i.e. cork – to retain CO₂ throughout its life cycle. Through recycling, this carbon retention capacity is prolonged. Since launch of the EcoBouchon programme in 2009, over 1 000 tons of cork stoppers have been collected and recycled in France. This recycling programme also has a social responsibility dimension: for every ton of corks collected, Auchan and Corticeira Amorim donate €300 to a charity.



5.4.2. Waste

Corticeira Amorim does not consider cork dust as waste, but uses it as an energy resource.

In 2018, 90% of the total waste generated by Corticiera Amorim was recycled by authorised agents and only 10% was eliminated.

	2018	2017	2016
Hazardous Industrial Waste	373	282	249
Recovery	237	170	116
Disposal	135	112	134
Non – Hazardous Industrial Waste	10,059	8,544	9,559
Recovery	9,114	7,811	8,683
Disposal	945	733	876
Total	10,432	8,826	9,808

(ton)

The company recognises the importance of recovering waste with a view to prolonging its useful life in the economy and reaping the associated benefits and has implemented work processes or technologies to reduce, recycle or reuse waste. In 2018, the most relevant examples of this practice are: the Recupera project of the Floor and Wall Coverings BU and the project to develop an underlay based on composites from the circular economy, in the Composite Cork BU.

It is also important to note the existence of processes in the different manufacturing plants for labelling, storing, handling and transporting dangerous products.

CASE STUDY

Recupera project by the Floor and Wall Coverings BU

Objective:

To incorporate cork waste in new composite cork products. In the production process of Amorim Revestimentos different product families, namely the cutting operation and creation of the locking system, "waste" is generated which, prior to the implementation of this project, had to be sent to landfills. With the *Recupera* project, these surpluses are incorporated into the production processes of technical solutions, using composite cork.

Initiatives:

- ✦ Separation of the surpluses resulting from the cutting operation (polymers vs natural fibres);
- ✦ Treatment and classification in order to be reintroduced into the production process;
- ✦ Incorporation of the waste with polymers into the processes of agglomerating cork composites with polymers (Subertech press);
- ✦ Incorporation of natural fibres into the cork agglomeration processes.

Results:

Project currently underway aimed at incorporating 600 tons per year of cork composite waste in agglomeration processes using the Subertech press and 700 tons per year of natural fibres in cork agglomeration processes.



CASE STUDY

Development of Underlay Based on Composites from the Circular Economy by the Composite Cork BU

Objective:

The circular economy concept and the development of materials which, in addition to being recyclable, use recycled raw materials themselves are increasingly central issues in a competitive market with growing environmental concerns.

With the aim of offering differentiating and sustainable products, Amorim Cork Composites developed an underlay with excellent acoustic and thermal performance. Using the optimal quantity of cork and combining it with other composites from the circular economy, it was possible to create a competitive product that meets the needs of the laminate flooring segment, which is currently the largest slice of the flooring market.

Initiatives:

Initially, there was identification of, and procurement from, industries with the greatest potential for waste, as a source of complementary raw materials. After the existence of the raw material was ensured, there was internal development of the product:

- ✦ Definition of the requirements and identification of the main market needs;
- ✦ Development of different iterations, combining cork with different composites in perfect balance until achieving the product that fully complies with all the initially chosen requirements;
- ✦ Performance of tests in accredited laboratories for product certification;

Results:

The product is in full launch phase. The product's characteristics will contribute to bolstering a circular economy business model.





6

PROMOTE PEOPLE'S DEVELOPMENT, SAFETY AND WELL-BEING

Of the employees represented in this report, over 94% belong to industrial-based firms. The indicators shown in this chapter are therefore influenced by the predominance of operational management activities and should be relativized in that sense.

Firms not included in this analysis, whose workers account for around 26% of the population, predominantly encompass commercial and business support activities, which would alter some of the indicators.

6.1. TRAINING AND DEVELOPMENT

100% of employees covered by a collective employment contract (Portugal)

1.35 Ratio of the lowest salary to the national minimum salary (Portugal)

55 Thousand training hours

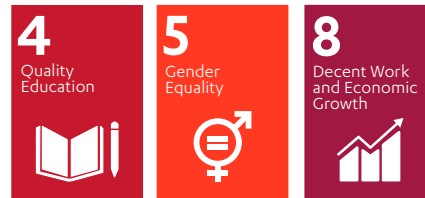
By developing knowledge, improving skills and increasing community resilience, employee training and development are key pillars of sustainable development. The employee dedication and commitment guarantee is a fundamental directive in Corticeira Amorim's personnel management policies and practices. Ensuring a safe and healthy working environment, promoting the development of skills in a challenging context and driving professional and personal development of its employees are specific aims of the company's human resources, with growing concern and consequent investment in this management area over recent years.

The management of human resources, geared to achieving these strategic objectives, follows people management and motivation policies set out here: <https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/>. The policies:

- ✦ Adopt and assume the principle of freedom of association;
- ✦ Promote a physically, socially and psychologically safe and healthy work environment and continually seek to evolve by adopting the best techniques and practices in this field;
- ✦ Promote the implementation of the principles and the adoption of the practices set out in the Code of Ethics and Professional Conduct and in public commitments that should characterise internal relations between employees, as well as their interactions with different stakeholders;

- ✦ Implement people management practices in the field of recruitment and skill development that promote non-discrimination and equality of opportunity, building work environments where plurality and difference are a factor for continuous improvement and innovation;
- ✦ Adopt leadership practices by example, which value learning and development, as well as recognition and compensation practices based on merit and exempt from judgments of a discriminatory nature.

UN SDGS AND TARGETS:



SDG 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

SDG 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.

SDG 4.b By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries.

SDG 5.1 End all forms of discrimination against all women and girls everywhere.

SDG 5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.

SDG 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decisionmaking in political, economic and public life.

SDG 5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

SDG 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

6.1.1. Employment

25% Female workers

84% Employees with permanent employment contract

99% Full time employees

86% Employees in Portugal

The demographic employment indicators did not change significantly in relation to previous years. The overall number of employees increased (in the sustainability and global perimeter) and the hiring structure remained stable (84% permanent employees), as well as the breakdown between male and female employees.

It should be noted that one of the main input streams are production operators in order to respond to variations in business activity. In general, these needs are filled by recruiting male workers, due to the physical demands of the jobs. If we look at other types of categories, in particular management support technicians, we see a trend towards more and more intense recruitment of female employees.

The prevalence of direct employment contracts and, within these, those of permanent employees demonstrates Corticeira Amorim's effective commitment to employment policies that favour stability and the company's medium- and long-term commitment to its workforce.

Total number of employees by professional category, gender and age range

	Age			Gender		Total
	< 30	30 a 50	> 50	Female	Male	
Directors	0	7	16	0	23	
Managers	0	50	42	12	80	
Heads of Department	14	61	25	33	67	
Sales Staff	5	62	26	13	80	
Management Support Technicians	75	114	28	90	127	
Team Leaders	6	42	46	16	78	
Administrative Staff	18	139	68	129	96	
Maintenance, Quality and Logistics Technicians	49	203	109	85	276	
Production Operators	306	1,076	699	453	1,628	
Total 2016	364	1,539	965	716	2,152	2,868
Total 2017	395	1,548	956	737	2,162	2,899
Total 2018	473	1,753	1,060	831	2,455	3,286

Number and rate of turnover and new hires by age range, gender and region

	2018	2017	2016
Number of hires	455	362	339
Rate of new hires	14%	12%	12%
<30	7%	6%	5%
30 a 50	6%	6%	6%
> 50	1%	1%	1%
Female	3%	3%	3%
Male	11%	10%	9%
Portugal	10%	9%	9%
Rest of the World	4%	3%	3%
Number of exits	475	344	323
Turnover rate	14%	12%	11%
<30	4%	4%	3%
30 a 50	6%	5%	5%
> 50	5%	3%	3%
Female	3%	2%	2%
Male	11%	10%	9%
Portugal	11%	9%	8%
Rest of the World	3%	3%	3%

6.1.2. Labour Relations

22% Employees exercise the right to freedom of association

100% Employees covered by collective bargaining agreements between APCOR and the trade unions of the sector (Portugal)

Freedom of association is a right of all Corticeira Amorim employees and is actively exercised by 22% of those covered by this report.

To regulate working conditions in Portugal, collective labour contracts that cover 100% of employees are agreed on by APCOR and the trade unions that represent the sector's workers. This agreement has covered topics such as work schedules, remuneration, access to training, among others. It is worth noting the ratio of 1.35 between the lowest wage agreed in the collective bargaining agreement (€ 775.51) and the national minimum wage.

The different companies also have internal bodies that represent employees (trade union commissions, workers' commissions, occupational health and safety commissions) and participate in various aspects of the day-to-day life of the companies.

In terms of labour relations, it should also be mentioned that the company awards salary bonuses and other supplements of a different nature, among other benefits. In particular employees have access to a hospitalisation insurance policy and workers in the units of the company's head office have access to curative medical consultations; support for the education of employees and their children, through the granting of school grants and merit scholarships to employees' children; two extra days of vacation; recognition and celebratory initiatives throughout the year, that include offering toys to the younger children of employees and Christmas baskets for all employees. There are also programmes implemented to monitor the organisational climate and internal communication plans, which are considered to be fundamental for the involvement and commitment of the employees in the company's day-to-day activities and projects.

The main initiatives include the organisational climate study carried out in the Raw Materials BU and the launch of the Linkpeople platform – a digital platform that enables interactivity between managers and employees (in particular performance management) between employees and human resource management departments and even between employees.

CASE STUDY

Study of the Organisational Climate at the Raw Materials BU

Objective:

Given the need to have an up-to-date portrait of the organisational climate, the Raw Materials BU conducted a study to discover employees' opinions about their working environment and to understand their needs and expectations and the importance and value given to their working environment.

Initiatives:

- ✦ Diagnosis: distribution of questionnaires to all employees, with voluntary involvement in the survey. The questionnaire addresses the most important aspects under climate surveys: communication, teamwork, relations with colleagues and bosses, salaries and recognition;
- ✦ Results analysis: data analysis, comparing the current situation with those in 2011 and 2014;
- ✦ Meeting with the direct bosses of each factory to disclose the results and create an action plan;
- ✦ Creating an action plan: after identifying the lower-scoring issues, an improvement plan was created.

Results:

After changes to the organisational model of the Raw Materials BU, various improvements were implemented in January 2017 with a positive impact on the organisational climate, as the study suggests. Included among the most significant results are:

- ✦ A roughly 18% improvement in all the points obtained in every question compared to the last study in 2014, and over 27% compared to 2011;
- ✦ 97% of the questions have higher results relative to the previous survey;
- ✦ Increased positive responses in the questions on social/sustainability responsibility;

An action plan is currently underway aimed at continuing and improving all points, chiefly those with the lowest scores.



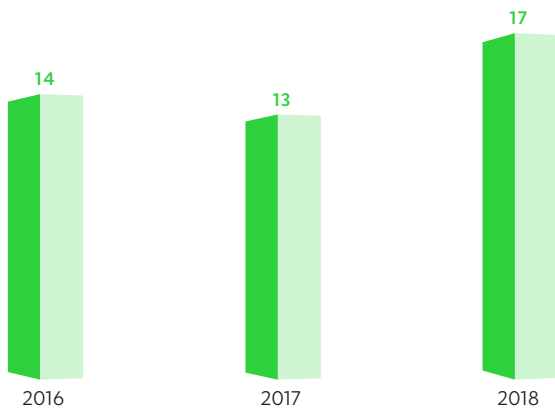
6.1.3. Training and Education

54,847 Total training hours

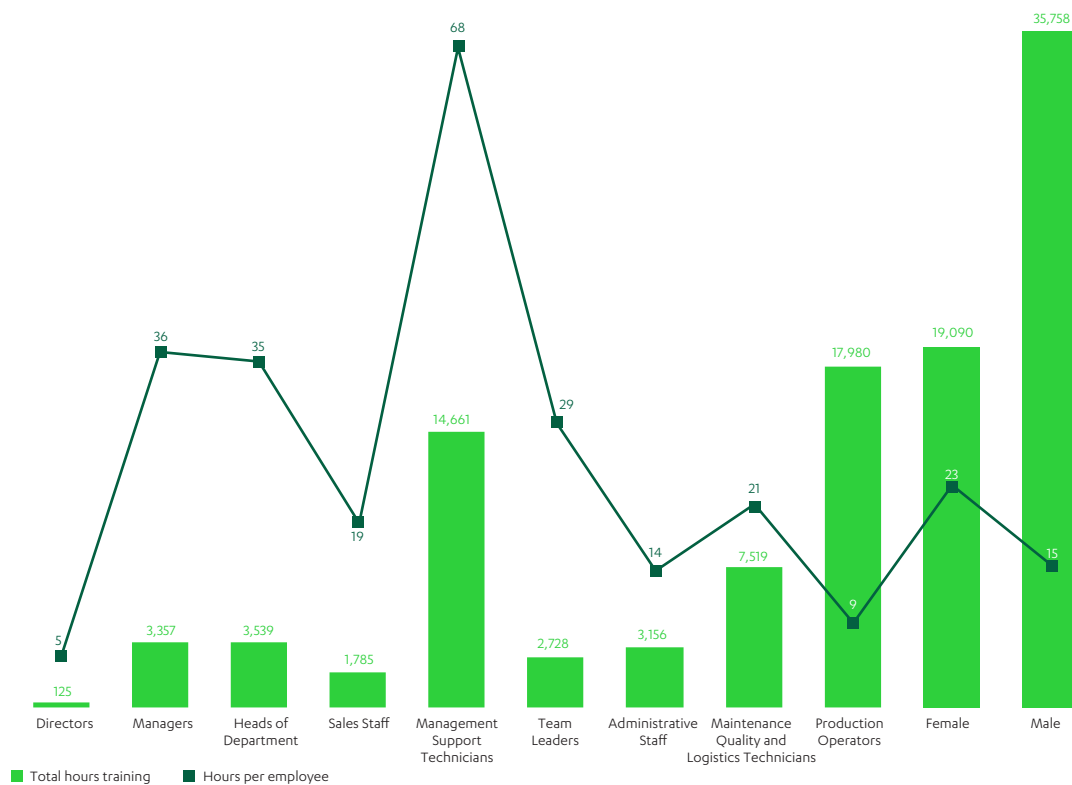
17 Hours of training on average per employee

Corticeira Amorim is aware that the present and future performance of the business is highly dependent on the company's ability to develop its personnel. Emphasising the stability of the workforce, the focus on adapting and developing the abilities and skills will ensure a continual performance that matches employees' ambitions. Whether at the technical level or the management or behavioural level, the company identifies different population segments and acts in an increasingly specific manner on them.

Average number of training hours



Average number of training hours per employee, by gender and professional category



In 2018, there was a significant increase in training hours at Corticeira Amorim. This occurred across the board but focused in particular on production employees and technical and supervisory staff.

It should be highlighted that the project involved implementation of a new ERP (SAP) in the Raw Materials BU and involved a very high number of training hours. In addition to the technical aspects, the effort being made to convert skills to raise the qualifications of the current workforce as far as possible must be stressed. The SAP implementation project that will be introduced successively across all Corticeira Amorim group companies by 2021 includes precisely a “management of change” component with a concern to maximize the likely success of the process, both from the management and behavioural perspective. In addition to this, there is a constant concern to optimise current skills and to enhance the development of new skills and qualifications of current employees without calling the project’s conditions for success into question.

The plans and actions implemented to upgrade occupational health and safety involved investment in training operators and management, contributing to upgrading skills and attitudes in this area.

Also of note are the programmes for young employees (internships for young employees) and direct bosses that add a significant amount to this total.

CASE STUDY

“From Bark to Bottle” Training Programme at the Cork Stoppers BU

Objective:

To promote a deeper knowledge of the business among the company’s employees via theoretical and practical training encompassing all the processes and products, from raw materials to markets and R&D+I, and enhancing people’s involvement with the business and the organisational culture in the context of wine culture and sustainable development.

Initiatives:

A training programme with a heavy practical component developed in the IUs that includes modules on the choice of raw materials and natural stoppers. It is currently held twice a year, taught by 24 trainers including high-level directors, and, due to the proximity to the business, employees from the Raw Materials BU will also take part in the programme, both as trainers and trainees.

Results:

Dynamic in format, the training programme “From Bark to Bottle” contributes to greater knowledge of the business, history and culture of the group, offering a global vision and, simultaneously, an awareness of the group’s hierarchical structure. Equally, it boosts employees’ involvement with the company, conveying a passion for cork, throughout the organisation, and fostering contact with people, processes and products.



6.1.4. Diversity, Equal Opportunities and Non-discrimination

Corticeira Amorim advocates people management and motivation policies that promote non-discrimination and equal opportunity in the recruitment, promotion and training of its employees, as well as in their remuneration and working conditions. The criteria of equity and promoting merit govern decisions in every situation, never factors based on gender, age, race or religion.

Social realities and the gender imbalance found in certain roles and positions in different organisations and institutions is obviously transposed into the organisational reality of Corticeira Amorim, which was founded more than a century ago and is not detached from the context in which it operates.

Corticeira Amorim bases its people management practices on evaluating merit and rewarding performance. The company does not restrict the access of women to any professional positions or categories, nor are increases in remuneration affected by factors that are not based on skills and real performance.

The ratios shown represent a positive change in gender equality. The company's intervention in this area includes, in particular, communication and awareness initiatives for this key issue that currently faces our society and measures aimed at striking a healthy balance between work / family life.

Salary ratio between women and men, by professional category

	2018	2017	2016
Managers	0.7	0.7	0.8
Heads of Department	0.9	0.8	0.7
Sales Staff	0.6	0.5	0.6
Management Support Technicians	0.8	0.9	0.8
Team Leaders	1.2	1.1	1.0
Administrative Staff	1.1	1.1	1.1
Maintenance, Quality and Logistics Technicians	0.9	0.9	0.9
Production Operators	1.0	1.0	1.0

Remuneration ratio between women and men, by professional category

	2018	2017	2016
Managers	0.6	0.7	0.8
Heads of Department	0.9	0.7	0.7
Sales Staff	0.7	0.7	0.7
Management Support Technicians	0.7	0.8	0.8
Team Leaders	1.1	1.0	0.9
Administrative Staff	1.0	1.1	1.0
Maintenance, Quality and Logistics Technicians	0.9	0.8	0.8
Production Operators	0.9	0.9	0.9

6.1.5. Well-being of employees

Corticeira Amorim provides employees with a series of benefits aimed at their well-being in addition to working time and which have a positive impact on reconciling personal and family life, namely:

- ✦ In health terms, most companies in Portugal provide, in addition to mandatory occupational health insurance, curative medicine with the possibility of consultations at least twice a week which is often the level at which various pathologies, including mental health, are first diagnosed. In addition, there is a flu vaccination programme for employees and various types of health screening (ophthalmology, cardiovascular, respiratory, etc.). The BUs also have agreements with clinical laboratories, which take samples at the companies, and pharmacies, which deliver medicines to the facilities;
- ✦ In educational terms, school subsidies are provided annually to all children of employees and student workers to support the purchase of school materials. In addition, it has introduced a scholarship programme for employees' children to pay tuition fees for around 30 young people every year;
- ✦ The company canteens can be used by employees' direct family members and employees may acquire meals to take home, thereby facilitating everyday life in some cases;
- ✦ Two additional days of holiday.



6.2. HEALTH AND SAFETY AT WORK

50% Fewer accidents (2018-2020)

The 2018 International Labour Organisation (ILO) report notes that 2,78 million workers die of injuries (13.7%) and related occupational illnesses (86.3%) every year. It also states that there are nearly one thousand times more injuries caused by illnesses and non-fatal accidents every year than by fatal accidents and that these non-fatal injuries affect 374 million workers every year. Many of these have serious consequences on workers' long-term ability to earn an income.

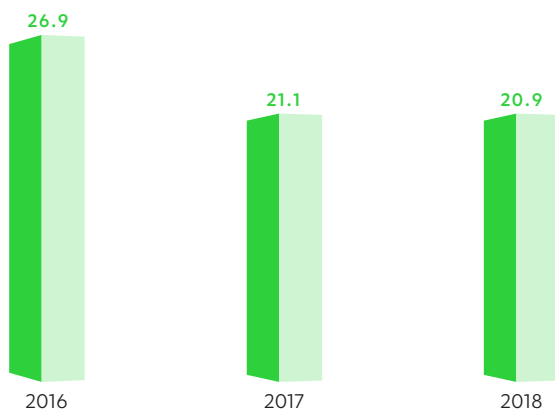
Corticeira Amorim recognises that working conditions are one of the key factors in an organisation's success. This commitment to occupational health and safety (OHS) is evident in the established goal to reduce the number of accidents by more than 50% by 2020, in the investments made, in the continual review of safety plans and in the monitoring of their effectiveness and adequacy to the risks, reiterating the focus on this theme via the staff commitment to specific targets in their personal goals contracts and in the awareness and training of all employees.

On the subject of OHS, the BLUs have implemented concrete measures, structured plans aimed at continual and sustained improvement of the practices and risk prevention, that reduce occurrences and mitigate the effects, with a direct positive impact on the indicators in these areas.

Corticeira Amorim's health and safety goal is for the physical, social and psychological well-being of employees to be a constant in all its companies. Its objectives in this area include:

- ✦ Improve the risk assessment and implementation of health and safety at work;
- ✦ Improve the working conditions and well-being of its employees;
- ✦ Reduce the frequency of work accidents;
- ✦ Reduce the number of days lost due to accidents and occupational illnesses.

Accident frequency index



UN SDGS AND TARGETS



SDG 3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents.

SDG 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

SDG 3.d Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.

SDG 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Ratios of accidents, professional illnesses, lost days, and absenteeism, and number of work-related fatalities, by region

	2018	2017	2016
Accident frequency index	115	130	159
Portugal	96	118	136
Rest of the world	19	12	23
Numer of fatalities *	0	1	0
Accident frequency index	20.9	21.1	26.9
Portugal	20.0	22.2	26.2
Rest of the world	26.9	14.1	32.2
Work-related illness rate **	7.1	1.6	1.2
Portugal	8.1	1.5	1.3
Rest of the world	0.0	2.3	0.0
Lost working days rate	737	547	583
Portugal	700	515	573
Rest of the world	986	750	659
Absenteeism rate ***	3.7%	3.4%	3.3%
Portugal	3.7%	3.5%	3.4%
Rest of the world	3.6%	3.4%	3.3%

* Accident in itinere in 2017

** Changing criteria for the certification of occupational disease, as well as validation of several cases pending from previous years

*** Change in the calculation according to the methodological notes

The number of occupational accidents fell last year by around 12% and by even more in Portugal (19%). In line with these results, an overall reduction in the frequency index was seen. However, there was a rise in the rate of days lost due to certain accidents, which implied longer recovery periods.

Since the end of 2017, Corticeira Amorim has implemented a plan to combat occupational accidents that encompasses various measures, namely the creation of a hygiene and safety at work forum composed of the OHS areas and by the general directors of each BU. This forum met four times in 2018, promoting discussion of the theme, benchmark results analysis and best practices. Bearing in mind all of the actions set out in the plan, it is believed that the results obtained will be even more visible and relevant in coming years.

In the reporting period, there was a significant rise in the occupational illness rate. The occurrence of new cases in 2018 was similar to previous years, but the noticeable worsening was due to the validation by official bodies of various pending processes and the swifter and more affirmative diagnosis of certain types of pathologies (e.g. tendinitis) as occupational illnesses. It is therefore also recognised that public occupational health services are more active and sensitive towards combating occupational illnesses.

Absenteeism has remained relatively stable and 2018 was no exception. The recorded rise was due to a change in the basis of calculation according to the methodological notes. While not especially bad compared to the average for industrial companies in Portugal, this is an area where improvements are intended in coming years.

Corticeira Amorim complies with all legal requirements, norms and decisions affecting OHS in every country in which it has operations. Good practices in this area include:

- ✘ Regulatory admission and periodical medical examinations in the workplace;
- ✘ Provision of personal protection equipment;
- ✘ Employee training in hygiene and safety adapted to the specific characteristics of each job;
- ✘ Training of all those involved in the working processes, including service providers;
- ✘ Hygiene and safety committees attended by employees and/or employee representatives.

Of note is the external international OHSAS ISO 18001 validation and certification at one of the company's units covering 14% of employees, which is intended to extend. ISO 45001 certification is underway for another five Corticeira Amorim IUs, raising coverage to more than 35% of employees. Workers are also offered voluntary health programmes.

CASE STUDY

Physical Activity Project in the Raw Materials BU

Objective:

Given a workplace accident record of 40%, causing absence due to musculoskeletal disorders, the aim was to develop and implement a physical activity programme among employees that could:

- ✦ Reduce workplace accidents;
- ✦ Improve employees' physical condition;
- ✦ Correct incorrect posture and/or identify alternative ways of completing tasks;
- ✦ Reduce work-related musculoskeletal disorders and resulting occupational illnesses.

Initiatives:

A programme with the following components was developed:

- ✦ Ergonomic risk assessment by bodily area: a risk level is allocated for each task and by bodily area according to the breadth of movement, enforced posture, force and repetition; assessment of manual handling of loads;
- ✦ Assessment of the organisational and physical conditions of the job; diagnosis of the characteristics of the existing working equipment and tools, comparing and adapting them to the ergonomic principles of the anthropometric study of the Portuguese population;
- ✦ Assessment of the worker's personal physical condition to identify the bodily structures most requested for tasks, identifying over-used structures and disuse leading to inactivity and lower tolerance to exertion.

Results:

- ✦ Improvement in the physical condition of almost 100% of employees, proven by the physical assessment indicators;
- ✦ Lower workplace accidents and musculoskeletal disorders (no consequence of this type after implementing the programme);
- ✦ Better team spirit;
- ✦ Boosted discipline and team organisation;
- ✦ General feeling among workers of the benefits of the programme.



6.3. IMPACT ON THE LOCAL COMMUNITY

1,700 students involved in environmental education actions

20,500 trees planted since 2011

> 40 institutions supported every year

Building resilient communities is vital to achieve sustainable development and companies have a key role in this. With over 4 400 workers spread around the globe, Corticeira Amorim recognises the importance of being an active agent in aiding communities to overcome the challenges they face.

Concern for social balance accompanies Corticeira Amorim's almost 150 years of operations. It was one of the first companies to provide all workers with a canteen and a doctor as far back as 1938. Its concept of social responsibility is not limited purely to the strict circle of its workers, extending instead to the surrounding community, seeking to commit to this relationship too.

UN SDGS AND TARGETS



SDG 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

SDG 4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments for all.

SDG 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.

6.3.1. Natural Choice Programme

The Natural Choice Programme, launched by Corticeira Amorim in 2008, with initiatives that are renewed annually, has as its main objectives:

- ✦ raise awareness among employees and society in general, as citizens responsible for future generations, of the need for social solidarity and for more environmentally friendly behaviour;
- ✦ ensure sustainable development practices are a positive factor of differentiation among different stakeholder groups.

a) Environmental education initiatives

Collaboration with schools, from primary schools to business schools, in Portugal and abroad. Through sessions organised by employees at schools and school visits to the company's facilities, more than 1 700 students participated in 2018 – 800 in school environments and 934 in company environments.

CASE STUDY

From the montado to the Cork Stopper

Objective:

The Municipality of Santarem, with support from Corticeira Amorim, has been promoting the information and environmental awareness campaign - "From the *montado* to the Cork Stopper" to primary and middle schools in the municipality. This initiative aims to arouse the interest of the school community for Portugal's native forest, revealing the cork forest's ecosystem and the importance of the exploitation of cork to ensure conservation of the forests.

Initiatives:

The initiative, which begins in January of each year, foresees that participating schools will collect cork stoppers for recycling, which are forwarded to the Green Cork programme, organised by Quercus, of which the municipality has been a partner since June 2016. The school that collects the largest number of cork stoppers per student, in a 3-month period, is rewarded with a study visit to the Cork and Cork Tree Observatory and a cork forest that is being harvested in Coruche, enabling the students to learn about a species that has high cultural, economic and environmental value.

Results:

More than 395 students from different schools took part in the initiative in 2018, thereby contributing to the Circular Economy.



b) Porto Futuro Programme

Protocol with the Porto Municipal Council that supports the collaboration of Corticeira Amorim with a group of schools in the Portuguese city on transposing business practices to the schools:

- ✦ “Junior Achievement” volunteers – entrepreneurship and financial education – participation of more than 100 volunteers since 2005;
- ✦ Presence at the General Councils of the School Group;
- ✦ Miscellaneous Projects;
- ✦ Donation of computer equipment, floor and wall coverings and insulation materials. Sponsorship of merit awards.



c) Sustainability Forum 2018

A diverse panel of experts was invited to the 2018 edition of Corticeira Amorim’s Sustainability Forum, including Cláudia Coelho and Marta Antas Gago (PwC), Nuno Gaspar Oliveira (Esporão) and Aline Guerreiro (Portal da Construção Sustentável) who discussed important concepts for the industry with employees – such as the impact of the circular economy, trends and sustainability challenges and the value of ecosystem services. It was an opportunity to share key ideas for reflection about the positive impact of sustainability in the cork industry, in particular in relation to forests and the construction industry.

d) Reforestation

In line with initiatives organised in previous years, about 100 volunteers from Corticeira Amorim planted 2 000 cork oak trees in 2018. The initiative took place in the Monte da Torre estate, owned by Galveias Municipal Council.

The initiative was carried out within the framework of the Common Forest project, which aims to create a native forest with high levels of biodiversity and production of ecosystem services, funded by Quercus’ Green Cork – cork stopper collection and recycling project – of which Corticeira Amorim has been a partner since its launch.

By means of this initiative, volunteers from Corticeira Amorim have contributed, since 2011, to the planting of 20 500 native trees in Portugal, the majority of which have been cork oak trees.

e) Other initiatives

The involvement of the company and employees is evident in several initiatives related to sustainability issues – ranging from blood donation campaigns, organisation of sporting events, workshops and various competitions, participation in voluntary rehabilitation of school spaces, participation in humanitarian associations, internal campaigns for collecting books, food and clothing to be donated to social institutions, which require greater involvement with the Community and draw attention to social responsibility, healthy living and environmentally friendly lifestyles. Group companies also encourage the involvement of employees in the “Biological Gardens” project, providing spaces within their premises for the cultivation of vegetable gardens.

CASE STUDY

Decreased Consumption of Plastic Cups in the Cork Stoppers BU

Objective:

Plastic is currently one of the major contaminants of the oceans, interfering with natural biodiversity and causing various imbalances on the planet. Although plastics used by Amorim Champcork are subsequently recycled, their manufacture and recycling consumes energy and causes CO₂ emissions, contributing to the imbalance of ecosystems. The objective of this initiative is to reduce the environmental footprint by reducing consumption of plastic cups in this IU.

Initiatives:

Amorim Champcork consumed more than 7 000 plastic cups a month, equivalent to almost 20 kg of plastic per month. On average, each person consumes 155 cups / year, representing a cost of approximately €1 000 for the unit / year plus the costs related to recycling. By assigning re-usable cups to all employees, the sleeves of plastic cup were removed from the drinks dispensers.

Results:

Although the useful life of the re-usable cups has not yet been determined, this measure has reduced the consumption of single-use plastic cups in the IU. In addition to reduction of the environmental footprint, this measure allows an effective saving of around € 2 000 per year.



6.3.2. Sponsorship and Donations

a) Donations

Over the years Corticeira Amorim has continually pursued a policy of donating materials to institutions of recognised merit with a capacity for social intervention, a practice with an evident social value that helps improve the quality of the services provided by those institutions.

In 2018, several institutions – public, private and associative – benefited from donations of a wide range materials (Corticeira Amorim products, office supplies, computer equipment and other items).

Corticeira Amorim is a leading donor to the Albertina Ferreira de Amorim Foundation, public utility entity, to promote charity initiatives and to foster the ethical, religious, cultural and civilisational aspects of human advancement. The Foundation acts in two primary areas: support for scientific research in the field of cork raw materials, and humanitarian and social support for causes and projects in the communities surrounding Corticeira Amorim companies.

In 2018, it was active in making social, humanitarian and life-supporting interventions through financial support or donations in kind to about 40 institutions in the areas of social insertion, foster care, support for the elderly, fire brigade corporations, hospital units and the Liga Portuguesa Contra o Cancro, among others.

b) Académie Amorim

This is a non-profit organisation, made up of scientists dedicated to wine research, with the objective of optimising the quality of the wine and ensuring that its aging process proceeds as expected. Since 1992 this institution founded in France by members of the third generation of the Amorim family, supports the researchers' work by offering them an annual scholarship that will reward the scientific work developed and contribute to improving knowledge about wine. In 2018, Grégoire Henry & Tristan Destremau, with the VINOVAE project, were awarded the GRAND INNOVATION AND DEVELOPMENT PRIZE. In addition to recognising those who are dedicated to the study of wine and its environment, the Academy promotes thematic forums, to which it invites experts, and interested professionals who share the same passion for wine.



c) Other assistance

Since Corticeira Amorim was founded, it has been a partner of the Bagos D'Ouro Association, an institution dedicated to supporting children and young people in need in the Douro region of Portugal. The Association provides assistance by supporting children's school careers and creating opportunities for developing successful lives. The company is also a founding partner of the Terras de Santa Maria Foundation. Corticeira Amorim is represented on the board of directors of this foundation and annually awards a prize to the best management student at Portugal's Instituto Superior Entre Douro e Vouga (ISVOUGA).

The company also collaborates with numerous national and international initiatives, providing materials, know-how and technical support to the development of educational, research and artistic projects. In 2018, it collaborated with the following entities: Rhode Island School of Design (USA), Pratt Institute (USA), Elon University (USA), Copenhagen Contemporary (Denmark), Bonn Bundeskunsthalle Museum (Denmark), Domaine de Boisbuchet (France), Calouste Gulbenkian Foundation (Portugal) and Centro Cultural de Belém (Portugal).

7

METHODOLOGICAL NOTES

7.1. PERIMETER

There was an alteration to the universe of companies that make up the perimeter considered in the Sustainability Report, in particular by the incorporation of three industrial units belonging to the Cork Stoppers BU: Socori, S.A., Socori Florestal, S.L. and Elfverson & Co. AB.

In chapter 4. Promoting Research, Development and Innovation and Leverage Economic Performance, the values presented are those for the consolidated Corticeira Amorim Group (100% of companies included). In the remaining chapters, the companies included cover 86% of industrial units and 74% of the employees of the Corticeira Amorim at the end of 2018, as shown in the table below:

Company	Location	Country	%
Raw Materials			
Amorim Natural Cork, S.A.	Vale de Cortiças – Abrantes	Portugal	100%
Amorim Florestal, S.A.	Ponte de Sôr	Portugal	100%
Amorim Florestal II, S.A.	Ponte de Sôr	Portugal	100%
Amorim Florestal III, S.A.	Ponte de Sôr	Portugal	100%
Amorim Florestal España, SL	San Vicente Alcántara	Spain	100%
Amorim Florestal Mediterrâneo, SL	Cádiz	Spain	100%
Amorim Tunisié, S.A.R.L.	Tabarka	Tunisia	100%
Comatral – C. de Maroc. de Transf. du Liège, S.A.	Skhirat	Morocco	100%
Société Nouvelle du Liège, S.A. (SNL)	Tabarka	Tunisia	100%
Société Tunisienne d'Industrie Bouchonnière	Tabarka	Tunisia	55%
Cork Stoppers			
Amorim & Irmãos, SGPS, S.A.	Santa Maria Lamas	Portugal	100%
Amorim & Irmãos, S.A.	Santa Maria Lamas	Portugal	100%
Amorim Champcork, SA	Santa Maria Lamas	Portugal	100%
Amorim Top Series, S.A.	Vergada	Portugal	75%
Elfverson & Co. AB	Paryd	Sweden	53%
Equipar, Participações Integradas, Lda.	Coruche	Portugal	100%
Francisco Oller, S.A.	Girona	Spain	92%
Socori, S.A.	Rio Meão	Portugal	60%
Socori Florestal, S.L.	Cáceres	Spain	100%
Floor and Wall Coverings			
Amorim Revestimentos, S.A.	S. Paio de Oleiros	Portugal	100%
Amorim Benelux, BV	Tholen	Netherlands	100%
Amorim Deutschland, GmbH – AR	Delmenhorts	Germany	100%
Amorim Flooring, SA	S. Paio de Oleiros	Portugal	100%
Amorim Flooring (Switzerland) AG	Zug	Switzerland	100%
Amorim Flooring North America Inc.	Hanover – Maryland	U.S.A.	100%
Composite Cork			
Amorim Cork Composites, S.A.	Mozelos	Portugal	100%
Amorim Comp Cork, Lda	Mozelos	Portugal	100%
Amorim Cork Composites Inc.	Trevor – Wisconsin	U.S.A.	100%
Amorim Industrial Solutions – Imobiliária, S.A.	Corroios	Portugal	100%
Isolamentos			
Amorim Isolamentos, S.A.	Vendas Novas	Portugal	100%
Holding Company and Others			
Corticeira Amorim, SGPS, S.A.	Mozelos	Portugal	100%
Amorim Cork Research, Lda.	Mozelos	Portugal	100%
Amorim Cork Services, Lda.	Mozelos	Portugal	100%
Amorim Cork Ventures, Lda	Mozelos	Portugal	100%

7.2. SUPPLY CHAIN – UPSTREAM AND DOWNSTREAM ACTIVITIES IN THE VALUE CHAIN

In the case of energy consumption by suppliers outside the organisation, and since there are no conversion factors in the bibliography that enable accurate data to be determined, Corticeira Amorim has estimated energy consumption, based on the value of emissions and emission factors of its own fuels, and several assumptions had to be made. For this reason, the calculation presented herein is an estimate. Corticeira Amorim aims to continue working to consolidate the methodology used. The figures presented, consider the most important aspects of Corticeira Amorim's value chain, for its activity in Portugal (excluding Socori, S.A.).

In this context, the following activities and assumptions were considered:

- ✦ Upstream and downstream transport and distribution: the quantity of product bought and sold was considered, which corresponds to 95% of the total; emission factors associated with the transportation of products by sea, air and / or road;
- ✦ Residues generated in operations: the total waste produced and the waste sent to the respective recipients were considered; emission factors associated with road transport per ton transported;
- ✦ Business trips: emission figures calculated by the travel agency;
- ✦ Transport of employees: the distance travelled by employees was measured; emission factor associated with road transport by the distance travelled by employees between home-work-home.

The source of information for all the emission factors was the factors published by the GHG Protocol and Defra – Department for Environment, Food & Rural Affairs.

7.3. ECONOMIC PERFORMANCE

The amounts presented refer to Corticeira Amorim's consolidated values (100% of the companies included).

Revenues correspond to the sum of the following items: sales and provision of services; supplementary income; operating subsidies; own works; other operating income; financial income and gains; capital gains from real-estate (after deducting capital losses).

Operating costs do not include depreciation.

Investment in the community includes only the value of donations in cash and does not include contributions and donations in kind.

7.4. ENERGY EFFICIENCY AND CLIMATE CHANGE – ENERGY

In 2018, use was made of the conversion factors used in audits within the framework Energy Intensive Consumption Management System (SGCIE), ministerial order 17313/2008:

Natural Gas (GJ/1000m ³)	37.9
Propane (GJ/t)	46.7
Diesel (GJ/t)	42.8
Gasoline (GJ/t)	44.5
Biomass (cork powder) (GJ/t)	15.7
Biomass (other) (GJ/t)	11.6
Electricity (GJ/kWh)	0.0036

7.5. ENERGY EFFICIENCY AND CLIMATE CHANGE – EMISSIONS

In order to calculate CO₂ emissions, the conversion factors used in the SGCIE audits were considered. In the case of emissions associated with electricity consumption (market-based method), the report used information available at the time of writing from the supplier Endesa. Emissions outside Portugal were considered to be of marginal material importance (about 7%):

Natural Gas (kg CO ₂ /GJ)	64.1
Propane (kg CO ₂ /GJ)	63
Diesel (kg CO ₂ /GJ)	74
Gasoline (kg CO ₂ /GJ)	69.2
Biomass (cork powder) (kg CO ₂ /GJ)	0
Biomass (other) (kg CO ₂ /GJ)	0
Electricity – 2016 supplier (g CO ₂ /kWh)	381.58
Electricity – 2017 supplier (g CO ₂ /kWh)	480.24
Electricity – 2018 supplier (g CO ₂ /kWh) *	480.24
Electricity – location: Portugal (g CO ₂ /kWh)	470.00

*information available to date

7.6. ENERGY EFFICIENCY AND CLIMATE CHANGE – ENERGY INTENSITY AND CARBON INTENSITY

The diversity of Corticeira Amorim's applications and businesses makes it difficult to define an indicator that clearly shows the evolution of CO₂ emissions in relation to activity levels. Over time, efforts have been made to respond to this need by analysing different indicators and in recent years the company has opted for the ratio of emissions to the value of total sales. This indicator involves some limitations, namely those related to the differences between the perimeter considered in the numerator (more restricted) and the perimeter considered in the (broader) denominator. These become more evident in years when there have been material changes in the perimeter of companies under consideration. To maintain the comparability of the indicator, the effect of the acquired companies that are not part of the sustainability perimeter is excluded, in the calculation of the energy intensity and carbon intensity of activities in 2018, with the consolidated sales value considered for that year being €753 million.

7.7. HEALTH AND SAFETY AT WORK

The procedure for calculating the frequency index, the rate of occupational illnesses and the rate of lost days was changed according to the International Labour Organisation (ILO) Code of Practice. The formulas considered are as follows:

- ✦ Frequency index = Number accidents/ Hours of work x 1,000,000.
- ✦ Occupational illness rate = Number of cases of occupational diseases/ Hours of work x 1,000,000.
- ✦ Lost Days Rate = Number of days lost/ Hours of work x 1,000 000.
- ✦ Absenteeism rate = Days of absence/Potential days of work.

There was also a change in the formula for calculation of potential days, in which the accounting of holidays was eliminated, which led to a 17% reduction in the number of potential days, with a direct effect on the absenteeism rate.

For the calculation of the frequency index, only the accidents that give rise to lost days are considered.

To determine the number of days lost, the number of workdays is considered. Counting begins the day after the accident occurs and stops when the employee returns to work.



8

GRI TABLE

GRI ref.	Description	Value / Location																																
GRI 102 – GENERAL DISCLOSURES 2016																																		
Organisational Profile																																		
102-1	Name of the organization	2. Corticeira Amorim – 2.1. Organisational Profile – 2.1.1. Identification																																
102-2	Activities, brands, products, and services	2. Corticeira Amorim – 2.1. Organisational Profile – 2.1.3. Main Products and Services																																
102-3	Location of headquarters	2. Corticeira Amorim – 2.1. Organisational Profile – 2.1.1. Identification																																
102-4	Location of operations	Consolidated Annual Report 31-12-2018 – Worldwide Presence																																
102-5	Ownership and legal form	2. Corticeira Amorim – 2.1. Organisational Profile																																
102-6	Markets served	2. Corticeira Amorim – 2.1. Organisational Profile – 2.1.3. Main Products and Services Consolidated Annual Report 31-12-2018 – Worldwide Presence																																
102-7	Scale of the organization	2. Corticeira Amorim – 2.1. Organisational Profile 6. Promote People's Development, Safety and Well-Being – 6.1. Training and Development – 6.1.1. Employment Consolidated Annual Report 31-12-2018 – Organizational Chart Consolidated Management Report – 10. Consolidated Demonstration of the Financial Position and 11. Main Consolidated Figures																																
		6. Promote People's Development, Safety and Well-Being – 6.1. Training and Development – 6.1.1. Employment																																
		<table border="1"> <thead> <tr> <th>Total number of employees by gender and employment contract</th> <th>2018</th> <th>2017</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Woman</td> <td>831</td> <td>737</td> <td>716</td> </tr> <tr> <td>Permanent</td> <td>707</td> <td>630</td> <td>622</td> </tr> <tr> <td>Fixed Term Contract</td> <td>124</td> <td>107</td> <td>94</td> </tr> <tr> <td>Men</td> <td>2,455</td> <td>2,162</td> <td>2,152</td> </tr> <tr> <td>Permanent</td> <td>2,041</td> <td>1,753</td> <td>1,739</td> </tr> <tr> <td>Fixed Term Contract</td> <td>414</td> <td>409</td> <td>413</td> </tr> <tr> <td>TOTAL</td> <td>3,286</td> <td>2,899</td> <td>2,868</td> </tr> </tbody> </table>	Total number of employees by gender and employment contract	2018	2017	2016	Woman	831	737	716	Permanent	707	630	622	Fixed Term Contract	124	107	94	Men	2,455	2,162	2,152	Permanent	2,041	1,753	1,739	Fixed Term Contract	414	409	413	TOTAL	3,286	2,899	2,868
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102-8	Information on employees and other workers	<table border="1"> <thead> <tr> <th>Total number of employees by region and employment contract</th> <th>2018</th> <th>2017</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Portugal</td> <td>2,810</td> <td>2,469</td> <td>2,447</td> </tr> <tr> <td>Permanent</td> <td>2,312</td> <td>1,991</td> <td>1,966</td> </tr> <tr> <td>Fixed Term Contract</td> <td>498</td> <td>478</td> <td>481</td> </tr> <tr> <td>Rest of the World</td> <td>476</td> <td>430</td> <td>421</td> </tr> <tr> <td>Permanent</td> <td>436</td> <td>392</td> <td>395</td> </tr> <tr> <td>Fixed Term Contract</td> <td>40</td> <td>38</td> <td>26</td> </tr> <tr> <td>TOTAL</td> <td>3,286</td> <td>2,899</td> <td>2,868</td> </tr> </tbody> </table>	Total number of employees by region and employment contract	2018	2017	2016	Portugal	2,810	2,469	2,447	Permanent	2,312	1,991	1,966	Fixed Term Contract	498	478	481	Rest of the World	476	430	421	Permanent	436	392	395	Fixed Term Contract	40	38	26	TOTAL	3,286	2,899	2,868
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GRI ref.	Description	Value / Location
102-9	Supply chain	2. Corticeira Amorim – 2.4. Supply Chain
102-10	Significant changes to the organization and its supply chain	In 2018, Corticeira Amorim announced the acquisition of 70% of the Elfverson & Co. AB and 100% of the Cosabe – Companhia Silvo-Agrícola da Beira, S.A.
102-11	Precautionary Principle or approach	Corporate Governance Report – C. Internal Organisation
102-12	External initiatives	2. Corticeira Amorim – 2.3. Principles and Policies – 2.3.5. Voluntary Commitments
102-13	Membership of associations	2. Corticeira Amorim – 2.1. Organisational Profile – 2.1.4. Participation in Associations
Strategy and Analysis		
102-14	Statement from senior decision-maker	Consolidated Annual Report 31-12-2018 – Chairman’s letter
102-15	Key impacts, risks, and opportunities	Consolidated Management Report – 14. Business Risks and Uncertainties
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	2. Corticeira Amorim – 2.2. People and Culture and 2.3. Principles and Policies
102-17	Mechanisms for advice and concerns about ethics	2. Corticeira Amorim – 2.3. Principles and Policies
Governance		
102-18	Governance structure	3. Sustainability Management and Strategy – 3.1. Sustainability Management Structure Corporate Governance Report – B. Corporate Boards and Committees, II. Management and Supervision, a) Composition
102-24	Nominating and selecting the highest governance body	Corporate Governance Report – B. Corporate Board and Committees
Stakeholder Engagement		
102-40	List of stakeholder groups	3. Sustainability Management and Strategy – 3.2. Engagement with Stakeholders
102-41	Collective bargaining agreements	6. Promote People’s Development, Safety and Well-Being – 6.1. Training and Development – 6.1.2. Labour Relations
102-42	Identifying and selecting stakeholders	3. Sustainability Management and Strategy – 3.2. Engagement with Stakeholders – 3.2.1. Corticeira Amorim’s Stakeholders
102-43	Approach to stakeholder engagement	3. Sustainability Management and Strategy – 3.2. Engagement with Stakeholders – 3.2.2. Main Means of Communication
102-44	Key topics and concerns raised	3. Sustainability Management and Strategy – 3.2. Engagement with Stakeholders – 3.2.3. Consultation 3.3. Sustainable Development Priorities
Report Profile		
102-45	Entities included in the consolidated financial statements	1. About the Sustainability Report 7. Methodological Notes – 7.1. Perimeter
102-46	Defining report content and topic Boundaries	1. About the Sustainability Report
102-47	List of material topics	1. About the Sustainability Report
102-48	Restatements of information	1. About the Sustainability Report 7. Methodological Notes
102-49	Changes in reporting	1. About the Sustainability Report 7. Methodological Notes – 7.1. Perimeter
102-50	Reporting period	1. About the Sustainability Report
102-51	Date of most recent report	Sustainability Report 2017, covering the years 2016 and 2017.
102-52	Reporting cycle	1. About the Sustainability Report
102-53	Contact point for questions regarding the report	1. About the Sustainability Report

GRI ref.	Description	Value / Location
102-54	Claims of reporting in accordance with the GRI Standards	1. About the Sustainability Report
102-55	GRI content index	Present table
102-56	External assurance	1. About the Sustainability Report

GRI 200 – ECONOMIC STANDARDS 2016

Material Aspect: 201 – Economic Performance 2016

103 – Management Approach 2016	Generic Management Approach	<p>1 – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the company's internal perspective. In direct relation to economic performance, the topic "Economic Performance" was considered a topic with a high materiality (materiality matrix – 1. About the Sustainability Report).</p> <p>2 – Corticeira Amorim has over the years promoted several initiatives related to economic performance (4. Promote R & D + I and Leverage Economic Performance).</p> <p>3 – Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (4. Promote R & D + I and Leverage Economic Performance – 4.2. Economic Performance).</p>
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201-1	Direct economic value generated and distributed	4. Promote R & D + I and Leverage Economic Performance – 4.2. Economic Performance 7. Methodological Notes – 7.1. Perimeter and 7.3. Economic Performance
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201-2	Financial implications and other risks and opportunities due to climate change	Consolidated Management Report – 14. Business Risks and Uncertainties Corporate Governance Report – C. Internal Organisation, III. Control and Risk Management 4. Promote R & D + I and Leverage Economic Performance 5. Promote the Environmental Features of the Product and the montado – 5.1. Promotion of the montado, Its Biodiversity and Ecosystem Services and 5.2. Energy Efficiency and Climate Change and 5.3. Product Environmental Impact and 5.4. Circular Economy
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201-3	Defined benefit plan obligations and other retirement plans	4. Promote R & D + I and Leverage Economic Performance – 4.2. Economic Performance 6. Promote People's Development, Safety and Well-Being – 6.1. Training and Development – 6.1.2. Labour Relations
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Aspect Gri 202 – Market Presence 2016

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	6. Promote People's Development, Safety and Well-Being – 6.1. Training and Development – 6.1.2. Labour Relations
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Aspect Gri 204 – Procurement Practices 2016

204-1	Proportion of spending on local suppliers	2. Corticeira Amorim – 2.4. Supply Chain – 2.4.1. Procurement and Supply of Cork and 2.4.2. Procurement and Supply of Non-Cork Products
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Aspect Gri 205 – Anti-Corruption 2016

205-1	Operations assessed for risks related to corruption	2. Corticeira Amorim – 2.3. Principles and Policies – 2.3.3. Corruption and Bribery
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205-3	Confirmed incidents of corruption and actions taken	2. Corticeira Amorim – 2.3. Principles and Policies – 2.3.3. Corruption and Bribery
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Material Aspect: Research, development and innovation

103 – Management Approach 2016	Generic Management Approach	<p>1 – The material topics of Corticeira Amorim were based on the comparison of the results from the stakeholders consultation with the company's internal perspective. In direct relation to research, development and innovation, the topic "Research, Development and Innovation" was considered a topic with a high materiality (materiality matrix – 1. About the Sustainability Report).</p> <p>2 – Corticeira Amorim has over the years promoted several initiatives relating to research, development and innovation (4. Promote R & D + I and Leverage Economic Performance).</p> <p>3 – Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (4. Promote R & D + I and Leverage Economic Performance – 4.1 Research, Development and Innovation).</p>
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GRI ref.	Description	Value / Location
	Average annual investment	4. Promote R & D + I and Leverage Economic Performance – 4.1. Research, Development and Innovation
	Submission of patents	4. Promote R & D + I and Leverage Economic Performance – 4.1. Research, Development and Innovation

GRI 300 – ENVIRONMENTAL STANDARDS 2016

Material Aspect: Gri 302 – Energy 2016

103 – Management Approach 2016	Generic Management Approach	<p>1 – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company’s internal perspective. In direct relation to energy, the topic “Energy Efficiency and Climate Change” was considered a topic with a high materiality (materiality matrix – 1. About the Sustainability Report).</p> <p>2 – Corticeira Amorim has promoted over the years several initiatives related to energy consumption (5. Promote the Environmental Features of the Product and the montado).</p> <p>3 – Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report – 5.2. Energy Efficiency and Climate Change – 5.2.1. Energy – 5.2.2 Energy Intensity).</p>
	Specific Management Approach	Some Corticeira Amorim units are covered by regulations of the Management System of Intensive Energy Consumption (SGCIE)
302-1	Energy consumption within the organization	5. Promote the Environmental Features of the Product and the montado – 5.2. Energy Efficiency and Climate Change – 5.2.1. Energy 7. Methodological Notes – 7.4. Energy Efficiency and Climate Change – Energy
302-2	Energy consumption outside of the organization	2. Corticeira Amorim – 2.4. Supply Chain – 2.4.3. Transport, Upstream and Downstream Activities in the Value Chain 7. Methodological Notes – 7.2 Supply Chain – Upstream and Downstream Activities in the Value Chain
302-3	Energy intensity	5. Promote the Environmental Features of the Product and the montado – 5.2. Energy Efficiency and Climate Change – 5.2.2. Energy Intensity 7. Methodological Notes – 7.6. Energy Efficiency and Climate Change Energy Intensity and Carbon Intensity
302-4	Reduction of energy consumption	5. Promote the Environmental Features of the Product and the montado – 5.2. Energy Efficiency and Climate Change – 5.2.2. Energy Intensity
302-5	Reductions in energy requirements of products and services	5. Promote the Environmental Features of the Product and the montado – 5.2. Energy Efficiency and Climate Change – 5.2.1. Energy and 5.2.2. Energy Intensity

Material Aspect: Gri 303 – Water 2016

103 – Management Approach 2016	Generic Management Approach	<p>As product environmental impact management involves the “Water Management and Use” and “Product Quality and Responsibility” topics, these topics are considered material to respond to the GRI Standards 2016. For purposes of responding to Generic Management Approach 2016, the following paragraph should be considered:</p> <p>1 – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company’s internal perspective. In direct relation to water, the topic “Product Environmental Impact” was considered a topic with a high materiality (materiality matrix – 1. About the Sustainability Report).</p> <p>2 – Corticeira Amorim has over the years promoted several initiatives related to product environmental impact (5. Promote the Environmental Features of the Product and the montado).</p> <p>3 – Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Promote the Environmental Features of the Product and the montado – 5.3. Product Environmental Impact – 5.3.1. Water Management and Use – 5.3.2. Product Quality and Responsibility).</p>
		5. Promote the Environmental Features of the Product and the montado – 5.3. Product Environmental Impact – 5.3.1. Water Management and Use
303-1	Water withdrawal by source	5. Promote the Environmental Features of the Product and the montado – 5.3. Product Environmental Impact – 5.3.1. Water Management and Use

GRI ref.	Description	Value / Location
Material Aspect: Gri 304 – Biodiversity 2016		
103 – Management Approach 2016	Generic Management Approach	<p>1 – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. With direct relation to biodiversity, the topic "Promotion of the montado, Its Biodiversity and Ecosystem Services " was considered a topic with a high materiality (materiality matrix – 1. About the Sustainability Report).</p> <p>2 – Corticeira Amorim has promoted over the years several initiatives related to biodiversity (5. Promote the Environmental Features of the Product and the montado).</p> <p>3 – Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Promote the Environmental Features of the Product and the montado – 5.1. Promotion of the montado, Its Biodiversity and Ecosystem Services).</p>
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5. Promote the Environmental Features of the Product and the montado – 5.1. Promotion of the montado, Its Biodiversity and Ecosystem Services – 5.1.4. Location of Operations
304-2	Significant impacts of activities, products, and services on biodiversity	5. Promote the Environmental Features of the Product and the montado – 5.1. Promotion of the montado, Its Biodiversity and Ecosystem Services – 5.1.1. Increasing knowledge relating to the impact of cork products and the ecosystem they make viable and 5.1.2. Forestry Intervention Project and 5.1.3. Acquisition of the Herdade da Baliza estate
Material Aspect: Gri 305 – Emissions 2016		
103 – Management Approach 2016	Generic Management Approach	<p>1 – The material topics of Corticeira Amorim were based on the comparison from stakeholders consultation with the Company's internal perspective. In direct relation to emissions, the topic "Energy Efficiency and Climate Change" was considered a topic with a high materiality (materiality matrix – 1. About the Sustainability Report).</p> <p>2 – Corticeira Amorim has promoted over the years several initiatives related to emissions (5. Promote the Environmental Features of the Product and the montado).</p> <p>3 – Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Promote the Environmental Features of the Product and the montado – 5.2. Energy Efficiency and Climate Change – 5.2.3. Emissions – 5.2.4. Carbon Intensity).</p>
	Specific Management Approach	Some Corticeira Amorim units are covered by regulations of the Management System of Intensive Energy Consumption (SGCIE)
305-1	Direct (Scope 1) GHG emissions	5. Promote the Environmental Features of the Product and the montado – 5.2. Energy Efficiency and Climate Change – 5.2.3. Emissions 7. Methodological Notes – 7.5. Energy Efficiency and Climate Change – Emissions
305-2	Energy indirect (Scope 2) GHG emissions	5. Promote the Environmental Features of the Product and the montado – 5.2. Energy Efficiency and Climate Change – 5.2.3. Emissions 7. Methodological Notes – 7.5. Energy Efficiency and Climate Change – Emissions
305-3	Other indirect (Scope 3) GHG emissions	2. Corticeira Amorim – 2.4. Supply Chain – 2.4.3. Transport, Upstream and Downstream Activities in the Value Chain 7. Methodological Notes – 7.2. Supply Chain – Upstream and Downstream Activities in the Value Chain
305-4	GHG emissions intensity	5. Promote the Environmental Features of the Product and the montado – 5.2. Energy Efficiency and Climate Change – 5.2.4. Carbon Intensity 7. Methodological Notes – 7.6. Energy Efficiency and Climate Change – Energy Intensity and Carbon Intensity
305-5	Reduction of GHG emissions	5. Promote the Environmental Features of the Product and the montado – 5.2. Energy Efficiency and Climate Change – 5.2.4. Carbon Intensity

GRI ref.	Description	Value / Location
Material Aspect: Gri 306 – Effluents And Waste 2016		
103 – Management Approach 2016	Generic Management Approach	<p>1 – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company’s internal perspective. In direct relation to effluents and waste, the topic “Circular Economy” was considered a topic with a high materiality (materiality matrix – 1. About the Sustainability Report).</p> <p>2 – Corticeira Amorim has promoted over the years several initiatives related to the management of effluents and waste (5. Promote the Environmental Features of the Product and the montado).</p> <p>3 – Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Promote the Environmental Features of the Product and the montado – 5.4. Circular Economy – 5.4.2. Waste and 5.4.1. Recycling of Cork).</p>
306-2	Waste by type and disposal method	5. Promote the Environmental Features of the Product and the montado – 5.4. Circular Economy – 5.4.2. Waste
Aspect: Gri 307 – Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	There are no fines or non-monetary penalties for non-compliance with environmental laws and regulations.
Aspect: Gri 308 – Supplier Environmental Assessment 2016		
308-2	Negative environmental impacts in the supply chain and actions taken	2. Corticeira Amorim – 2.3. Principles and Policies and 2.4. Supply Chain
GRI 400 – SOCIAL STANDARDS 2016		
Material Topic: Gri 401 – Employment 2016		
103 – Management Approach 2016	Generic Management Approach	<p>1 – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company’s internal perspective. In direct relation to employment, the topic “Training and Development” was considered a topic with a high materiality (materiality matrix – 1. About the Sustainability Report).</p> <p>2 – Corticeira Amorim has promoted over the years several initiatives related to employment (6. Promote People’s Development, Safety and Well-Being).</p> <p>3 – Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (6. Promote People’s Development, Safety and Well-Being – 6.1. Training and Development – 6.1.1. Employment).</p>
	Specific Management Approach	<p>The work performed in Corticeira Amorim ‘s supply chain takes place in compliance with institutional and legal structures.</p> <p>The working conditions in Corticeira Amorim ‘s supply chain meet the labour legislation in each geography where the activity is developed.</p>
401-1	New employee hires and employee turnover	6. Promote People’s Development, Safety and Well-Being – 6.1. Training and Development – 6.1.1. Employment
Material Topic: Gri 402 – Labour / Management Relations 2016		
103 – Management Approach 2016	Generic Management Approach	<p>1 – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company’s internal perspective. In direct relation to labour relations, the topic “Training and Development” was considered a topic of high materiality (materiality matrix – 1. About the Sustainability Report).</p> <p>2 – Corticeira Amorim has promoted over the years several initiatives related to labour relations (6. Promote People’s Development, Safety and Well-Being).</p> <p>3 – Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (6. Promote People’s Development, Safety and Well-Being – 6.1. Training and Development – 6.1.2. Labour Relations).</p>
	Specific Management Approach	<p>The work performed in Corticeira Amorim ‘s supply chain takes place in compliance with institutional and legal structures.</p> <p>The working conditions in Corticeira Amorim ‘s supply chain meet the labour legislation in each geography where the activity is developed.</p>
402-1	Minimum notice periods regarding operational changes	Regulations concerning prior notice relating to the work location (in particular those that require subsequent amendment) complied with by Corticeira Amorim.

GRI ref. Description

Value / Location

MATERIAL TOPIC: GRI 403 – OCCUPATIONAL HEALTH AND SAFETY 2016

103 -
Management
Approach
2016

Generic Management Approach

1 – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company’s internal perspective. In direct relation to health and safety at work, the topic “Health and Safety at Work” was considered a topic with a high materiality (materiality matrix – 1. About the Sustainability Report).

2 – Corticeira Amorim has promoted over the years several initiatives related to health and safety at work (6. Promote People’s Development, Safety and Well-Being).

3 – Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (6. Promote People’s Development, Safety and Well-Being – 6.2 Health and Safety at Work).

Specific Management Approach

The work performed in Corticeira Amorim ‘s supply chain takes place in compliance with institutional and legal structures.

The working conditions in Corticeira Amorim ‘s supply chain meet the labour legislation in each geography where the activity is developed.

6. Promote People’s Development, Safety and Well-Being – 6.2 Health and Safety at Work | 7. Methodological Notes – 7.7. Health and Safety at Work

403-2

Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

Ratios of accidents, professional illnesses, lost days, and absenteeism, and number of work-related fatalities, by gender	2018	2017	2016
Accident frequency index	115	130	159
Female	9	21	32
Male	106	109	127
Accident frequency index	20.9	21.1	26.9
Female	6.7	14.3	22.1
Male	25.4	23.2	28.4
Work-related illness rate	** 7.1	1.6	1.2
Female	10.5	0.0	0.7
Male	6.0	2.1	1.3
Lost working days rate	737	547	583
Female	433	304	486
Male	800	623	614
Absenteeism rate	*** 3.7%	3.4%	3.3%
Female	4.8%	4.3%	3.9%
Male	3.3%	3.1%	3.1%

** Changing criteria for the certification of occupational disease, as well as validation of several cases pending from previous years

*** Change in the calculation according to the methodological notes

Number of injury and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organization, by gender	2018	2017
Number of accidents in the workplace	26	13
Female	2	0
Male	24	13
Number of fatalities	0	0
Female	0	0
Male	0	0

GRI ref.	Description	Value / Location
Material Aspect: Gri 404 – Training And Education 2016		
103 – Management Approach 2016	Generic Management Approach	<p>1 – The material topics of Corticeira Amorim were based on the comparison of the results of the stakeholders consultation with the Company’s internal perspective. In direct relation to training and education, the topic “Training and Development” was considered a topic with a high materiality (materiality matrix – 1. About the Sustainability Report).</p> <p>2 – Corticeira Amorim has promoted through the years several initiatives related to training and education (6. Promote People’s Development, Safety and Well-Being).</p> <p>3 – Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (6. Promote People’s Development, Safety and Well-Being – 6.1. Training and Development – 6.1.3. Training and Education).</p>
404-1	Average hours of training per year per employee	6. Promote People’s Development, Safety and Well-Being – 6.1. Training and Development – 6.1.3. Training and Education
Material Topic: Gri 405 – Diversity And Equal Opportunity 2016		
103 – Management Approach 2016	Generic Management Approach	<p>1 – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company’s internal perspective. In direct relation to diversity and equal opportunities, the topic “Training and Development” was considered a topic with a high materiality (materiality matrix – 1. About the Sustainability Report).</p> <p>2 – Corticeira Amorim has promoted over the years several initiatives related to diversity and equal opportunities (6. Promote People’s Development, Safety and Well-Being).</p> <p>3 – Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (6. Promote People’s Development, Safety and Well-Being – 6.1. Training and Development – 6.1.4. Diversity and Equal Opportunities and Non-Discrimination).</p>
	Specific Management Approach	Corticeira Amorim advocates a policy of management and motivation of people that promotes non-discrimination of any kind, equal opportunities in recruitment, promotion and training of employees, remuneration and working conditions.
405-1	Diversity of governance bodies and employees	6. Promote People’s Development, Safety and Well-Being – 6.1. Training and Development – 6.1.1. Employment and 6.1.4. Diversity and Equal Opportunities and Non-Discrimination
405-2	Ratio of basic salary and remuneration of women to men	6. Promote People’s Development, Safety and Well-Being – 6.1. Training and Development – 6.1.4. Diversity and Equal Opportunities and Non-Discrimination
Aspect: Gri 413 – Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	6. Promote People’s Development, Safety and Well-Being – 6.3. Impact on the Local Community
Aspect: Gri 414 – Supplier Social Assessments 2016		
414-2	Negative social impacts in the supply chain and actions taken	2. Corticeira Amorim – 2.3. Principles and Policies and 2.4. Supply Chain

Mozelos, 15 February 2019

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

9

INDEPENDENT VERIFICATION REPORT



Ernst & Young
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Independent Limited Assurance Report of the Sustainability Report

(Free translation from the Original Independent Limited Assurance Report in Portuguese dated March 20, 2019,
in case of any discrepancy, the Portuguese version always prevails.)

To the Board of Directors of
Corticeira Amorim S.G.P.S., S.A.

Introduction

1. We were contracted by the Board of Directors of Corticeira Amorim S.G.P.S., SA to proceed with the independent review of the 2018 Sustainability Report (hereinafter the "Sustainability Report") included in the "Report and Accounts 2018", relating to the sustainability activities carried out from 1 January to 31 December 2018.

Responsibilities

2. The Board of Directors is responsible for preparing the "Sustainability Report", and to maintain an appropriate internal control system that allows the information presented to be free of material misstatements due to fraud or error.
3. It is our responsibility to issue a limited assurance report, professional and independent, based on the procedures performed and described in the "Scope" section below.

Scope

4. Our review procedures have been planned and executed in accordance with the international Standard on Assurance Engagements (ISAE 3000, Revised) - "Assurance engagements other than Audits and Reviews of Historical Financial Information", for a limited level of assurance.
5. A limited assurance engagement consists mainly in the formulation of questions to those in charge of the organization and in analytical procedures, including review tests on a sample basis. Therefore, the assurance provided by these procedures is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our independent review procedures comprised the following:
 - Conducting interviews with Management, in order to understand how the information system is structured and assess their level of knowledge of the topics addressed in the report;
 - Review of the processes, criteria and systems adopted to collect, consolidate, report and validate the data for the year 2018;
 - Analytical review, on a sample basis, of the data calculated by Management, and verification of quantitative and qualitative information disclosed in the report;
 - Confirmation on how collection, consolidation, validation and report procedures are being implemented in selected operating units;
 - Verification of the conformity of the information included in the non-financial information statements with the results of our work.

Sociedade Anónima - Capital Social 1.335.000 euros - Inscrição N.º 176 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161490 na Comissão do Mercado de Valores Mobiliários
Comércio N.º 505 988 283 - C. R. Comercial de Lisboa sob o número 40269 - Sede: Av. da República, 90 - 5.º - 1000-006 Lisboa
A member firm of Ernst & Young Global Limited.



6. Regarding sustainability reporting standards of the Global Reporting Initiative – GRI Standards 2016, we performed a review of the self-evaluation made by Management of the adopted option to apply the GRI Standards 2016 and conformity with Article 508 G of the Portuguese Companies Act (Código das Sociedades Comerciais) and 245 A, paragraph r) of the Securities Market Code (Código do Mercado dos Valores Mobiliários) with respect to non-financial and diversity disclosures.

Quality and independence

7. Our firm applies International Standard on Quality Control 1 (ISQC 1), and consequently maintains a global quality control system which includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and the legal and regulatory provisions applicable and we comply with the independence and ethical requirements of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics and the Code of Ethics of the Order of Chartered Accountants (OROC).

Conclusion

8. Based on our work, nothing has come to our attention that causes us to believe that the systems and procedures for the collection, consolidation, validation and reporting of the information included in the "Sustainability Report" are not operating appropriately and the information disclosed is not free from relevant material misstatements. Additionally, nothing has come to our attention that causes us to believe that the "Sustainability Report" do not include all the required data and information for a Core option as defined by the GRI Standards 2016 and by the Article 508-G of the Portuguese Companies Act and paragraph r) of the article 245-A of the Securities Market Code.

Lisboa, March 20, 2019

Ernst & Young Audit & Associados - SRDC, S.A.
Sociedade de Revisores Oficiais de Contas (nr. 178)

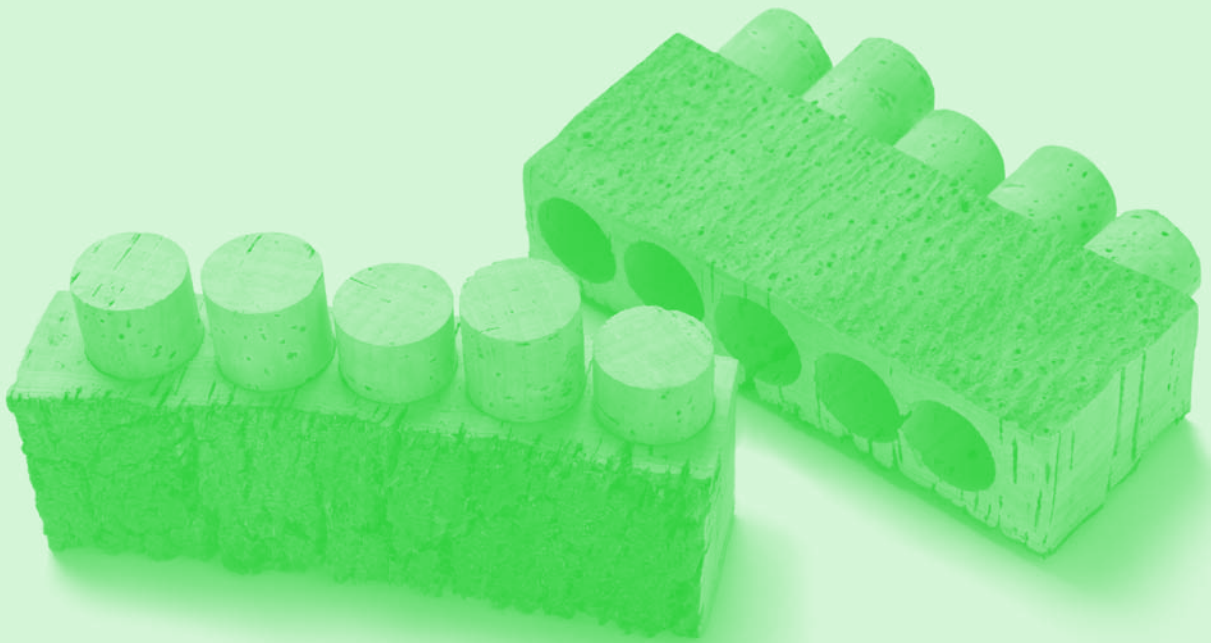
Represented by:

(signed)

Rui Manuel da Cunha Vieira - RDC nr. 1154
Registered with the Portuguese Securities Market Commission under license nr. 20160766



Natural and noble, cork and wine have been engaged in a symbiotic relationship for centuries. Supported by technological developments, this inseparability never ceases to grow.



05

Consolidated
Financial
Statements

Consolidated Statement of Financial Position (thousand euros)

	Notes	December 31 2018	December 31 2017
ASSETS			
Tangible assets	IX	259,433	227,905
Intangible assets	X	7,585	4,077
Goodwill	X	13,987	9,848
Biological assets		240	-
Investment property	XI	5,481	5,678
Investments in associates and joint ventures	VI e XII	9,537	11,006
Other financial assets	XIII	1,632	2,520
Deferred tax assets	XIV	13,346	13,146
Other debtors	XVIII	4,844	-
Non-current assets		316,084	274,180
Inventories	XV	406,090	359,141
Trade receivables	XVI	174,483	167,604
Income tax assets	XVII	8,915	13,297
Other debtors	XVIII	35,704	35,398
Other current assets	XVIII	3,103	2,782
Cash and cash equivalents	XIX	21,695	17,005
Current assets		649,989	595,228
TOTAL ASSETS		966,074	869,407
EQUITY			
Share capital	XX	133,000	133,000
Other reserves	XX	255,974	224,439
Net Income		77,389	73,027
Non-Controlling Interest	XXI	31,871	29,524
TOTAL EQUITY		498,234	459,991
LIABILITIES			
Interest-bearing loans	XXII	39,503	48,094
Other financial liabilities	XXIV	30,263	36,179
Provisions	XXXI	43,081	40,940
Post-employment benefits	XXXI	1,621	975
Deferred tax liabilities	XIV	7,737	7,187
Non-current liabilities		122,205	133,375
Interest-bearing loans	XXII	121,200	61,695
Trade payables	XXIII	165,008	157,096
Other financial liabilities	XXIV	41,039	33,498
Other liabilities	XXIV	16,464	21,521
Income tax liabilities	XVII	1,924	2,231
Current liabilities		345,635	276,042
TOTAL LIABILITIES AND EQUITY		966,074	869,407

(this statement should be read with the attached notes to the consolidated financial statements)

Consolidated Income Statement by Nature (thousand euros)

4Q18 (non audited)	4Q17 (non audited)		Notes	2018	2017
179,360	170,139	Sales	VIII	763,117	701,609
101,639	83,892	Costs of goods sold and materials consumed		408,780	333,030
11,069	2,833	Change in manufactured inventories		32,119	4,932
33,558	30,846	Third party supplies and services	XXV	124,140	116,524
32,243	33,352	Staff costs	XXVI	134,239	125,630
-986	-1,349	Impairments of assets	XXVII	-73	2,290
2,690	4,580	Other income and gains	XXVIII	11,599	12,348
1,097	2,568	Other costs and losses	XXVIII	5,765	7,822
25,566	28,242	Operating Cash Flow (current EBITDA)		133,984	133,594
7,670	7,852	Depreciation	IX, X e XI	31,279	29,599
17,896	20,390	Operating Profit (current EBIT)		102,705	103,995
-624	-1,341	Non-recurrent results	XXVII	57	-2,913
1,332	555	Financial costs	XXIX	3,547	1,471
34	74	Financial income	XXIX	95	191
562	81	Share of (loss)/profit of associates and joint-ventures	XII	2,691	1,039
16,536	18,650	Profit before tax		102,002	100,842
-2,502	1,344	Income tax	XIV	19,393	24,263
19,038	17,306	Profit after tax		82,608	76,579
239	642	Non-controlling Interest	XXI	5,220	3,551
18,798	16,664	Net Income attributable to the equity holders of Corticeira Amorim		77,389	73,027
0.141	0.125	Earnings per share - Basic e Diluted (euros per share)	XXXV	0.582	0.549

(this statement should be read with the attached notes to the consolidated financial statements)

Consolidated Statement of Comprehensive Income (thousand euros)

4Q18 (non audited)	4Q17 (non audited)		Notes	2018	2017
19,038	17,306	Net Income		82,608	76,579
		Items that may be reclassified through income statement:			
56	332	Change in derivative financial instruments fair value	XIV	-462	1,575
1,349	1,261	Change in translation differences and other	XIV	-626	-4,298
9	-298	Share of other comprehensive income of investments accounted for using the equity method	XIV	-2,844	625
-637	573	Other comprehensive income	XIV	92	448
777	1,868	Other comprehensive income (net of tax)		-3,840	-1,650
19,815	19,174	Total Net comprehensive income		78,768	74,929
		Attributable to:			
20,315	18,349	Corticeira Amorim Shareholders		74,078	71,599
-500	825	Non-controlling Interest		4,690	3,330

(this statement should be read with the attached notes to the consolidated financial statements)
(items in this Statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note XIV)

Consolidated Statement of Cash Flow (thousand euros)

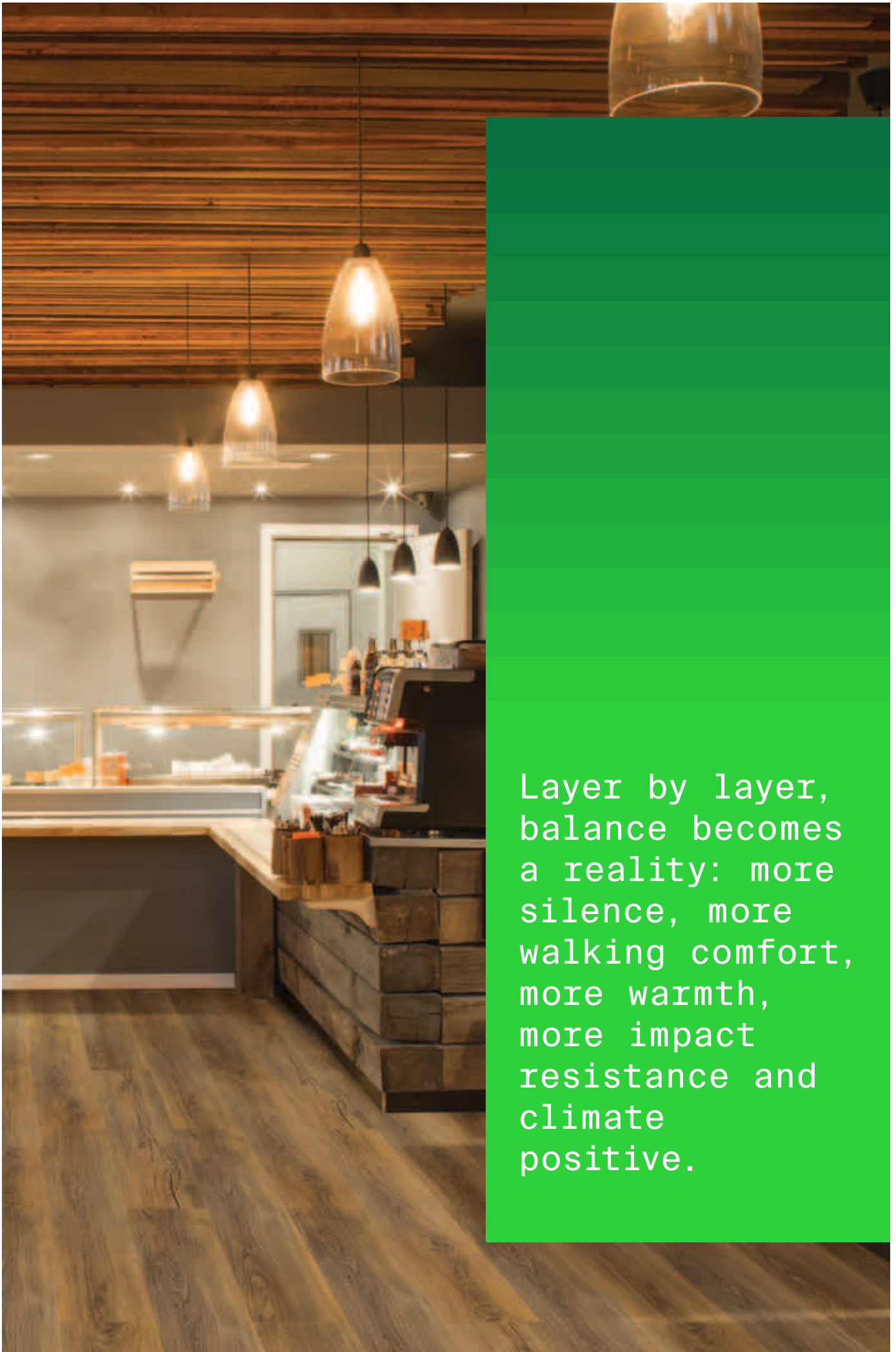
4Q18 (non audited)	4Q17 (non audited)		Notes	2018	2017
OPERATING ACTIVITIES					
189,657	168,193	Collections from customers		767,722	705,476
-158,141	-127,212	Payments to suppliers		-599,191	-539,882
-33,059	-34,230	Payments to employees		-136,780	-121,914
-1,543	6,751	Operational cash flow		31,751	43,680
-4,501	-8,808	Payments/collections - income tax		-9,854	-24,608
11,551	11,826	Other collections/payments related with operational activities		37,605	55,778
5,507	9,769	Cash flow from operating activities		59,502	74,850
INVESTMENT ACTIVITIES					
Collections due to:					
671	148	Tangible assets		934	1,990
-1	0	Intangible assets		0	0
-78	-189	Financial investments		872	145
18	-16	Other assets		206	576
-98	90	Interests and similar gains		169	431
250	250	Dividends		500	500
Payments due to:					
-15,671	-15,624	Tangible assets		-53,718	-42,758
-9,304	341	Financial investments		-14,437	-31,421
-2,329	-991	Intangible assets		-3,587	-1,508
-26,542	-15,991	Cash flow from investments		-69,061	-72,045
FINANCIAL ACTIVITIES					
Collections due to:					
0	0	Loans		35,000	5,250
131	297	Government grants		2,423	12,004
811	1,706	Others		3,943	3,534
Payments due to:					
-2,651	-6,806	Loans		-22,167	-24,486
-278	-1,219	Interests and similar expenses		-1,657	-2,263
-12,636	-10,640	Dividends		-38,355	-35,366
-1,150	-180	Government grants		-2,340	-995
-230	-122	Others		-586	-469
-16,003	-16,964	Cash flow from financing		-23,739	-42,791
-37,038	-23,186	Change in Cash		-33,298	-39,986
-136	-514	Exchange rate effect		-310	-3,065
216	-114	Perimeter variation		216	2,317
-1,783	18,463	Cash at beginning	XIX	-5,348	35,383
-38,740	-5,348	Cash at end	XIX	-38,740	-5,348

(this statement should be read with the attached notes to the consolidated financial statements)

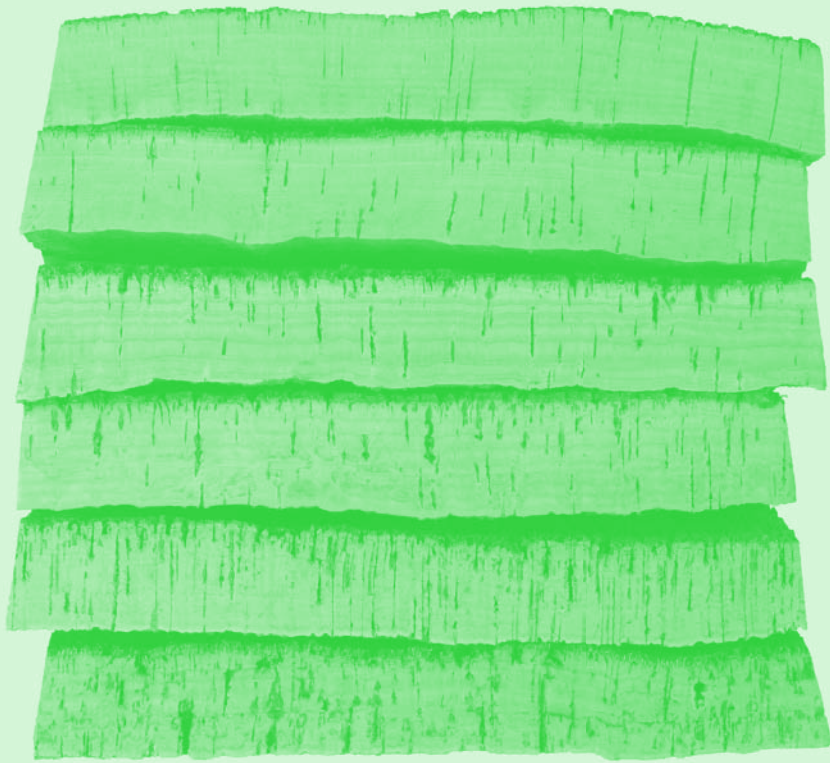
Consolidated Statement of Changes in Equity (thousand euros)

	Notes	Attributable to owners of Corticeira Amorim, SGPS, S.A.							Non-controlling interests	Total Equity
		Share capital	Paid-in Capital	Hedge Accounting	Translation Difference	Legal reserve	Other reserves	Net income		
BALANCE SHEET AS AT JANUARY 1, 2017		133 000	38 893	-1 107	2 274	16 203	119 084	102 703	15 893	426 942
Profit for the year	XX	-	-	-	-	2,567	100,136	-102,703	-	0
Dividends	XX	-	-	-	-	-	-34,580	-	-575	-35,155
Perimeter variation	XXI	-	-	-	-	-	-	-	12,800	12,800
Changes in the percentage of interest retaining control	XXI	-	-	-	-	-	1,278	-	-1,923	-645
Agreement to acquire non-controlling interests	XXIV	-	-	-	-	-	-18,880	-	-	-18,880
Consolidated Net Income for the period	XX e XXI	-	-	-	-	-	-	73,027	3,551	76,579
Change in derivative financial instruments fair value	XXXII	-	-	1,575	-	-	-	-	-	1,575
Change in translation differences	XX e XXII	-	-	-	-3,981	-	-	-	-317	-4,298
Other comprehensive income of associates	XII	-	-	-	662	-	-37	-	-	625
Other comprehensive income		-	-	-	-	-	352	-	96	448
Total comprehensive income for the period		0	0	1,575	-3,319	0	315	73,027	3,330	74,928
BALANCE SHEET AS AT DECEMBER 31, 2017		133,000	38,893	468	-1,045	18,770	167,353	73,027	29,524	459,991
Effect of IFRS 9 application (Note XXXV)							-343			-343
BALANCE SHEET AS AT JANUARY 1, 2018		133,000	38,893	468	-1,045	18,770	167,010	73,027	29,524	459,648
Profit for the year	XX	-	-	-	-	2,725	70,303	-73,027	-	0
Dividends	XX	-	-	-	-	-	-35,910	-	-2,445	-38,355
Perimeter variation	XXI	-	-	-	-	-	-	-	611	611
Changes in the percentage of interest retaining control	XXI	-	-	-	-	-	-1,928	-	-510	-2,438
Consolidated Net Income for the period	XX e XXI	-	-	-	-	-	-	77,389	5,220	82,608
Change in derivative financial instruments fair value	XXXII	-	-	-462	-	-	-	-	-	-462
Change in translation differences	XX e XXII	-	-	-	-96	-	-	-	-530	-626
Other comprehensive income of associates	XII	-	-	-	-2,919	-	75	-	-	-2,844
Other comprehensive income		-	-	-	-	-	92	-	-	92
Total comprehensive income for the period		0	0	-462	-3,015	0	167	77,389	4,690	78,768
BALANCE SHEET AS AT DECEMBER 31, 2018		133,000	38,893	6	-4,060	21,495	199,642	77,389	31,871	498,234

(this statement should be read with the attached notes to the consolidated financial statements)



Layer by layer,
balance becomes
a reality: more
silence, more
walking comfort,
more warmth,
more impact
resistance and
climate
positive.



06

Notes to the
Consolidated
Financial
Statements

INTRODUCTION

At the beginning of 1991, Corticeira Amorim, S.A. was transformed into Corticeira Amorim, S.G.P.S., S.A., the holding company for the cork business sector of the Amorim Group. In this report, Corticeira Amorim will be the designation of Corticeira Amorim, S.G.P.S., S.A., and in some cases the designation of Corticeira Amorim, S.G.P.S. together with all of its subsidiaries.

Corticeira Amorim is mainly engaged in the acquisition and transformation of cork into a numerous set of cork and cork related products, which are distributed worldwide through its network of sales company.

Corticeira Amorim is a Portuguese company with a registered head office in Mozelos, Santa Maria da Feira. Its share capital amounts to 133 million euros, and is represented by 133 million shares, which are publicly traded in the Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

Amorim - Investimentos e Participações, S.G.P.S, S.A. held, as of December 31, 2017 and December 31, 2018, 67,830,000 shares of Corticeira Amorim, corresponding to 51.00% of the capital stock. Corticeira Amorim consolidates in Amorim – Investimentos e Participações, S.G.P.S., S.A., which is its controlling and Mother Company. Amorim – Investimentos e Participações, S.G.P.S., S.A. is owned by Amorim family.

These financial statements were approved in the Board Meeting of February 15, 2019. Shareholders have the capacity to modify these financial statements even after their release.

Except when mentioned, all monetary values are stated in thousand euros (Thousand euros = K euros = K€).





SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

a. BASIS OF PRESENTATION

Pursuant to Decree No. 35/2005, dated 17 February, as subsequently amended by Decree-Law No. 98/2015 of 2 July, which transposed into Portuguese legislation the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, these consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC), adopted by the EU, effective as of 1 January 2018. Consolidated statements were prepared based on a going concern basis, are based on historical cost, except for financial instruments measured at fair value in accordance with IFRS 9, and using the records as stated in the companies' books included in the consolidation which adopted local general accepted accounting principles. Accounting adjustments were made in order to comply with the International Financial Reporting Standards (IFRS) as adopted in the European Union for periods beginning on January 1, 2018

b. CONSOLIDATION

Group companies

The consolidated financial statements include, in reference to 31 December 2018, assets, liabilities, profit and loss of the companies in the Group, understood as the entirety of Corticeira Amorim and its subsidiaries, which are presented in Note VI.

An entity is classified as a subsidiary when it is controlled by the Group. Control exists only where the Group has, cumulatively:

- a. power over the investee;
- b. exposure to or rights over variable results derived from its relationship with the investee; and
- c. the ability to use its power over the investee to affect the amount of the results for investors.

Generally, it is assumed that there is control when the Group holds the majority of voting rights. In order to support this assumption and in cases where the Group does not hold the majority of voting rights in the investee, all relevant facts and circumstances are taken into account when determining the existence of power and control, such as:

- a. Any contractual agreements with other holders of voting rights;
- b. Any rights arising from other contractual agreements;
- c. Existing and potential voting rights.

The existence of control by the Group is re-evaluated whenever there is a change in any facts and circumstances that lead to changes in one of the three factors of control mentioned above.

Subsidiaries are included in the consolidation according to the full consolidation method, from the date when control is acquired until the date it effectively ends.

Intergroup balances and transactions, as well as any unrealised gains on transactions between companies in the Group, are eliminated. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

The accounting policies of subsidiaries are changed whenever necessary to ensure consistency with the policies adopted by the Group.

A change in the participating interest in a subsidiary that does not entail loss of control is recorded as a transaction between shareholders. If the Group loses control over the subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised and any gains or losses are recognised in the income statement. Investments retained are recognised at fair value at the time of the loss of control.

In situations where the Group has substantial control of entities created for a specific purpose, even if it has no direct shareholdings in these entities, they shall be consolidated using the full consolidation method.

Net assets of subsidiaries consolidated through the full consolidation method attributable to the equity stake or shares held by any third parties are recorded in the consolidated statement of financial position, in the line item

Interests held by any third parties over the net income of subsidiaries are identified and adjusted by deduction from the equity attributable to the Group shareholders and recorded in the consolidated income statement, in the line item Non-Controlling Interests.

Financial holdings in associates and joint ventures

Associates are companies over which Corticeira Amorim exercises significant influence, understood as the power to participate in the financial and operating policy-making process, without, however, exercising control or joint control. Generally, it is assumed that there is a significant influence whenever the holding percentage exceeds 20%.

The classification of financial investments in joint ventures is determined based on the existence of shareholders' agreements that demonstrate and regulate joint control, which is understood to exist when decisions on activities relevant to the venture require a unanimous agreement between the parties.

The existence of significant influence or joint control is determined based on the same type of facts and circumstances applicable in the assessment of control over subsidiaries.

These holdings are consolidated by the equity method; i.e., the consolidated financial statements include the Group's interest in the total recognised gains and losses of the associate/joint venture, from the date on which significant influence/control begins until the date on which it effectively ends. Dividends received from these companies are recorded as a reduction in the value of financial investments.

The Group's share of gains and losses in associates/joint ventures is recognised in the income statement, and its share of operations in Post-acquisition Reserves are recognised in Reserves. The cumulative postacquisition operations are adjusted according to the cumulative operations in the financial investment. When the Group's share of losses in an associate/joint venture equals or exceeds its investment in that entity, including any unsecured receipt transaction, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate/joint venture.

Any excess of the cost of acquisition of a financial investment over the Group's share in the fair value of the assets, liabilities and contingent liabilities identified on the date of acquisition of the associate/joint venture is recognised as goodwill, which is included in the value of the financial holding and whose recovery is assessed annually as part of the financial investment. If the cost of acquisition is lower than the fair value of the net amount of the assets of the associate/joint venture, the difference is recorded directly in the consolidated income statement.

Unrealised gains from transactions between the Group and its associates/joint ventures are eliminated to the extent of the Group's share in the respective associates/joint ventures. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

The accounting policies of associates/joint ventures are changed whenever necessary to ensure consistency with the policies adopted by the Group.

Following the application of the equity method, the Group assesses the existence of impairment indicators; should they exist, the Group calculates the recoverable amount of the investment and recognises an impairment loss if the recoverable amount is lower than the carrying amount of the investment, in the line item "Gains/losses in associates and joint ventures" of the income statement.

After the loss of significant influence or joint control (without maintenance of significant influence), the Group initially recognises the retained investment at fair value, and the difference between the carrying value and the fair value held plus the revenue from the sale, are recognised in the income statement.

Exchange rate effect

Euro is the country's currency of Corticeira Amorim, S.G.P.S., S.A., and is the currency in which two thirds of its business is made and so Euro is considered to be its functional and presentation currency.

In non-euro subsidiaries, all assets and liabilities denominated in foreign currency are translated to euros using year-end exchange rates. Net exchange differences arising from the different rates used in transactions and the rate used in its settlements or balance sheet dates are recorded in the income statement. These differences are recognized in operating results because they are not financially significant.

Assets and liabilities from non-euro subsidiaries are translated at the balance sheet date exchange rate, being its costs and gains from the income statement translated at the average exchange rate for the period.

Exchange differences of this conversion are registered in an equity account "Translation differences" which is part of the line "Other reserves".

Whenever and a non-euro subsidiary is sold or liquidated, accumulated translation differences recorded in equity is registered as a gain or a loss in the consolidated income statement by nature.

Business combinations and goodwill

The acquisition method is the method used to recognise the entry of subsidiaries in Corticeira Amorim upon their acquisition.

In the acquisition method, the difference between: (i) the consideration transferred along with the non-controlling interests and the fair value of the equity interests previously held, and (ii) the net amount of identifiable assets acquired and liabilities assumed, is recognised, on the date of acquisition, as goodwill, if positive, or as a gain, if negative.

The consideration transferred is measured at fair value, calculated as the aggregate amount of fair values, on the date of acquisition, of assets transferred, liabilities incurred and equity instruments issued by Corticeira Amorim. For the purpose of determining goodwill/gains resulting from the combination, the transferred consideration is removed from any part of the consideration that concerns another transaction (e.g. remuneration for the provision of future services or settlement of pre-existing relationships) whose margin is recognised separately in profit or loss.

The transferred consideration includes the fair value, on the date of acquisition, of any contingent consideration. Subsequent changes in

this value are recognised: (i) as equity if the contingent consideration is classified as equity, (ii) as an expense or income in profit or loss or as other comprehensive income if the contingent consideration is classified as a financial asset or liability and (iii) as expenses, according to IAS 37 or other applicable standards, in remaining cases.

Expenses related to the acquisition are not part of the transferred consideration, so they do not affect the determination of goodwill/gains resulting from the acquisition and are recognised as expenses in the year they occur.

On the date of acquisition, the classification and designation of all assets acquired and liabilities transferred are reassessed in accordance with IFRS, with the exception of lease and insurance contracts, which are classified and designated based on the contractual terms and conditions, on the commencement date.

Assets arising from contractual indemnities paid by the seller concerning the outcome of contingencies related, in whole or in part, to a specific liability of the combined entity, shall be recognised and measured using the same principles and assumptions of the related liabilities.

The determination of the fair value of assets acquired and liabilities assumed takes into account the fair value of contingent liabilities arising from a present obligation caused by a past event (if the fair value can be reliably measured), regardless of whether an outflow is expected or not.

For each acquisition, Corticeira Amorim can choose to measure "non-controlling interests" at their fair value or by their respective share in the assets and liabilities transferred from the acquiree. The choice of a method influences the determination of the amount of goodwill to be recognised. When the business combination is achieved in stages, the fair value on the date of acquisition of the interests held is remeasured to the fair value on the date when control is obtained, by a contrary booking in the income for the period in which control is achieved, affecting the determination of goodwill.

Whenever a combination is not completed on the reporting date, the provisional amounts recognised on the date of acquisition shall be adjusted retrospectively, for a maximum period of one year from the date of acquisition and any additional assets and liabilities shall be recognised if new information is obtained on facts and circumstances existing on the date of acquisition which would result in the recognition of such assets and liabilities, should it have been known on that date.

Goodwill is considered to have an indefinite useful life and thus is not amortisable, being subject to annual impairment tests, regardless of whether or not there is any indication of impairment.

For the purpose of impairment testing, goodwill is allocated, on the date of acquisition, to each of the cash generating units expected to benefit from the business combination, regardless of the remaining assets and liabilities also associated with the cash-generating unit. When the operation, or part of it, associated with a cash generating unit is disposed of, the allocated goodwill is also derecognised and included in the balance of gains/losses of the disposal, calculated as the base for its relative value.

Goodwill related to investments in companies based abroad is recorded in those companies' reporting currency and translated into Euro at the exchange rate in force on the balance sheet date.

Agreement to acquire non-controlling interest

Corticeira Amorim chooses to treat multiple transactions in a business combination as separate acquisitions.

When the facts and circumstances indicate that Corticeira Amorim has no control over the shares subject to the agreement, Corticeira Amorim chooses the approach of full recognition of non-controlling interest,

in which non-controlling interest continue to be recognized in equity until the moment when the subsequent agreement is implemented. The recognized value of non-controlling interest changes due to allocation of results, changes in other comprehensive income and dividends declared in the reporting period as referred to in note II letter b).

When there is an agreement to acquire an additional interest in a subsidiary, a financial liability is recorded. The financial liability for the agreement is accounted for under IFRS 9. On initial recognition, the corresponding debit is made to another component of "Equity" attributable to the parent company. Subsequent changes in the value of the financial liability that result from the remeasurement of the present value payable are recognized in the income statement attributable to the parent company.

When the agreement is realized, Corticeira Amorim accounts for an increase in its ownership interests. At the same time, the financial liability and recognizes an offsetting credit in the same component of equity reduced on initial recognition.

c. TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at acquisition cost net of accumulated depreciation and impairment losses.

Subsequent costs are included in the carrying amount of the asset or recognized as separate assets when it is probable that future economic benefits that exceed the originally measured level of performance of the existing asset will flow to the enterprise and the cost of the asset to the enterprise can be measured with reliability. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Financial charges related to financing for production/acquisition of assets are added to the cost of these assets.

Depreciation is calculated on the straight-line basis, over the following years, which represent a reasonable estimate of the useful lives:

	Number of years
Buildings	20 to 50
Basic equipment	4 to 10
Transportation equipment	4 to 7
Office equipment	4 to 8

Depreciation is charged since the beginning of the moment in which the asset is ready to use. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Current maintenance on repair expenses are charged to the actual income statement in which they occurred. Cost of operations that can extend the useful expected life of an asset, or from which are expected higher and significative future benefits, are capitalized.

An asset's carrying amount is written down to its recoverable amount and charged to the income statement if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses and disposals are included in the income statement.



d. INTANGIBLE ASSETS

Intangible assets are initially measured at cost. Subsequently they are measured at cost less accumulated depreciation.

Research expenditures are recognised in the income statement as incurred.

Development expenditure is recognised as intangible asset when the technical feasibility being developed can be demonstrated and the Group has the intention and capacity to complete their development and start trading or using them and that future economic benefits will occur.

Amortisation of the intangible assets is calculated by the straight-line method, and recorded as the asset qualifies for its required purpose:

	Number of years
Industrial property	10 to 20
Software	3 to 6

The estimated useful life of assets are reviewed and adjusted when necessary, at the balance sheet date.

e. BIOLOGICAL ASSETS

Biological assets include cork in the tree measured at fair value. In determining this fair value, the present value method of discounted cash flows was used, which were calculated through an independent valuation carried out by an external entity.

f. INVESTMENT PROPERTY

Investment property includes land and buildings not used in production.

Investment property are initially registered at acquisition cost plus acquisition or production attributable costs, and when pertinent financial costs during construction or installation. Subsequently are measured at acquisition cost less cumulative depreciations and impairment, until the residual value.

Periods and methods of depreciation are as follows in the note for tangible fixed asset.

Properties are derecognized when sold. When used in regular activity they are reclassified as tangible fixed asset. When land and buildings are no more used for production, they will be reclassified from tangible fixed asset to investment property.

g. NON-FINANCIAL ASSETS IMPAIRMENT

Intangible assets with indefinite useful lives are not amortised but are annually tested for impairment, or more frequently if there are events or changes in circumstances that indicate impairment.

Assets under depreciation are tested for impairment purposes whenever an event or change of circumstances indicates that its value cannot be recovered.

For the estimate of impairments, assets are allocated to the lowest level for which there is separate identifiable cash flows (cash generating units).

In assessing impairment, both internal and external sources of information are considered. Tests are carried out if the level of profitability of cash-generating units is consistently below a minimum threshold, from which there is risk of impairment of assets. Impairment tests are also performed whenever management makes significant changes in operations (for example, total or partial discontinuation of the activity).

Impairment tests are performed internally. Whenever impairment tests are performed, future cash flows are discounted at a specific rate for the cash-generating unit, which includes the risk of the market where it operates.

The Group uses external experts (appraisers) only to determine the market value of land and buildings in situations of discontinuation of operations, where they are no longer recovered by use.

Impairment losses are recognized as the difference between its carrying amount and its recoverable amount. Recoverable corresponds to the higher of its fair value less sales expenses and its value for use.

Impairment losses, if any, are allocated specifically to the individual assets that are part of the cash flow generating unit.

Non-financial assets, which generated impairment losses are valued at each reporting date regarding reversals of that losses, except in the case of goodwill whose impairments can not be reversed.

h. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Corticeira Amorim business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Corticeira Amorim has applied the practical expedient, Corticeira Amorim initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which Corticeira Amorim has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Corticeira Amorim business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that Corticeira Amorim commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ✦ Financial assets at amortised cost (debt instruments);
- ✦ Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- ✦ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- ✦ Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to Corticeira Amorim. Corticeira Amorim measures financial assets at amortised cost if both of the following conditions are met:

- ✘ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;

and

- ✘ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and other debtors.

Financial assets at fair value through OCI (debt instruments)

Corticeira Amorim measures debt instruments at fair value through OCI if both of the following conditions are met:

- ✘ The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling;

and

- ✘ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

As of December 31, 2018, the Group does not have financial assets classified in this category.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, Corticeira Amorim can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when Corticeira Amorim benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As of December 31, 2018, the Group does not have financial assets classified in this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified

as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and, when applicable, listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: i) the economic characteristics and risks are not closely related to the host; ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; iii) and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- ✘ The rights to receive cash flows from the asset have expired;

or

- ✘ The Group transferred its contractual rights to receive cash flows arising from the financial asset or an obligation to pay the cash flows received in full in the short term, in the scope of an arrangement in which Corticeira Amorim (i) has no obligation to pay to the final recipient unless it receives equivalent amounts resulting from the original asset; (ii) is prohibited by the terms of the contract to sell or pledge the original asset other than as a guarantee to final recipient obligation to pay cash flows; and iii) Corticeira Amorim has an obligation to remit any cash received on behalf of final recipients without significant delays; and
- ✘ Corticeira Amorim transferred substantially all the risks and benefits of the asset, or Corticeira Amorim not substantially transferred or retained all the assets and benefits of the asset but transferred control over the asset.

When Corticeira Amorim has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Corticeira Amorim continues to recognise the transferred asset to the extent of its continuing involvement. In that case, Corticeira Amorim also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Corticeira Amorim has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Corticeira Amorim could be required to repay.

Impairment of financial assets

Corticeira Amorim recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Corticeira Amorim expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, Corticeira Amorim applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Corticeira Amorim established an impairment matrix based on default criteria of the risk management system, in the credits that were lost in the past, adjusted by specific prospective factors of the debtors and the economic environment.

For debt instruments at fair value through OCI, Corticeira Amorim applies the low credit risk simplification. At every reporting date, Corticeira Amorim evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, Corticeira Amorim reassesses the internal credit rating of the debt instrument.

Corticeira Amorim considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, Corticeira Amorim may also consider a financial asset to be in default when internal or external information indicates that Corticeira Amorim is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Corticeira Amorim financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, reimbursable grants and derivative financial instruments.

The Group contracts confirming operations with financial institutions, which will be classified as reverse factoring agreements. These agreements are not used to manage the liquidity needs of the group as long as the payment remains on the due date of the invoices (on that date the advance amounts are paid to the financial institution by the group). For this reason, and since they do not give rise to financial expenses for the group, the amounts of the invoices advanced to the suppliers that adhere to these contracts are kept in liabilities, in trade payables, and the payments at the due time are treated as operational payments. The supplier confirming operations are classified as operating in the Statement of Cash Flows.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings

This is the category most relevant to Corticeira Amorim. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and also including reimbursable grants at nil or below-market rate of interest.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

Corticeira Amorim uses derivative financial instruments, such as forward currency contracts, currency swaps, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- ✦ Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- ✦ Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.
- ✦ Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, Corticeira Amorim formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Before 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how Corticeira Amorim will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how Corticeira Amorim will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- I. There is 'an economic relationship' between the hedged item and the hedging instrument;
- II. The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- III. The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.





Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of Corticeira Amorim commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Corticeira Amorim only designates the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

As of December 31, 2018, Corticeira Amorim had no hedging instruments for a net investment.

i. INVENTORIES

Inventories are valued at the lower of acquisition cost or production cost and net realisable value. Acquisition cost includes direct and indirect expenses incurred in order to have those inventories at its present condition and place. Production cost includes used raw material costs, direct labour, other direct costs and other general fixed production costs (using normal capacity utilisation).

Year-end quantities are determined based on the accounting records, which are confirmed by the physical inventory taking. Raw materials, consumables and by-products are valued at weighted average cost, and finished goods and work-in-progress at the average production cost which includes direct costs and indirect costs incurred in production.

Where the net realisable value is lower than production cost, inventory impairment is registered. This adjustment will be reversed or reduced whenever the impairment situation no longer takes place.

The raw materials usually present alternative use without significant loss of value (for example through changes in caliber, reprocessing or use as raw material in other units). In these cases a specific analysis of impairment is made, being that impairment situations in this instance are very reduced.

The intermediate and finished products are not as susceptible of alternative use. In these cases, the amount by which inventories are expected to be realized is influenced by the age of those inventories. Thus, in addition to the specific analysis (priority form of determination of net realizable value), the group applies a criteria based on the rotation to estimate the reduction of expected value of these materials in function of their ageing.

j. INCOME TAXES – CURRENT AND DEFERRED

Income tax includes current income tax and deferred income tax. Except for companies included in groups of fiscal consolidation, current income tax is calculated separately for each subsidiary, on the basis of its net result for the period adjusted according to tax legislation. Management periodically addresses the effect of different interpretations of tax law.

Deferred taxes are calculated using the liability method, reflecting the temporary differences between the carrying amount of consolidated assets and liabilities and their correspondent value for tax purposes.

Deferred tax assets and liabilities are calculated and annually registered using actual tax rates or known tax rates to be in vigour at the time of the expected reversal of the temporary differences.

Deferred tax assets are recognized to the extent that it is probable sufficient future taxable income will be available utilisation. At the end of each year an analysis of the deferred tax assets is made. Those that are not likely to be used in the future will be derecognised.

Deferred tax liabilities are recognized for all taxable temporary differences, except those related to i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities that do not result from a business combination, and that at transaction date does not affect the accounting or tax result.

Deferred taxes are registered as an expense or a gain of the year, except if they derive from values that are booked directly in equity. In this case, deferred tax is also registered in the same line.

Deferred tax liabilities are not recognized in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

k. EMPLOYEE BENEFITS

Corticeira Amorim Portuguese employees benefit exclusively from the national welfare plan. Employees from foreign subsidiaries or are covered exclusively by local national welfare plans or benefit from complementary contribution plans and defined benefit.

As for the defined contribution plans, contributions are recognised as employee benefit expense when they are due.

Corticeira Amorim operates defined benefit pension plans in the subsidiaries Amorim Cork Italia (Trattamento di Fine Rapporto) and Eflverson. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The remeasures, comprising actuarial gains and losses, the effect of the asset ceiling, excluding the amounts included in net interest on the defined benefit net liability and the return on plan assets (excluding the amounts included in net interest on net liabilities), are recognized immediately in the statement of financial position with a debt or credit corresponding to retained earnings in the other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Corticeira Amorim recognises a liability and an expense for bonuses attributable to a large number of directors. These benefits are based on estimations that take in account the accomplishment of both individual goals and a pre-established Corticeira Amorim level of profits.

l. PROVISIONS

Provisions are recognised when Corticeira Amorim has a present legal or constructive obligation as a result of past events, when it is more likely than not an outflow of resources will be required to settle the obligation and when a reliable estimation is possible.

Provisions are not recognised for future operating losses. Restructuring provisions are recognised with a formal detail plan and when third parties affected are informed.

The main items of provisions were recorded based on their nominal value. Provisions for ongoing tax proceedings are annually increased by the calculation of interest and fines, as defined by law. In all other cases, given the uncertainty regarding the timing of the outflow of resources to cover liability, it is not possible to reliably estimate the effect of the discount, which is estimated to be not material.

When there is a present obligation, resulting from a past event, but it is not probable that an out flow of resources will be required, or this cannot be estimated reliably, the obligation is treated as a contingent liability. This will be disclosed in the financial statements, unless the probability of a cash outflow is remote.

Contingent assets are not recognized in the financial statements but disclosed when it is probable the existence of an economic future inflow of resources.

m. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recorded when the control of goods and services is transferred to customers for an amount corresponding to the compensation that Corticeira Amorim expects to receive in exchange for such goods or services.

Corticeira Amorim generally acts as the “principal” in its agreements with customers, because Corticeira Amorim typically controls the goods and services before transferring them to customers.

The most significant judgments, estimates and assumptions related to the revenue from contracts with customers are disclosed in Note IV.

Revenue from the sale of products is recognized at the time when the control over the goods is transferred to the customer, which usually happens when the product is delivered. The average day’s collection varies, not overcoming 90 days, after billing.

For each contract, Corticeira Amorim assesses whether there are other commitments in the contract that are distinct performance obligations and for which a portion of the transaction price should be allocated. In determining the price of the transaction, Corticeira Amorim takes into account possible variable remuneration, the existence or otherwise of a significant component of financing, non-monetary consideration receivable and the possibility of payment to the customer.

If the consideration provided for in a contract includes a variable component, Corticeira Amorim estimates the amount it considers to be entitled to receive in exchange for the transfer of the goods to the customer. The variable component is estimated at the inception of the contract and is restricted in the event of uncertainty until it is highly probable that a significant reversal of the recognized revenue will not occur when the uncertainty associated with the variable compensation component is finally dissipated.

Some contracts give the customer the right to return goods and volume rebates. The return rights and the volume discounts give rise to a variable return.

Right of return

Some contracts give the customer the right to return the products within a certain period. Taking into account historical information, Corticeira Amorim estimates the amount of assets that will not be returned. The retribution includes

returnable revenue because Corticeira Amorim estimates that it is highly probable that there will not be a significant reversal of cumulative revenue if the estimate of expirable returns changes.

Quantity discounts

Corticeira Amorim provides retrospective discounts on volumes to some customers when a certain amount of purchases in a given period exceeds a certain limit established in the agreement. Discounts are recorded on the credit of the customer's account receivable. To estimate the variable remuneration associated with the expected value of quantity discounts granted, Corticeira Amorim is based on the client's history.

The requirements of IFRS 15 to restrict the amounts of estimated variable remuneration are also applicable, and Corticeira Amorim records a liability related to the amount to be granted for discounts.

Using the practical expedient provided for in IFRS 15, Corticeira Amorim does not adjust the amount of the consideration for the financial effect when, it is initially expected, that the period between the transfer of the good or service to the customer and the time at which the customer pays the good or the service is less than a year.

The same happens when Corticeira Amorim receives short-term advances from its clients - in this case, the value of the compensation is not adjusted by the financial effect.

Floor and Wall Coverings BU generally offers guarantees of proper operation of its products. These quality guarantees are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

n. GOVERNMENT GRANTS

Grants received are related generally with fixed assets expenditure. No-repayable grants are present in the balance sheet as deferred income, and recognised as income on a systematic basis over the useful life of the related asset. Repayable grants are presented as Other financial liabilities following the recognition and measurement principles of IFRS 9.

Reimbursable grants with "out of market" interest rates are measured at fair value when they are initially recognised. For each grant, the fair value determination at the initial time corresponds to the present value of the future payments associated with the grant, discounted at the company's financing rate at the date of recognition, for loans with similar maturities.

Difference between nominal and fair value at initial recognition is included in "refundable grants", at Other financial liabilities, being afterwards recognised in net result as "Other income and gains" over the estimated useful life of the related asset. Subsequently these grants are measured at amortized cost.

The grants received are classified as a financial activity in the Statement of Cash Flows.

o. LEASING

A lease is classified at the beginning of the agreement as a finance lease or operating lease. A lease that transfers substantially all the risks and rewards of ownership of an asset to the Group is classified as a finance lease. Finance leases are recorded in assets at fair value in assets or, if lower, the present value of minimum lease payments. The minimum lease payments are divided between the financial burden and the reduction of the outstanding liability in order to produce a constant periodic interest rate on the remaining balance of the liability. The financial charges are recorded in the income statement as financial expenses.

The leased asset is depreciated over its useful life. However, if there is reasonable certainty that the lessee will obtain the property at the end of the term of the lease, the asset is depreciated over the term of the lease or its useful life, of the two shorter.

An operating lease is a lease that is not financial. Operating lease payments are recorded as operating expense in the straight-line statement of income over the lease period.

p. EQUITY

Ordinary shares are included in equity.

When Corticeira Amorim acquires own shares, acquisition value is recognised deducting from equity in the line treasury stock.

q. NON-RECURRENT RESULTS

Non-recurring operating results that due to their material or nature may distort the financial performance of Corticeira Amorim, as well as their comparability, are presented in a separate line on the Consolidated Income Statement by Nature. These results include, but are not limited to, restructuring costs, transaction costs for the acquisition of subsidiaries and expenses for leaving certain markets.

r. CASH AND CASH EQUIVALENTS

The caption "cash and cash equivalents" includes cash, deposits and cash investments with short maturities that are readily available without significant risk of change in value.

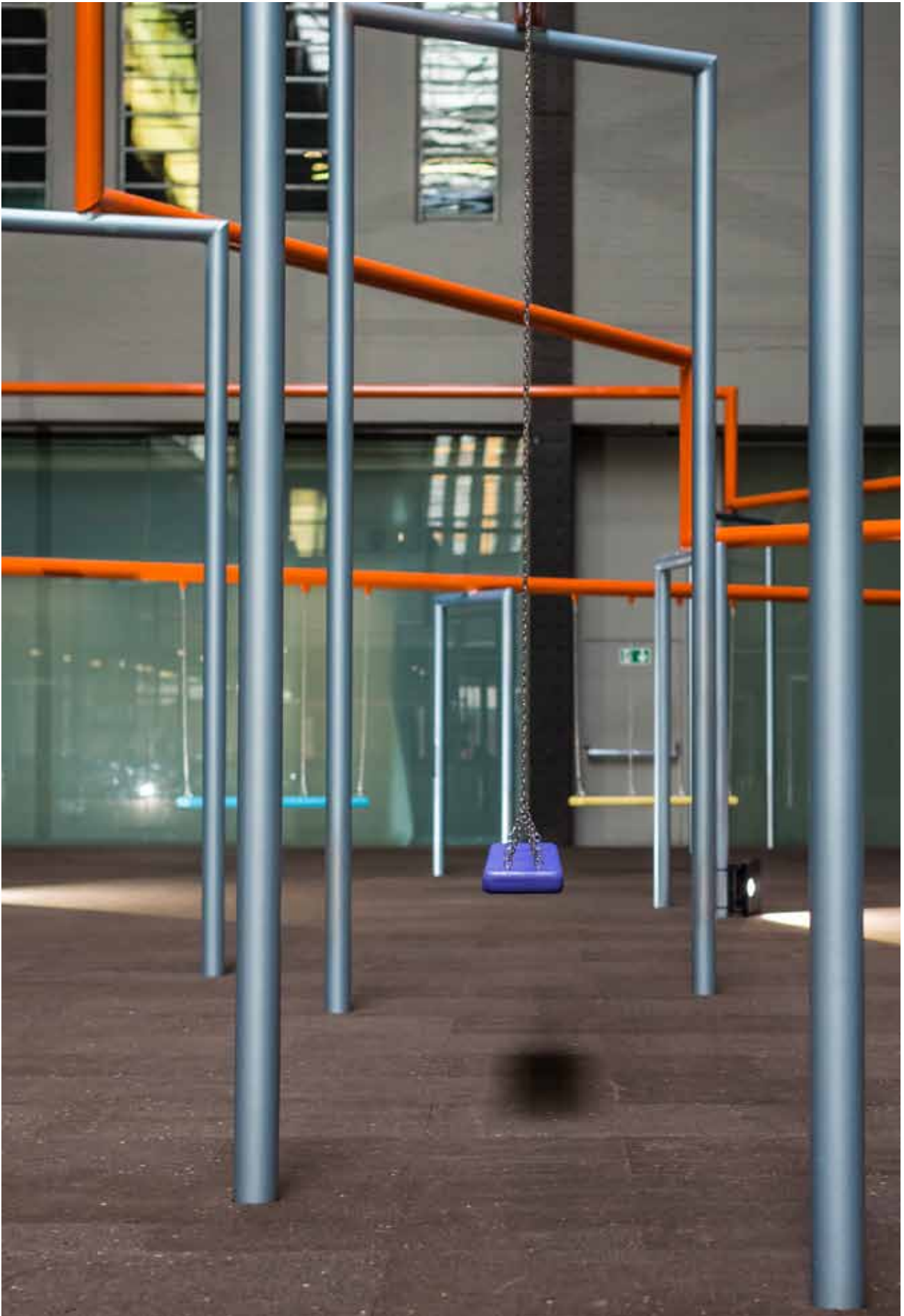
For the purposes of the statement of cash flows, the caption "Cash and cash equivalents" also includes bank overdrafts included in the caption "Bank loans" and financial assets held for trading.

s. LOAN EXPENSES

The Group capitalizes the borrowing expenses (interest and other costs incurred due to borrowings of funds) that are directly attributable to the acquisition, construction or production of an asset that qualifies as part of the cost of that asset, that is, a asset that necessarily takes a substantial amount of time to get ready for its intended use or for sale. All other borrowing costs must be accounted for as an expense in the period in which they are incurred.

t. SUBSEQUENT EVENTS

Corticeira Amorim recognizes in the financial statements the events that, after the balance sheet date, provide additional information on the conditions that existed on the balance sheet date, including the estimates inherent in the preparation of the financial statements. The group does not recognize events that, after the balance sheet date, provide information on conditions that occur after the balance sheet date.





FINANCIAL RISK MANAGEMENT

Corticeira Amorim activities expose it to a variety of financial risks: market risks (including currency risk, interest rate risk and raw material price risk), credit risk, liquidity risk and capital risk.

MARKET RISK

a. EXCHANGE RATE RISK

Exchange rate risk management policy established by Corticeira Amorim Board points out to a total hedging of the assets deriving from sales in the most important currencies and from USD acquisitions. As for book orders up to 90 days, each Business Unit responsible will decide according to exchange rate evolution. Book orders, considered relevant, due after 90 days, will be presented by the Business Unit responsible to the Board.

As of December 31, 2018, taking into account the relationship between the amount of the group's exposure to financial assets and liabilities in foreign currency and the notional amount of hedges contracted, exchange rates different from the Euro currency (particularly USD), would have no material effect in the consolidated results of the group. As for book orders any effect would be registered in Equity. As for non-euro net investments in subsidiaries/associate, any exchange rate effect would be registered in Equity, because Corticeira Amorim does not hedge this type of assets. The amount recorded under currency translation differences, including the effect of not covering these investments, reached the amount of -4,060 K€ as of December 31, 2018 (2017: -1,045 K€).

b. INTEREST RATE RISK

As of December 31, 2017 and 2018, from the total interest bearing debt, 25 M€ were linked to fixed interest rate for a 10 year period.

Most of the risk derives from the noncurrent-term portion of that debt at variable rate (18.1 M€ as of 31/12/2018 and 23.1 M€ as of 31/12/2017).

As of December 31, 2018, if interest rates were 0.1 percentage points higher, with the remaining variables remaining constant, the pre-tax result would be lower by around 136 thousand euros (85 thousand euros in 2017) as a result of the increase in Financial costs with variable rate debt.

c. RAW MATERIAL PRICE RISK

In view of the critical nature of this factor, the procurement, storage and preparation management of the only variable common to all Corticeira Amorim activities, which is the raw material (cork), is assembled in an autonomous BU, which, among other objectives, makes it possible to prepare, discuss and decide within the Board of Directors the orientation or the multiannual supply policy to be developed.

The Group's cork procurement team is made up of a group of highly specialized staff, mainly in Portugal, Spain and North Africa. The objective of the buyers team is to maximize the price / quality ratio of the purchased cork and simultaneously ensure the purchase of sufficient quantity for the desired level of production.

The cork market is an open market where price is determined by the supply and demand law. The price offered by Corticeira Amorim is determined business by business, and depends essentially on the estimated quality of cork. Corticeira Amorim does not have the ability to set the purchase price of the campaign, and this is a result of the operation of the market.

The purchase is concentrated in a certain period of the year, in which the raw material supply is guaranteed for the whole of the following year, the sales prices of the finished products and margins of the business are defined taking into account the cost of acquiring the raw material.

CREDIT RISK

Credit risk is due, mainly, to receivables from customers related to trade sales. Credit risk is monitored by the operating companies Financial Departments, taking in consideration its history of trade relations, financial situation as well as other types of information that Corticeira Amorim business network has available related with each trading partner. Credit limits are analysed and revised, if necessary, on a regular basis. Due to the high number of customers, spread through all continents, the most important of them weighting less than 3% of total sales, credit risk is naturally diminished.

Normally no guarantees are due from customers. Corticeira Amorim does not make use of credit insurance.

Credit risk derives also from cash and cash equivalents balances and from financial derivative instruments. Corticeira Amorim previously analysis the ratings of the financial institutions so that it can minimize the failure of the counterpart.

The maximum credit risk is the one that results from the failure to receive all financial assets (December 2018: 226 million euros and December 2017: 224 million euros).

Corticeira Amorim's Cash and Equivalents is dispersed by more than 90 subsidiaries, with the largest weight being 24% of Cash and Equivalents. In terms of the quality of credit risk, associated to Cash and Equivalents, as of December 31, 2018, Corticeira Amorim selects financial institutions whose rating does not risk the realization of these assets.

LIQUIDITY RISK

Corticeira Amorim financial department regularly analyses future cash flows so that it can deliver enough liquidity for the group to provide operating needs, and also to comply with credit lines payments. Excess of cash is invested in interest bearing short-term deposits. This police offer the necessary flexibility to conduct its business.

Financial liabilities estimated non-discounted cash flows maturities are as follows:

	Up to 1 year	1 to 2 years	2 to 4 years	More than 4 years	Total
Interest-bearing loans (Note XXII)	61,695	10,170	12,914	25,011	109,789
Other borrowings and creditors (note XXIV)	33,498	10,736	15,851	9,592	69,677
Trade payables (Note XXIII)	157,096				157,096
Total as of December 31, 2017	252,290	20,906	28,765	34,602	336,562
Interest-bearing loans (Note XXII)	121,200	8,444	13,759	17,299	160,703
Other borrowings and creditors (Note XXIV)	41,039	8,608	15,897	5,758	71,302
Trade payables (Note XXIII)	165,008				165,008
Total as of December 31, 2018	327,247	17,052	29,656	23,057	397,013

(thousand euros)

Liquidity risk hedging is achieved by the existence of non-used credit line facilities and, eventually bank deposits.

Based in estimated cash flows, 2019 liquidity reserve, composed mainly by non-used credit lines, will be as follows:

	2019
Opening balance	138
Operating cash in and cash out	137
Capex	-55
Interest and dividends	-27
Income tax	-20
Bank debt payments	-11
Closing balance	162

NOTE: includes dividends to be approved in the April 14, 2019 shareholders meeting

(million euros)

The financial flow assumes that at the end of 2019, the level of unused credit lines (116 M€) is equal to that of the beginning of the year and cash and cash equivalents will be approximately 22 M€.

CAPITAL RISK

Corticeira Amorim key objective is to assure business continuity, delivering a proper return to its shareholders and the correspondent benefits to its remaining stakeholders. A careful management of the capital employed in the business, using the proper combination of capital in order to reduce its costs, obtains the fulfilment of this objective. In order to achieve the proper combination of capital employed, the Board can obtain from the General Shareholders Meeting the approval of the necessary measures, namely adjusting the dividend pay-out ratio, the treasury stock, raising capital through new shares issue, sale of assets or other type of measures.

The key indicator for the said combination is the Equity/Assets ratio. Corticeira Amorim establishes as a target a level of not less than 40% of Equity/Assets ratio attending the company features and of the economic sector that she belongs.

The ratio register was:

	December 31, 2018	December 31, 2017	December 31, 2016
Equity	498,234	459,991	426,943
Assets	966,074	869,407	726,873
Equity/Assets	51.6%	52.9%	58.7%

(thousand euros)

FINANCIAL ASSETS AND LIABILITIES FAIR VALUE

The Group measures part of its financial assets and liabilities at fair value at the reference date of the financial statements. Derivative financial instruments are included in the categories mentioned above the derivatives used by Corticeira Amorim have no public quotation because they are not traded in an open market (over the counter derivatives).

According to the accounting standards, a fair value hierarchy is established that classifies three levels of data to be used in measurement techniques at fair value of financial assets and liabilities:

Level 1 data – public quotation (non-adjusted) in liquid markets for comparable assets or liabilities;

Level 2 data – different data of public quotation observable for the asset or the liability, directly or indirectly;

Level 3 data – non observable data for the assets or the liability.

During the year, there were no transfers between the levels mentioned above.

As of December 31, 2018, derivative financial instruments recognised as assets in the consolidated statement of financial position rise 132 K€ (2017: 800 K€) and 565 K€ as liabilities (2017: 265 K€), as stated in notes XVIII and XXIV.

Corticeira Amorim uses forward outright and options to hedge exchange rate risk, as stated in note XXXII. Evaluating exchange rate hedge instruments requires the utilisation of observable inputs (level 2). Fair value is calculated using a proprietary model of Corticeira Amorim, developed by Reuters, using discounted cash flows method for forwards outright. As for options, it is used the Black & Scholes model.

Summary of the financial instruments derivatives fair value:

Nature	Hierarchy	Type	31/12/2018		31/12/2017	
			Notional	Fair Value	Notional	Fair Value
		Cash flow hedge	0	0	0	416
		Fair value hedge	11,067	132	16,168	445
		Trading derivatives	0	0	0	-61
	Level 2 Total		11,067	132	16,168	800
Total Assets			11,067	132	16,168	800
		Cash flow hedge	6,162	-1	14,866	0
		Fair value hedge	43,969	457	8,051	266
		Trading derivatives	0	109	0	-1
	Nível 2 Total		50,131	565	22,917	265
		Agreement for the acquisition of additional ownership interest in a subsidiary	19,035	20,410	20,000	19,035
	Nível 3 Total		19,035	20,410	20,000	19,035
Total Liabilities			69,166	20,975	42,917	19,300

(thousand euros)

The main inputs used in valuation are forward exchange rate curves and estimates of currency volatility.



IV

CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the Group's management to make judgments and estimates that affect the statement of financial position and the reported results. These estimates are based on the best information and knowledge about past and/or present events and on the operations that the Company considers it may implement in the future. However, at the date of completion of such operations, their results may differ from these estimates.

Changes to these estimates that occur after the date of approval of the consolidated financial statements will be corrected in the income statement in a prospective manner, in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".

The estimates and assumptions that imply a greater risk of giving rise to a material adjustment in assets and liabilities are described below:

× Entities included in the consolidation perimeter

To determine the entities to be included in the consolidation perimeter, the Group assesses the extent to which it is exposed, or has rights, to variability in return from its involvement with that entity and can take possession of them through the power it holds over this entity.

The decision that an entity must be consolidated by the Group requires the use of judgment, estimates, and assumptions to determine the extent to which the Group is exposed to return variability and the ability to take possession of them through its power.

Other assumptions and estimates could lead to the Group's consolidation perimeter being different, with direct impact on the consolidated financial statements.

× Impairment of non-current assets, excluding goodwill

The determination of a possible impairment loss can be triggered by the occurrence of various events, such as the availability of future financing, the cost of capital or other market, economic and legal changes or changes with an adverse effect on the technological environment, many of which are beyond the Group's control.

The identification and assessment of impairment indicators, the estimation of future cash flows, and the calculation of the recoverable value of assets involve a high degree of judgment by the Board.

× Impairment of goodwill

Goodwill is annually subjected to impairment tests or whenever there are indications of a possible loss of value in accordance with the criteria described in Note II b). The recoverable values of the cash-generating units to which goodwill is allocated are determined based on the calculation of current use values. These calculations require the use of estimates by management.

× Intangible and tangible assets

The life of an asset is the period during which the Company expects that an asset will be available for use and this should be reviewed at least at the end of each financial year.

The determination of the useful lives of assets, the amortisation/depreciation method to be applied, and the estimated losses resulting from the replacement of equipment before the end of its useful life due to technological obsolescence is crucial in determining the amount of amortisation/depreciation to be recognised in the consolidated income statement each period.

These three parameters are defined using management's best estimates for the assets and businesses concerned, and taking account of the practices adopted by companies in the sectors in which the Group operates.

× Provisions

The Group periodically reviews any obligations arising from past events, which should be recognised or disclosed. The subjectivity involved in determining the probability and amount of internal resources required to meet obligations may give rise to significant adjustments, either due to changes in the assumptions made, or due to the future recognition of provisions previously disclosed as contingent liabilities.

× Deferred income tax assets

Deferred income tax assets are recognised only when there is strong assurance that there will be future taxable income available to use the temporary differences or when there are deferred tax liabilities whose reversal is expected in the same period in which the deferred tax assets are reversed. The assessment of deferred income tax assets is undertaken by management at the end of each period taking account of the expected future performance of the Group.

× Expected credit loss

The credit risk on the balances of accounts receivable is assessed at each reporting date, through the use of a collection matrix, which is based on the history of past collections adjusted for the future expectation of evolution of collections, to determine the non-receipt rate.

Expected credit losses on accounts receivable are adjusted by the evaluation made, which may differ from the actual risk incurred in the future.

× Fair value of financial assets and liabilities

When the fair value of an asset or liabilities is calculated, on an active market, the respective market price is used. When there is no active market, which is the case with some of Corticeira Amorim financial assets and liabilities, valuation techniques generally accepted in the market, based on market assumptions, are used.

V

CONSOLIDATED ACCOUNTS PREPARATION PROCESS

The Group applies evaluation techniques for unlisted financial instruments, such as derivatives, financial instruments at fair value and instruments measured at amortised cost. The most frequently used valorisation models are models of discounted cash flows and option models, which incorporate, for example, interest rate and market volatility curves.

For certain types of more complex derivatives, more advanced valuation models are used containing assumptions and data that are not directly observable in the market, for which the Group uses the proprietary model specified in Note III.

✦ Revenue - return rights / quantity discounts

Some contracts give the customer the right to return goods and volume rebates. The right of return and volume discounts give rise to variable remuneration. When estimating the variable consideration, Corticeira Amorim determined that the use of a combination of the most probable quantity method and the value method expected is most appropriate. Before including any amount of variable consideration in the transaction price, Corticeira Amorim considers whether the amount of the variable consideration is restricted. Corticeira Amorim determined that the variable compensation estimates are not limited based on their historical experience, forecast of business and economic conditions. In addition, uncertainty over variable consideration will be resolved in a short period of time.

The description of the main elements of the internal control system and risk management of the group, in relation to the process of the consolidated accounts, is as follows:

The financial information preparation process is dependent on the actors in the registration process of operations and support systems. In the group there is an Internal Control Procedures Manual and Accounting Manual, implemented at the level of the Corticeira Amorim Group. These manuals contain a set of rules and policies to ensure that in the financial information preparation process homogeneous principles are followed, and to ensure the quality and reliability of financial information.

The implementation of accounting policies and internal control procedures relating to the preparation of financial information is subject to the evaluation by the internal and external audit.

Every quarter, the consolidated financial information by business unit is assessed, validated and approved by the management of each of the group's business units.

Before its release, the consolidated financial information of Corticeira Amorim is approved by the Board of Directors and presented to the Supervisory Board.



VI

COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Company		Head Office	Country	2018	2017
Raw Materials					
Amorim Natural Cork, S.A.		Vale de Cortiças - Abrantes	PORTUGAL	100%	100%
Amorim Florestal, S.A.		Ponte de Sôr	PORTUGAL	100%	100%
Amorim Florestal II, S.A.	(g)	Ponte de Sôr	PORTUGAL	100%	-
Amorim Florestal III, S.A.	(g)	Ponte de Sôr	PORTUGAL	100%	-
Amorim Florestal España, S.L.		San Vicente Alcántara	SPAIN	100%	100%
Amorim Florestal Mediterraneo, S.L.		Cádiz	SPAIN	100%	100%
Amorim Tunisie, S.A.R.L.		Tabarka	TUNISIA	100%	100%
Augusta Cork, S.L.	(f)	San Vicente Alcántara	SPAIN	-	100%
Comatral - C. de Maroc. de Transf. du Liège, S.A.		Skhirat	MOROCCO	100%	100%
Cosabe - Companhia Silvo-Agrícola da Beira S.A.	(d)	Lisboa	PORTUGAL	100%	-
SIBL - Société Industrielle Bois Liège		Jijel	ALGERIA	51%	51%
Société Nouvelle du Liège, S.A. (SNL)		Tabarka	TUNISIA	100%	100%
Société Tunisienne d'Industrie Bouchonnière		Tabarka	TUNISIA	55%	55%
Vatrya - Serviços de Consultadoria, Lda		Funchal - Madeira	PORTUGAL	100%	100%
Cork Stoppers					
Amorim & Irmãos, SGPS, S.A.		Santa Maria Lamas	PORTUGAL	100%	100%
ACI Chile Corchos, S.A.		Santiago	CHILE	100%	100%
ACIC USA, LLC		California	U. S. AMERICA	100%	100%
Agglotap, S.A.		Girona	SPAIN	91%	91%
All Closures In, S.A.		Paços de Brandão	PORTUGAL	75%	75%
Amorim & Irmãos, S.A.		Santa Maria Lamas	PORTUGAL	100%	100%
Amorim Argentina, S.A.	(h)	Buenos Aires	ARGENTINA	-	100%
Amorim Australasia Pty Ltd		Adelaide	AUSTRALIA	100%	100%
Amorim Bartop, S.A.		Vergada	PORTUGAL	75%	75%
Amorim Champcork, S.A.	(i)	Santa Maria Lamas	PORTUGAL	100%	-
Amorim Cork América, Inc.		California	U. S. AMERICA	100%	100%
Amorim Cork Beijing Ltd.		Beijing	CHINA	100%	100%
Amorim Cork Bulgaria EOOD		Plovdiv	BULGARIA	100%	100%
Amorim Cork Deutschland GmbH & Co KG		Mainzer	GERMANY	100%	100%
Amorim Cork España, S.L.		San Vicente Alcántara	SPAIN	100%	100%
Amorim Cork Itália, SPA		Conegliano	ITALY	100%	100%
Amorim Cork South Africa (Pty) Ltd		Cape Town	SOUTH AFRICA	100%	100%
Amorim France, S.A.S.		Champfleury	FRANCE	100%	100%
Amorim Top Series France, S.A.S.	(j)	Merpins	FRANCE	100%	100%
Amorim Top Series, S.A.		Vergada	PORTUGAL	75%	75%
Biocape - Importação e Exportação de Cápsulas, Lda.	(d)	Mozelos	PORTUGAL	60%	-
Bouchons Prioux		Epernay	FRANCE	91%	91%
Chapuis, S.L.		Girona	SPAIN	100%	100%
Corchera Gomez Barris	(c)	Santiago	CHILE	50%	50%
Corchos de Argentina, S.A.	(b)	Mendoza	ARGENTINA	50%	50%
Corpack Bourrasse, S.A.		Santiago	CHILE	60%	60%
Elfverson & Co. AB	(d)	Paryd	SWEDEN	53%	-
Equipar, Participações Integradas, Lda.		Coruche	PORTUGAL	100%	100%
S.A.S. Ets Christian Bourassé		Tosse	FRANCE	60%	60%
FP Cork, Inc.		California	U. S. AMERICA	100%	100%
Francisco Oller, S.A.		Girona	SPAIN	92%	92%
Hungarocork, Amorim, RT		Budapeste	HUNGARY	100%	100%
Indústria Corchera, S.A.	(c)	Santiago	CHILE	50%	50%
Korken Schiesser Ges.M.B.H.		Viena	AUSTRIA	69%	69%
Olimpíadas Barcelona 92, S.L.		Girona	SPAIN	100%	100%
Portocork América, Inc.		California	U. S. AMERICA	100%	100%
Portocork France, S.A.S.		Bordéus	FRANCE	100%	100%
Portocork Internacional, S.A.		Santa Maria Lamas	PORTUGAL	100%	100%
Portocork Itália, s.r.l		Milão	ITALY	100%	100%
Sagrera et Cie		Reims	FRANCE	91%	91%

Company		Head Office	Country	2018	2017
S.A. Oller et Cie		Reims	FRANCE	92%	92%
S.C.I. Friedland		Céret	FRANCE	100%	100%
S.C.I. Prioux		Epernay	FRANCE	91%	91%
Socori, S.A.		Rio Meão	PORTUGAL	60%	60%
Socori Florestal, S.L.	(g)	Cáceres	SPAIN	100%	-
Sodiliège	(j)	Cognac	FRANCE	-	75%
Société Nouvelle des Bouchons Trescases	(b)	Perpignan	FRANCE	50%	50%
TKCork – Advanced Cork Technology, S.A.	(g)	Santa Maria Lamas	PORTUGAL	100%	-
Trefinos Australia		Adelaide	AUSTRALIA	91%	91%
Trefinos Italia, s.r.l		Treviso	ITALY	91%	91%
Trefinos USA, LLC		Fairfield, CA	U. S. AMERICA	91%	91%
Trefinos, S.L		Girona	SPAIN	91%	91%
Victor y Amorim, Sl	(c)	Navarrete - La Rioja	SPAIN	50%	50%
Wine Packaging & Logistic, S.A.	(b)	Santiago	CHILE	50%	50%
Floor & Wall Coverings					
Amorim Revestimentos, S.A.		S. Paio de Oleiros	PORTUGAL	100%	100%
Amorim Benelux, BV		Tholen	NETHERLANDS	100%	100%
Amorim Deutschland, GmbH	(a)	Delmenhorst	GERMANY	100%	100%
Amorim Flooring, S.A.		S. Paio de Oleiros	PORTUGAL	100%	100%
Amorim Flooring (Switzerland) AG		Zug	SWITZERLAND	100%	100%
Amorim Flooring Austria GesmbH		Viena	AUSTRIA	100%	100%
Amorim Flooring Investments, Inc.		Hanover - Maryland	U. S. AMERICA	100%	100%
Amorim Flooring North America Inc.		Hanover - Maryland	U. S. AMERICA	100%	100%
Amorim Flooring Rus, LLC		Moscovo	RUSSIA	100%	100%
Amorim Flooring Sweden AB		Möln dal	SWEDEN	100%	100%
Amorim Flooring UK, Ltd		Manchester	UN. KINGDOM	100%	100%
Amorim Japan Corporation		Tokyo	JAPAN	100%	100%
Amorim Revestimientos, S.A.	(h)	Barcelona	SPAIN	-	100%
Cortex Korkvertriebs GmbH		Fürth	GERMANY	100%	100%
Dom Korkowy, Sp. Zo. O.	(c)	Kraków	POLAND	50%	50%
Timberman Denmark A/S	(e)	Hadsund	DENMARK	100%	51%
Composite Cork					
Amorim Cork Composites, S.A.		Mozelos	PORTUGAL	100%	100%
Amorim (UK) Ltd.		Horsham West Sussex	UN. KINGDOM	100%	100%
Amorim Comp Cork, Lda.		Mozelos	PORTUGAL	100%	100%
Amorim Cork Composites LLC		Saint Petersburg	RUSSIA	100%	100%
Amorim Cork Composites GmbH	(g)	Delmenhorst	GERMANY	100%	-
Amorim Cork Composites Inc.		Trevor - Wisconsin	U. S. AMERICA	100%	100%
Amorim Deutschland, GmbH	(a)	Delmenhorst	GERMANY	100%	100%
Amorim Industrial Solutions - Imobiliária, S.A.		Corroios	PORTUGAL	100%	100%
Amorim Sports & Playgrounds, Lda.	(g)	Mozelos	PORTUGAL	100%	-
Amosealtex Cork Co., Ltd.	(b)	Xangai	CHINA	50%	50%
Chinamate (Shaanxi) Natural Products Co. Ltd.		Shaanxi	CHINA	100%	100%
Chinamate Development Co. Ltd.		Hong Kong	CHINA	100%	100%
Compruss – Investimentos e Participações Lda.		Mozelos	PORTUGAL	100%	100%
Corticeira Amorim - France SAS		Lavardac	FRANCE	100%	100%
Florconsult – Consultoria e Gestão, Lda.		Mozelos	PORTUGAL	100%	100%
Postya - Serviços de Consultadoria, Lda.		Funchal - Madeira	PORTUGAL	100%	100%
Insulation Cork					
Amorim Isolamentos, S.A.		Vendas Novas	PORTUGAL	100%	100%
Holding					
Corticeira Amorim, SGPS, S.A.		Mozelos	PORTUGAL	100%	100%
Ginpar, S.A. (Générale d' Invest. et Participation)		Skhirat	MOROCCO	100%	100%
Amorim Cork Research, Lda.		Mozelos	PORTUGAL	100%	100%
Amorim Cork Services, Lda.		Mozelos	PORTUGAL	100%	100%
Amorim Cork Ventures, Lda.		Mozelos	PORTUGAL	100%	100%
Ecochic Portuguesas – Footwear and Fashion Products, Lda.	(k)	Mozelos	PORTUGAL	-	12%
Corecochic - Corking Shoes Investments, Lda.	(b)	Mozelos	PORTUGAL	50%	50%
Gröwancork - Estruturas isoladas com cortiça, Lda.	(b)	Mozelos	PORTUGAL	25%	25%
PrimaLynx - Sustainable Solutions, Lda.	(k)	Mozelos	PORTUGAL	-	24%
TD Cork - Tapetes Decorativos com Cortiça, Lda.	(b)	Mozelos	PORTUGAL	25%	25%
Soc. Portuguesa de Aglomerados de Cortiça, Lda.		Montijo	PORTUGAL	100%	100%
Supplier Portal Limited		Hong Kong	CHINA	100%	100%

(a) One single company: Amorim Deutschland, GmbH (b) Equity method consolidation.
(c) Corticeira Amorim directly or indirectly controls the relevant activities – line-by-line consolidation method.
(d) Company acquired in 2018. (e) Increase in the percentage of interest. (f) Company merged in Amorim Florestal España.
(g) Company set-up in 2018. (h) Company settled in 2018. (i) Company formed by the spin-off of Amorim & Irmãos, S.A. in 2018.
(j) Merger of Amorim Top Series France into Sodiliège, which changed the corporate name to Amorim Top Series France, S.A.
(k) Investments sold to third parties.

The percentages indicated above are the percentages of interests and not of control.

For entities consolidated by the full consolidation method, the percentage of voting rights held by “Non-Controlling Interests” is equal to the percentage of share capital held.

ACQUISITION OF ELFVERSON

In early 2018, Amorim Bartop, S.A. acquired 70% of Elfverson (for SEK 49.9 million), which has been consolidated since January 1 of this year. This company has a portfolio of premium products and a portfolio of customers, allowing the reinforcement of sources of supply of wooden tops of recognized quality, which will allow to keep up with the growth of the needs of the customers in the segment of bartops.

The group chose to measure the non-controlling interest at the proportionate share of the acquiree’s net assets and liabilities.

Acquiree’s net assets and liabilities

The fair values of the assets and liabilities identified under this transaction are shown in the table below:

Fair value recognised on the date of acquisition	
Tangible assets	0.9
Inventory	0.7
Accounts receivable	0.7
Other debtors	0.1
Deferred tax	0.0
Assets	2.4
Provisions	0.7
Accounts payables	0.2
Other creditors	0.6
Net financial debt	-0.2
Liabilities	1.3
Net Assets	1.1
70% of identifiable net assets	0.8
Acquisition costs	5.1
Goodwill	4.3
Non-Controlling Interest on the date acquisition	0.3

(million euros)

No significant differences were identified between the fair value and the respective carrying amount. Goodwill represents the remaining amount that could not be identified in the acquiree. Goodwill recognized in the accounts is not expected to be deductible for tax purposes.

The fair value of the non-controlling interest results from the 70% of the participation being acquired by a subsidiary that is not 100% owned.

Transaction costs of 139 K€ were recorded as non-recurring expense.

For the first quarter financial statements, an adjustment was made to the acquisition price and provisions that reduced Goodwill by 200 K€.

The payment amount corresponded to the acquisition amount (5.1 M€). The contribution of Elfverson’s sales to the result of 2018 was 3.5 M€.

ACQUISITION OF COSABE

On October 24, 2018, Corticeira Amorim acquired 100% of Cosabe - Companhia Silvo-Agrícola da Beira, S.A. (for the amount of 5,5 million euros). This company has as main asset the Herdade da Baliza, situated, in the zone of Castelo Branco / Tejo international, a total area 2,866 hectares (“Herdade da Baliza”). Corticeira Amorim intends to develop in the Herdade da Baliza an “Intensive Cork Oak Plantation” in intensive production mode with fertigation, increasing the density of cork trees per hectare and a faster growth of the same, significantly reducing the time necessary for the beginning of exploitation of trees.

The fair values of the assets and liabilities identified in the scope of this transaction include essentially the Herdade da Baliza. In this way, the transaction value was attributed to the tangible assets acquired and did not result in any goodwill or negative goodwill.



VII

EXCHANGE RATES USED IN CONSOLIDATION

Exchange rates		December 31, 2018	Average 2018	Average 2017	December 31, 2017
Argentine Peso	ARS	43.1452	32.9179	18.7356	22.3054
Australian Dollar	AUD	1.6220	1.5797	1.4732	1.5346
Lev	BGN	1.9557	1.9557	1.9557	1.9557
Brazilian Real	BRL	4.4440	4.3085	3.6054	3.9729
Canadian Dollar	CAD	1.5605	1.5294	1.4647	1.5039
Swiss Franc	CHF	1.1269	1.1550	1.1117	1.1702
Chilean Peso	CLP	794.630	756.762	732.134	737.330
Yuan Renminbi	CNY	7.8751	7.8081	7.6290	7.8044
Danish Krona	DKK	7.4673	7.4532	7.4386	7.4449
Algerian Dinar	DZD	135.454	137.334	125.091	137.539
Euro	EUR	1.0000	1.0000	1.0000	1.0000
Pound Sterling	GBP	0.8945	0.8847	0.8767	0.8872
Hong Kong Dollar	HKD	8.9819	9.2530	8.8048	9.3720
Forint	HUF	320.980	318.890	309.193	310.330
Yen	JPY	125.850	130.396	126.711	135.010
Moroccan Dirham	MAD	10.9595	11.0770	10.9494	11.2091
Zloty	PLN	4.3014	4.2615	4.2570	4.1770
Ruble	RUB	79.7153	74.0416	65.9383	69.3920
Swedish Krona	SEK	10.2548	10.2583	9.6351	9.8438
Tunisian Dinar	TND	3.4273	3.1079	2.7198	2.9444
Turkish Lira	TRL	6.0588	5.7077	4.1206	4.5464
US Dollar	USD	1.1450	1.1810	1.1297	1.1993
Rand	ZAR	16.4594	15.6186	15.0490	14.8054



VIII

SEGMENT REPORT

Corticeira Amorim is organised in the following Business Units (BU): Raw Materials, Cork Stoppers, Floor and Wall Coverings, Composite Cork and Insulation Cork.

There are no differences between the measurement of profit and loss and assets and liabilities of the reportable segments, associated to differences in accounting policies or centrally allocated cost allocation policies or jointly used assets and liabilities.

For purposes of this Report, the Business approach was selected as the primary segment. This is consistent with the formal organization and evaluation of business. Business Units correspond to the operating segments of the company and the segment report is presented the same way they are analysed for management purposes by the board of Corticeira Amorim.

The following table shows the main indicators of the said units, and, whenever possible, the reconciliation with the consolidated indicators:

2018	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjustm.	Consolidated
Trade Sales	20,479	526,179	108,654	97,383	10,318	103	-	763,117
Other BU Sales	165,966	7,801	3,525	4,788	1,661	4,318	-188,060	-
Total Sales	186,446	533,980	112,179	102,171	11,979	4,422	-188,060	763,117
EBITDA (current)	30,464	92,755	2,965	10,319	642	-3,397	236	133,984
Assets (non-current)	31,936	170,547	38,496	36,854	4,242	711	33,298	316,084
Assets (current)	207,445	333,080	62,986	51,736	10,225	966	-16,449	649,990
Liabilities	50,539	190,439	43,795	38,970	2,526	8,547	133,024	467,841
Capex	5,802	40,898	3,805	6,543	735	67	0	57,851
Year Depreciation	-3,208	-18,548	-5,671	-2,978	-532	-342	0	-31,279
Gains/Losses in associated companies	0	1,897	817	0	0	-22	0	2,691
2017	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjustm.	Consolidated
Trade Sales	11,210	472,080	118,180	90,441	9,648	49	-	701,609
Other BU Sales	144,864	4,978	3,356	8,336	941	2,516	-164,991	-
Total Sales	156,074	477,058	121,536	98,777	10,589	2,566	-164,991	701,609
EBITDA (current)	22,375	91,350	8,284	15,010	1,680	-5,189	85	133,594
Assets (non-current)	23,304	149,493	40,313	33,153	4,037	1,406	22,474	274,180
Assets (current)	183,573	291,801	65,469	42,016	7,514	1,675	3,180	595,228
Liabilities	60,772	170,560	39,798	31,163	2,263	10,282	94,578	409,417
Capex	6,131	22,475	9,729	4,661	460	284	0	43,739
Year Depreciation	-4,741	-17,250	-4,309	-2,669	-524	-106	0	-29,599
Gains/Losses in associated companies	0	1,668	-30	-181	0	-418	0	1,039

NOTES:

Adjustments = eliminations inter-BU and amounts not allocated to BU.

EBITDA = Profit before net financing costs, depreciation, equity method, non-controlling interests, income tax and non-recurrent results.

Provisions and asset impairments were considered the only relevant non-cash material cost.

Segments assets do not include DTA (deferred tax asset) and non-trade group balances.

Segments liabilities do not include DTL (deferred tax liabilities), bank loans and non-trade group balances.

(thousand euros)

The decision to report EBITDA figures allows a better comparison of the different BU performances, disregarding the different financial situations of each BU. This is also coherent with the existing Corporate Departments, as the Financial Department is responsible for the bank negotiations, being the tax function the responsibility of the Holding Company.

Cork Stoppers BU main product is the different types of existing cork stoppers. The main markets are the bottling countries, from the traditional ones like France, Italy, Germany, Spain and Portugal, to the new markets like USA, Australia, Chile, South Africa and Argentina.

Raw Materials BU is, by far, the most integrated in the production cycle of Corticeira Amorim, with 85% of its sales to others BU, specially to Cork Stoppers BU. Main products are bark and discs.

The remaining BU produce and sell a vast number of cork products made from cork stoppers waste. Main products are cork floor tiles, cork rubber for the automotive industry and antivibratic systems, expanded agglomerates for insulation and acoustic purposes, technical agglomerates for civil construction and shoe industry, as well as granulates for agglomerated, technical and champagne cork stoppers.

Major markets for flooring and insulation products are in Europe and for composites products the USA. Major production sites are in Portugal, where most of the invested capital is located. Products are distributed in practically all major markets through a fully owned network of sales companies. About 70% of total consolidated sales are achieved through these companies.

Capex was concentrated in Portugal. Assets in foreign subsidiaries totalize 367 K€, and are mostly composed by inventories (128 K€), customers (116 K€) and tangible fixed assets (65 K€).

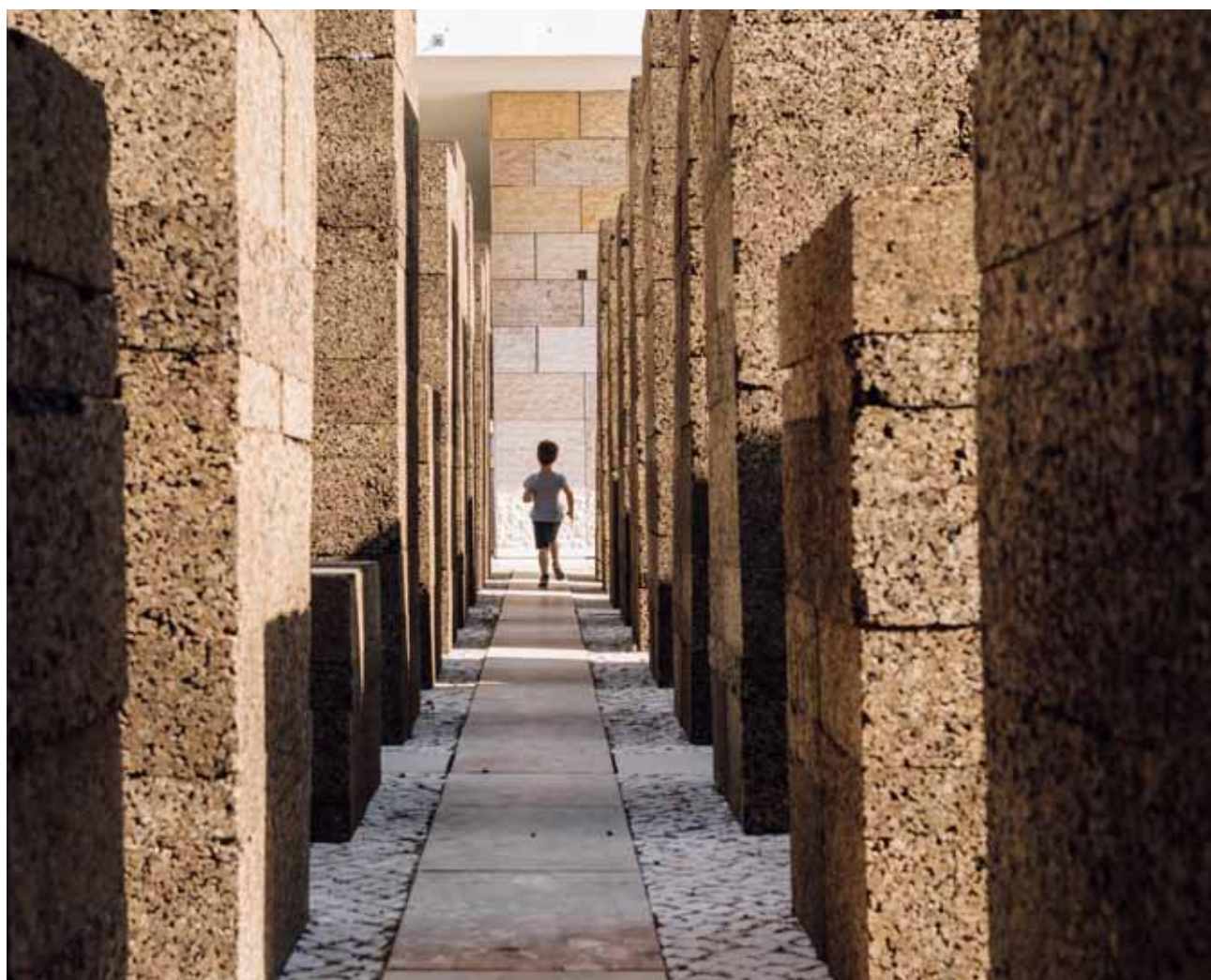
In non-current assets, special note to 194 M€ (2017: 174 M€) of tangible fixed assets, 5.3 M€ (2017: 5.7 M€) of property investment, 4.2 M€ (2017: 2.0 M€) of intangible assets and 0.2 M€ (2017: 1.0 M€) of other financial assets, located in Portugal.

SALES BY MARKETS

Markets	2018		2017	
European Union	501,509	65.7%	439,000	62.6%
From which: Portugal	55,455	7.3%	40,152	5.7%
Other European countries	30,338	4.0%	28,655	4.1%
United States	127,856	16.8%	129,785	18.5%
Other American countries	47,114	6.2%	50,849	7.2%
Australasia	44,397	5.8%	41,621	5.9%
Africa	11,904	1.6%	11,698	1.7%
TOTAL	763,117	100%	701,609	100%

(thousand euros)

The value of sales relates in its entirety, as in 2017, to contracts covered by IFRS 15 - Revenue from contracts with customers.



IX

TANGIBLE ASSETS

	Land and Buildings	Machinery	Other	Tangible Fixed Assets in Progress	Advances for Tangible Assets	Total Tangible Assets
Gross Value	232,385	375,088	33,346	5,773	3,400	649,992
Depreciation and impairments	-142,664	-278,499	-31,374	0	0	-452,537
Opening balance (Jan 1, 2017)	89,720	96,589	1,972	5,773	3,400	197,454
Acquisition of a Subsidiary	9,792	9,529	813	1,085	0	21,220
Increase	4,012	15,118	3,061	20,011	0	42,203
Period Deprec. and Impairments	-5,790	-20,177	-1,766	0	0	-27,733
Sales and Other Decreases	68	-5,695	-634	-58	0	-6,320
Transfers and Reclassifications	1,213	2,811	740	1,260	-3,400	2,624
Translation Differences	-986	-465	-60	-31	0	-1,542
Gross Value	256,656	402,649	33,620	28,040	0	720,964
Depreciation and impairments	-158,628	-304,938	-29,493	0	0	-493,059
Closing balance (Dec 31, 2017)	98,029	97,711	4,126	28,040	0	227,905
Gross Value	256,656	402,649	33,620	28,040	0	720,964
Depreciation and impairments	-158,628	-304,938	-29,493	0	0	-493,059
Opening balance (Jan 1, 2018)	98,029	97,711	4,126	28,040	0	227,905
Acquisition of a Subsidiary	5,335	933	94	183	0	6,544
Increase	10,522	15,604	2,218	26,249	0	54,593
Period Deprec. and Impairments	-5,031	-22,290	-1,977	0	0	-29,298
Sales and Other Decreases	-221	-571	-56	-585	0	-1,433
Transfers and Reclassifications	11	13,972	333	-13,516	0	799
Translation Differences	375	-15	-32	-6	0	322
Gross Value	273,001	432,314	35,482	40,365	0	781,162
Depreciation and impairments	-163,982	-326,970	-30,777	0	0	-521,729
Closing balance (Dec 31, 2018)	109,019	105,344	4,705	40,365	0	259,433

(thousand euros)

Impairment losses recognized in 2018 and 2017 were recognised on the "Depreciation/Amortization" line in the consolidated income statement by nature.

Expenses to place the assets in the required location and condition related with tangible fixed assets had no impact.

No interest was capitalised during the period.



INTANGIBLE ASSETS AND GOODWILL

	Intangible Assets	Goodwill
Gross Value	8,053	0
Depreciation and impairments	-4,277	0
Opening balance (Jan 1, 2017)	3,776	0
Acquisition of a Subsidiary	-11	9,848
Increase	1,535	0
Period Deprec. and Impairments	-1,206	0
Sales and Other Decreases	113	0
Transfers and Reclassifications	-111	0
Translation Differences	-19	0
Gross Value	10,217	9,848
Depreciation and impairments	-6,140	0
Closing balance (Dec 31, 2017)	4,077	9,848
Gross Value	10,217	9,848
Depreciation and impairments	-6,140	0
Opening balance (Jan 1, 2018)	4,077	9,848
Acquisition of a Subsidiary	0	4,259
Increase	3,542	0
Period Deprec. and Impairments	-934	-103
Sales and Other Decreases	14	0
Transfers and Reclassifications	881	0
Translation Differences	5	-17
Gross Value	14,424	14,090
Depreciation and impairments	-6,839	-103
Closing balance (Dec 31, 2018)	7,585	13,987

(thousand euros)

Intangible Assets essentially include software, autonomous product development projects and innovative solutions.

With the exception of goodwill, there are no intangible assets of indefinite life.

Detail of goodwill according to the following table:

2017	Initial Balance	Increase	Decrease	End Balance
Bourrassé	0	9,745		9,745
Sodiliège	0	103		103
Goodwill	0	9,848	0	9,848

2017	Initial Balance	Increase	Decrease	End Balance
Bourrassé	9,745			9,745
Elfverson	0	4,242		4,242
Sodiliège	103		103	0
Goodwill	9,848	4,242	103	13,987

(thousand euros)

As stated in point II b), impairment tests are made each year. Cash flows were estimated, based on the budget and plans approved by management. The growth assumptions contemplated the expected growth in the wine, champagne and sparkling wine markets, as well as the evolution of the market share of the subsidiaries in this business. In those tests, growth rates of 4% and 15% were used in Bourrassé and Elfverson, respectively, for the period 2019-2021 and 2% for the following years were used. The discount rate used was 7.8%.

The results of the impairment tests show that the recoverable amounts are sufficiently higher than the accounting values, even in the case of unfavourable developments in the main variables.

XI

INVESTMENT PROPERTY

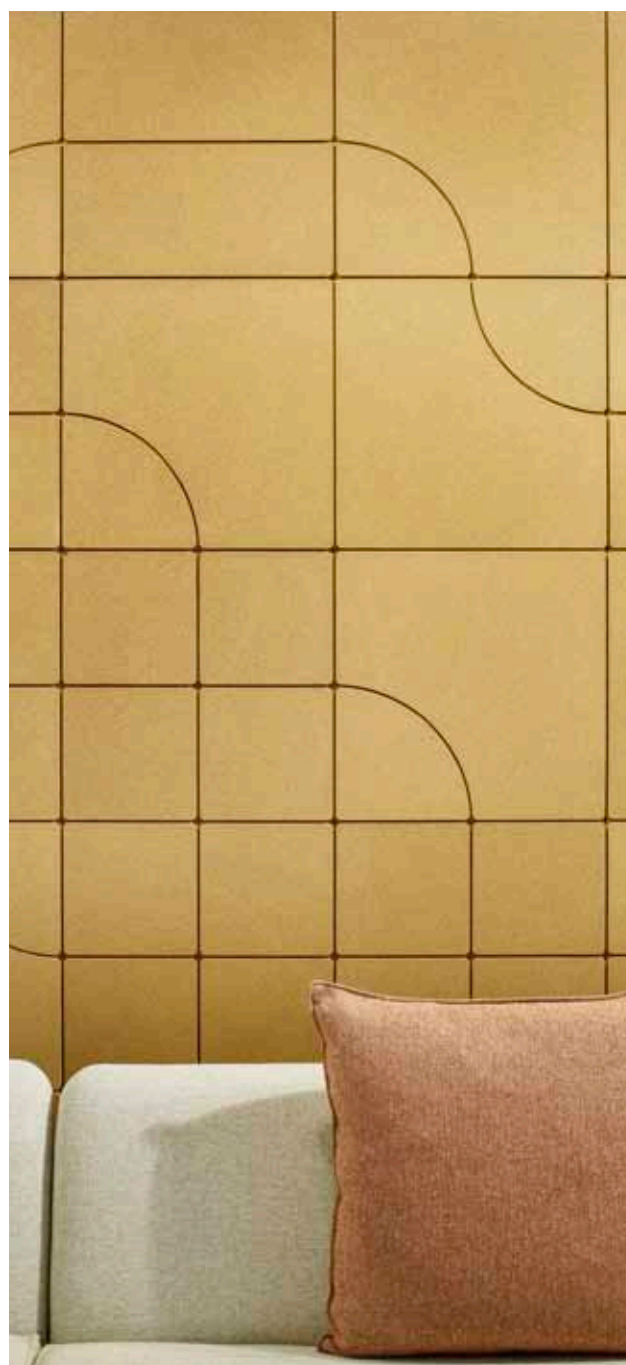
Investment Property	
Gross Value	30,897
Depreciation and impairments	-23,797
Opening balance (Jan 1, 2017)	7,100
Acquisition of a Subsidiary	0
Increase	0
Period Deprec. and Impairments	-232
Sales and Other Decreases	-624
Transfers and Reclassifications	-545
Translation Differences	-21
Gross Value	22,127
Depreciation and impairments	-16,449
Closing balance (Dec 31, 2017)	5,678
<hr style="border-top: 1px dashed #000;"/>	
Gross Value	22,127
Depreciation and impairments	-16,449
Opening balance (Jan 1, 2018)	5,678
Acquisition of a Subsidiary	0
Increase	3
Period Deprec. and Impairments	-140
Sales and Other Decreases	-1
Transfers and Reclassifications	-59
Translation Differences	0
Gross Value	22,071
Depreciation and impairments	-16,589
Closing balance (Dec 31, 2018)	5,481

(thousand euros)

The amount of 5,481 K€, referred as Investment Property (December 2017: 5,678 K€), is due, mainly, to land and buildings that are not used in production.

The fair value of the Investment Property related to the lands and buildings of Corroios (determined on the basis of an independent evaluation) corresponds to the amount recorded in the accounts. This item also includes a property (Interchampagne with a value of 1,481 K€) with a recent valuation that corresponds to the book value. At the end of the year, the management made an analysis of these evaluations considering that they were kept up to date. The remaining Investment Property include a property with an accounting value of 922 K€ whose yield, updated to a market wacc, will correspond approximately to the amount by which they are recorded (cost model) in the financial statements.

These properties are not generating income and conservation and repair costs are insignificant.



XII

INVESTMENTS IN ASSOCIATES AND JOINT-VENTURES

ASSOCIATES:

	2018	2017
Initial Balance	11,006	9,450
In / Out	0	393
Results	1,874	1,039
Dividends	-500	-500
Exchange Differences	-2,919	662
Other	75	-37
End Balance	9,537	11,006
Equity method	1,874	1,039
Gains on disposal of associates	817	0
Share of (loss)/profit of associates and joint-ventures	2,691	1,039

(thousand euros)

The associates and joint-ventures are entities through which the group operates in the markets in which they are based, acting as distribution channels of products.

Gain on the disposal of associates due to the recognition of a portion of the contingent amount receivable from the sale of US Floors in 2017. The remaining amount to be calculated in 2019 may amount to a maximum of 2.5 MUSD.

All dividends received in 2018 and 2017 are related to the associate Trescases.

In 2018 and 2017, the value in "Exchange Difference" refers essentially to the associates Corchos Argentina.

There are no indications of impairment in recorded amounts.

	2018				2017			
	Financial participation	Goodwill	Total	Contribution to net income	Financial participation	Goodwill	Total	Contribution to net income
Trescases	3,985	1,715	5,700	49	4,437	1,715	6,152	1,037
Wine Packaging & Logistic	1,164	0	1,164	-62	1,319	0	1,319	-181
Corchos Argentina	2,556	0	2,556	1,910	3,473	0	3,473	811
Other	117	0	117	-23	62	0	62	-628
Closing Balance	7,822	1,715	9,537	1,874	9,291	1,715	11,006	1,039

(thousand euros)

A summary of the respective financial information is presented below:

	Trescases (50%)	Corchos Argentina (50%)	Wine Packaging & Logistic (50%)
2018	K €	K ARS	K CLP
Current assets	21,948	323,464	1,074,438
Non-current assets	1,345	23,718	7,051,748
Assets	23,293	347,182	8,126,186
Equity	10,858	231,204	2,804,476
Current liabilities	12,435	115,978	2,021,710
Non-current liabilities	0	0	3,300,000
Sales	37,158	393,857	1,813,195
Operating profit	2,213	176,784	135,906
Net income	1,509	123,494	-184,487
Comprehensive income	1,509	123,494	-184,487
2017			
Current assets	18,208	210,879	974,750
Non-current assets	1,286	9,420	7,366,917
Assets	19,494	220,299	8,341,667
Equity	10,349	120,455	2,946,375
Current liabilities	9,144	99,844	2,088,337
Non-current liabilities	0	0	3,306,955
Sales	36,749	242,251	1,632,127
Operating profit	2,339	68,859	-3,176
Net income	1,567	33,326	-358,840
Comprehensive income	1,567	33,326	-358,840

(thousand euros)

In addition to the above, the group has significant influence on a set of other individually immaterial associates.



XIII

OTHER FINANCIAL ASSETS

Assets included in Other financial assets (December 31, 2018: 1,632 K€, December 31, 2017: 2,520 K€) refer to financial assets at fair value through profit or loss, including essentially equity instruments held for trading. They are measured at fair value and when it is estimated that there are no significant differences in relation to the cost this is maintained. The assets were acquired with the main purpose of sale or resale, as appropriate, and in certain cases ensuring the maintenance and survival of entities that Corticeira Amorim considers partners for its business. The effective management of the underlying operations and assets continues to be exclusively provided by the partners, serving the financial participation as a mere “guarantee” of the investment made.



XIV

DEFERRED TAX / INCOME TAX

The difference between the tax due for the current period and prior periods and the tax already paid or to be paid of said periods is registered as “deferred tax” in the consolidated income statement, according to Note II j), and amounts to 1,579 K€ (31/12/2017: 4,096 K€).

On the consolidated statement of financial position this effect amounts to 13,346 K€ (31/12/2017: 13,146 K€) as Deferred tax asset, and to 7,737 K€ (31/12/2017: 7,187 K€) as Deferred tax liability.

Deferred tax related with items directly registered in equity was 80 K€ (credit balance) and relates to hedge accounting. No other deferred tax values related with other equity movements were booked.

It is conviction of the Board that, according to its business plan, the amounts registered in deferred tax assets will be recovered as for the tax carry forward losses.

	2018	2017
Related with Inventories and third parties	6,584	5,946
Related with tax losses carry forward	2,359	1,921
Related with Fixed Tangible Assets / Intang. / Inv. Prop	1,220	1,577
Related with other deductible temporary differences	3,182	3,701
Deferred Tax Assets	13,346	13,146
Related with Fixed Tangible Assets	3,931	3,898
Related with other taxable temporary differences	3,806	3,289
Deferred Tax Liabilities	7,737	7,187
Current Income Tax	-20,972	-28,359
Deferred Income Tax	1,579	4,096
Income Tax	-19,393	-24,263

(thousand euros)

The difference between the variation in the financial position (net of -350 K€) and the value expensed in income statement (1,579 K€) is justified by the translation differences in the non-euro subsidiaries financial position values and by the variation in deferred tax related with other comprehensive income (80 K€ debt), by the integration of the new companies within the consolidated perimeter and by the adoption of IFRS 9.

Following chart explains the effective income tax rate, starting from the original income tax rate of most of Portuguese companies:

Income Tax Reconciliation	2018	2017
Income Tax - Legal	21.0%	21.0%
Effect of additional tax rates over base rate (Portugal)	4.1%	5.1%
Effect of tax benefits	-3.8%	-2.6%
Effect of provisions for contingencies	-2.5%	0.1%
Effect of non-taxable gains and losses	-0.3%	0.2%
Effect of different tax rates (foreign subsidiaries)	1.5%	1.5%
Effect of recognising/non-recognising of differed taxes (foreign subs.)	0.1%	0.0%
Equity method	-0.4%	-0.2%
Effect of additional taxation on disposal gain of US Floors	0.0%	0.0%
Effect of variation of differed tax liabilities	-0.6%	-1.1%
Income tax - effective^[1]	19.0%	24.1%

¹ Income Tax / Pre-tax Profit

During 2018, a total of 9.8 M€ (2017: 24.6 M€) of income tax was paid. Of this amount, 2.7 M€ (2017: 20.9 M€) was paid in Portugal. In terms of income tax, the decrease in the effective rate was mainly due to the fact that provisions for legal proceedings in Argentina were reversed that did not give rise to deferred taxes and due to the reversal of tax provisions without outflows of cash.

Corticeira Amorim and a large group of its Portuguese subsidiaries are taxed since January 1, 2001, as a group special regime for tax purposes (RETGS), as according to article 69, of the income tax code (CIRC). The option for this special regime is renewable every five years.

According to law, tax declarations for Corticeira Amorim and its Portuguese subsidiaries are subject of revision and possible correction from tax authorities generally during the next four years.

No material effects in the financial statements, are expected by the Board of Corticeira Amorim and subsidiaries from the revisions of tax declarations that will be held by the tax authorities.

The tax rate applicable to Portuguese subsidiaries is 21%.

The activity of the subsidiaries of the Group located outside Portugal is subject to the general tax regime in the respective countries and states. During the year 2018 there were no significant changes in the tax rate applicable to subsidiaries in countries where the Group has significant operations.

The only deferred tax amount related to items credited / debited directly in equity is related to the fair value of hedging instruments and amounts to 80 K€ (273 K€ in 2017).

The amount of deferred taxes is essentially related to temporary differences that can be realized in the short term. The recovery of tax assets is based on future forecasts for normal rates of return for companies and growth in line with those of business units.

Tax losses to be carried forward are related with foreign subsidiaries. Total amounts to 23.9 M€, of which around 7.7 M€ are considered to be utilised. This report has a term of use beyond 2022.

Tax relating to components of other comprehensive income is as follows:

	2018			2017		
	before tax	tax	after tax	before tax	tax	after tax
Items that could be reclassified through income statement:						
Change in derivative financial instruments fair value	-542	80	-462	1,848	-273	1,575
Change in translation differences	-626	0	-626	-4,298	0	-4,298
Share of other comprehensive income of investments accounted for using the equity method	-2,844	0	-2,844	625	0	625
Other comprehensive income	92	0	92	448	0	448
Other comprehensive income	-3,920	80	-3,840	-1,377	-273	-1,650

(thousand euros)

XV

INVENTORIES

	2018	2017
Goods	18,387	11,054
Raw materials	226,922	220,142
Finished and semi-finished goods	135,704	109,086
By-products	31,736	25,064
Finished and semi-finished goods impairments	-4,986	-5,160
Raw materials impairments	-1,673	-1,045
Inventories	406,090	359,141

(thousand euros)

Impairment losses	2018	2017
Initial Balance	6,206	5,480
Increases	1,174	1,710
Decreases	720	985
End Balance	6,659	6,206

(thousand euros)

Raw materials essentially include reproduction cork (“amadia”) and virgin cork from pruning the tree (“falcas”) (Raw Material BU), products and work in progress essentially include boiled cork and discs (Raw Materials BU) and finished products essentially include a variety of types of cork stoppers (Cork Stoppers BU), coverings (Floor and Wall Coverings BU) and composite products (Composite Cork BU).

Increases in impairment are booked on Costs of goods sold and materials consumed in the income statement.



XVI

TRADE RECEIVABLES

	2018	2017
Gross amount	187,669	179,464
Impairments	-13,186	-11,860
Trade receivables	174,483	167,604

(thousand euros)

Impairment losses	2018	2017
Initial Balance (reported)	11,860	11,998
Effect of IFRS 9 application	458	0
Initial Balance	12,318	11,998
Increases	3,813	2,692
Decreases	-2,672	-2,456
Others	-273	-375
End Balance	13,186	11,860

(thousand euros)

Increases and decreases were recognized under impairment of assets caption in the income statement. In the 2018 increases, the perimeter entry effect is included which was 70 K€.

At the end of each period, Trade receivables credit quality is analysed. As a result of the adoption of IFRS 9 to the balances up to 90 days, an expected credit loss is recognized. From 90 to 120 days a 30% impairment register is considered and from 120 to 180 days 60%. Over 180 days as well as all doubtful balances are fully impaired. These rules do not overcome specific cases analysis.

Due and past due balances are as follows:

	2018	2017
Due	142	134
Past due between 0 and 90 days	31	29
Past due between 90 and 120 days	2	3
Past due between 120 and 180 days	4	5
Doubtful and past due over 180 days	10	9
Total	188	179

(million euros)

XVII

INCOME TAX

	2018	2017
Income tax - minimum advances	19	240
Income tax - advances / to be recovered	8,758	12,853
Income tax - withholding	138	204
Income tax - special payment (RERD)	2,587	2,587
Income tax - special payment (RERD) impairment	-2,587	-2,587
Income tax - special payment (PERES)	5,383	5,383
Income tax - special payment (PERES) impairment	-5,383	-5,383
Income tax (assets)	8,915	13,297
Income tax (liabilities)	1,924	2,231

(thousand euros)

The amount of RERD refers to a payment made under an exceptional regime of regularisation of debts to the tax authority and to social security (DL 151-A/2013) (RERD). Corticeira Amorim has decided to partially adhere. A total of 4,265 K€ was paid in December 2014. This payment refers to stamp tax (1,678 K€) and income corporate tax (2,587 K€). As for the income corporate tax, they were already provisioned, including late payment interest.

During 2016, Corticeira Amorim was notified that its appeal regarding the tax procedure related to the Stamp tax paid in the RERD was almost entirely won. In this way, the respective provision has already been reversed.

At the end of 2016, a special Plan for the Reduction of Indebtedness to the State (PERES) was approved by Decree-Law no. Corticeira Amorim decided to partially adhere to that measure. In December, approximately 7.4 M€ were paid in respect of Stamp Tax / VAT (2 M€) and Income Tax (IRC) in the amount of 5.4 M€.

To be noted that Corticeira Amorim was not a debtor to the social security and to the tax authority. Those amounts were subject to court ruling. The cases that were chosen to adhere are old cases but, in circumstance of unfavourable ruling by the court, the outcome could impose heavy penalties and late payment interests.

RERD and PERES allowed for the payment of the capital without any payment regarding late payment interests and other costs. Due to the fact that adhesion to RERD and PERES does not imply a mandatory abandonment of the court cases and those processes are still in court, Corticeira Amorim will continue to fight for its rights.

The liability amount under this caption includes the estimate of income tax payable by some foreign subsidiaries when the tax return for the year 2018 is presented.

XVIII

OTHER DEBTORS AND OTHER ASSETS

OTHER DEBTORS

	2018	2017
Advances to suppliers	7,399	5,568
Hedge accounting assets	132	800
VAT	20,783	23,078
Stamp tax/VAT - special payment (PERES)	2,051	2,051
Stamp tax/VAT - special payment (PERES) impairment	-2,051	-2,051
Others	7,390	5,951
Other debtors	35,704	35,398

(thousand euros)

As of December 31, 2018 and 2017, there were no overdue in the amounts of VAT.

Other non-current debtors include advances to suppliers (4,844 K€), which will only be made for more than 12 months.

OTHER ASSETS

	2018	2017
Accrued income	330	1,415
Deferred costs	2,773	1,367
Other assets	3,103	2,782

(thousand euros)

The balances of these items in the consolidated statement of financial position for 2017 were added in the caption "Other assets".

XIX

CASH AND EQUIVALENTS

	2018	2017
Cash	368	357
Bank Balances	13,704	12,695
Time Deposits	7,482	3,809
Others	141	143
Cash and cash equivalents as for financial position	21,695	17,005
Overdrafts	-60,435	-22,353
Cash and cash equivalents as for cash flow statement	-38,740	-5,348

(thousand euros)



CAPITAL AND RESERVES

SHARE CAPITAL

As of December 31, 2018, the share capital is represented by 133,000,000 ordinary registered shares, conferring dividends, with a par value of 1 Euro.

The Board of Corticeira Amorim is authorised to raise the share capital, one or more times, respecting the conditions of the commercial law, up to 250,000,000€.

TREASURY STOCK

As of December 31, 2018, Corticeira Amorim held no treasury stock.

No purchases were registered during 2018.

LEGAL RESERVE AND SHARE PREMIUM

Legal reserve and share premium are under the legal reserve rule and can only be used for (art. 296 CSC -Portuguese commercial law):

- ✘ Offset losses in the financial position that cannot be offset by the use of other reserves;
- ✘ Offset losses of prior year that cannot be offset by the profit of the year nor the use of other reserves;
- ✘ Incorporation in share capital.

Legal reserve and share premium values are originated from Corticeira Amorim, SGPS, S.A. books.

OTHER RESERVES

Value is composed from other reserves account and prior year's results of Corticeira Amorim, SGPS, S.A. books, as well as non-distributed cumulative results of Corticeira Amorim, SGPS, S.A. subsidiaries.

Individual accounts of Corticeira Amorim registered distributable reserves as dividends, considering 2018 net profits, amounting to 118.6 M€.

DIVIDENDS

In the Shareholders' General Meeting of April 13, 2018 and December 3, 2018, a dividend distribution of 0.185 and 0.085 euros per share was approved.

	2018	2017
Approved dividends	35,910	34,580
Dividends paid	35,910	34,580

(thousand euros)



NON-CONTROLLING INTEREST

	2018	2017
Initial Balance	29,524	15,892
In	528	12,800
Out	-427	-1,923
Results	5,220	3,551
Dividends	-2,445	-575
Exchange Differences	-530	-317
Others	0	96
End Balance	31,871	29,524

(thousand euros)

The amount of Dividends corresponds to the amounts paid by the entities to non-controlling interests.

Out value for 2018 related to the acquisition of the remaining 49% of the Timberman subsidiary.

	2018			2017		
	Impact on Balance Sheet	Impact on Net Income	Dividends paid	Impact on Balance Sheet	Impact on Net Income	Dividends paid
Amorim Bartop	1,319	3	1,192	-53	-65	0
Amorim Top Series	1,501	1,272	0	2,787	1,293	0
Ets. Christian Bourrassé	6,237	672	0	5,467	-271	0
Francisco Oller	2,160	46	34	2,130	177	34
Industria Corchera	6,477	414	31	6,687	242	31
Socori	8,550	1,323	0	7,227	509	0
Timberman	0	0	0	1,214	620	197
Trefinos	1,905	206	136	1,768	191	136
Victor y Amorim	1,026	350	145	861	207	145
Others	2,695	934	906	1,437	649	32
End Balance	31,871	5,220	2,445	29,524	3,551	575

(thousand euros)

Summary indicators of the main subsidiaries with non-controlling interests:

	Bourrassé	Socori	Trefinos	Francisco Oller	Amorim Bartop	Amorim Top Series	Industria Corchera	Timberman	Victor y Amorim
2018	K €	K €	K €	K €	K €	K €	K CLP	K DKK	K €
Current assets	19,408	45,846	16,331	18,032	7,202	19,884	10,959,251	-	2,954
Non-current assets	11,723	15,947	15,171	20,977	11,359	3,803	2,535,011	-	788
Assets	31,131	61,793	31,502	39,009	18,561	23,687	13,494,262	-	3,742
Total Equity	17,373	28,536	21,158	26,158	13,990	10,003	9,677,996	-	2,054
Current liabilities	12,452	25,011	8,085	9,846	4,571	12,768	3,816,266	-	1,528
Non-current liabilities	1,305	8,246	2,259	3,005	0	916	0	-	160
Sales	44,370	47,522	32,975	28,397	0	35,230	16,036,230	-	8,394
Operating profit	2,662	4,001	3,131	628	10,259	6,747	612,816	-	906
Net Income	1,943	1,949	2,300	527	10,247	5,357	581,097	-	800
Comprehensive income	1,943	1,949	2,300	527	10,247	5,357	581,097	-	800
Cash flow from operating activities	2,186	12,082	3,516	1,922	-427	10,723	1,848,763	-	755
Cash flow from investing activities	-24	-2,530	-3,199	-3,041	2,909	-1,124	-290,326	-	-187
Cash flow from financing activities	-2,849	-25,623	114	1,341	-2,485	-11,299	-351,918	-	-344
Net cash flow	-687	-16,071	431	222	-3	-1,700	1,206,519	-	224
2017									
Current assets	15,477	1,373	15,137	16,953	73	22,422	10,959,251	33,409	2,578
Non-current assets	2,283	656	13,515	21,079	5,800	3,221	2,535,011	2,042	648
Assets	17,760	2,028	28,652	38,032	5,874	25,643	13,494,262	35,451	3,226
Total Equity	4,182	1,466	20,294	25,591	3,742	15,148	9,677,996	19,595	1,724
Current liabilities	9,513	549	6,853	9,380	7	9,885	3,816,266	15,608	1,351
Non-current liabilities	4,065	13	1,505	3,060	2,125	610	0	248	151
Sales	17,498	763	31,294	25,440	0	32,406	16,036,230	123,425	6,226
Operating profit	500	-262	2,927	2,094	-325	6,785	992,605	12,002	549
Net Income	-677	-193	2,879	1,623	-261	5,172	602,182	9,173	415
Comprehensive income	-677	-193	2,879	1,623	-261	5,172	602,182	9,173	415
Cash flow from operating activities	4,702	-1,716	2,992	1,922	-325	1,946	1,833,015	3,868	264
Cash flow from investing activities	-393	-377	-1,761	-3,041	-1,800	-1,488	45,060	132	-5
Cash flow from financing activities	-4,143	1,294	-1,946	1,341	2,125	1,411	-879,271	-3,927	-264
Net cash flow	166	-799	-714	222	0	1,868	998,803	73	-4

(thousand euros)

XXII

INTEREST BEARING DEBT

At year-end, current interest bearing loans was as follows:

	2018	2017
Overdrafts and bank loans	85,850	60,903
Leasing	350	612
Factoring	0	180
Commercial paper	35,000	0
Interest-bearing loans - current	121,200	61,695

(thousand euros)

Loans were denominated in euros, except 11% (Dec. 2017: 15%).

Non-current interest bearing loans was as follows:

	2018	2017
Bank loans	37,948	47,362
Reimbursable grants	70	94
Leasing	1,485	638
Interest-bearing loans - non-current	39,503	48,094

(thousand euros)

At the end of the period, loans were denominated in euros (Dec. 2017: 100%).

As of December 31, 2018, maturity of non-current interest bearing debt was as follows:

Between 01/01/2020 e 31/12/2020	8,444
Between 01/01/2021 e 31/12/2021	7,328
Between 01/01/2022 e 31/12/2022	6,431
After 01/01/2023	17,299
Total	39,503

(thousand euros)

From non-current and current interest bearing debt, 135,703 K€ carries floating interest rates. Remaining 25,000 K€ carries fixed interest rate. Average cost, during 2015, for all the credit utilized was 1.09% (2017: 1.67%).

Note that at the end of the first quarter of 2015 Corticeira Amorim effected a loan agreement with the EIB. This ten year loan, in the amount of 35 M€, with a grace period of four years, was negotiated at an all-in cost lower than any existing loan to date. With this financing Corticeira Amorim could substantially lengthen the terms of its debt and, at same time, lowering considerably average rate of interest-bearing debt.

As of December 2018, Corticeira Amorim had credit lines with contractual clauses that include covenants generally used in these type of contracts, namely: cross-default, pari-passu and in some cases negative pledge.

As of December 31, 2018, four foreign subsidiaries have a 6.2 million euro loan mortgage guarantee on assets. These assets are booked on Statement of financial position of those subsidiaries.

At the same date, Corticeira Amorim had utilized credit lines with associated financial covenants. These included, namely, ratios accomplishment that allowed for an accompaniment of the financial position of the company, most of all its capacity to pay its debt, of which the most important is Debt to EBITDA ratio (net interest bearing debt/current EBITDA). Also ratio related with balance sheet structure.

As of December 31, 2018, these ratios were as follows:

Net interest bearing debt/current EBITDA (X)	1.04
Equity/Assets	51.6%

Ratios above fully and easily accomplished the demands of the contracts that formalized said loans. If by chance they did not accomplish the possibility of an early payment was conceivable.

On top of the said full accomplishment, it has to be noted that the capacity of full repayment was reinforced by the existence, as of that date, of non-used credit lines that amounted to 116 M€.

XXIII

TRADE PAYABLES

	2018	2017
Trade payables - current account	77,584	72,581
Trade payables - confirming	77,441	76,440
Trade payables - accruals	9,983	8,075
Trade payables	165,008	157,096

(thousand euros)

From the total values, 58% comes from Cork Stoppers BU (2017: 53%) and 19% from Raw Materials BU (2017: 26%).

XXIV

OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

OTHER FINANCIAL LIABILITIES

	2018	2017
Repayable grants	13,884	15,717
Agreement to acquire non-controlling interests	15,454	19,035
Other	925	1,427
Other financial liabilities - non current	30,263	36,179
Repayable grants	3,573	1,540
Agreement to acquire non-controlling interests	4,956	0
Accrued costs - supplies and services	3,735	4,122
Accrued costs - others	8,843	9,305
Deferred income - others	139	23
VAT	6,072	6,831
State and social security - withholding and others	6,529	6,143
Other	7,192	5,533
Other financial liabilities - current	41,039	33,498

(thousand euros)

In Other financial liabilities, is included a value of 565 K€ (2017: 265 K€), which refers to the value of exchange risk.

In Other financial liabilities – non-current (30,263 K€), maturity is as follows: from 1 to 2 years (8,608 K€), from 2 to 4 years (15,897 K€) and more than 4 years (5,758 K€).

The agreement to acquire non-controlling interests results from the purchase of S.A.S. ETS CHRISTIAN BOURRASSÉ, in which 60% of the share capital was first acquired, for the amount of 29 M€. The agreement provides for the subsequent acquisition by 2022 of the remaining 40% (“agreement for acquisition of non-controlling interests”) at a price which, based on the value already paid for the first 60%, will also depend on the evolution of BOURRASSÉ’s performance in next years. The first tranche of 10% will be acquired during 2019.

OTHER LIABILITIES

	2018	2017
Non-repayable - grants	3,818	5,342
Accrued costs - staff costs	12,646	16,179
Other liabilities - current	16,464	21,521

(thousand euros)

The balances on grants have evolved as follows:

Non-repayable grants	2018	2017
Opening Balance	5,342	5,244
Transfer to gains	-1,612	-3,222
Received during the year	124	1,928
Reclassifications/Transfers	-36	1,391
Closing Balance	3,818	5,342
Repayable grants	2018	2017
Opening Balance	17,257	9,877
Paid during the year	-2,340	-995
Received during the year	2,293	10,077
Reclassifications/Transfers	248	-1,702
Closing Balance	17,457	17,257

(thousand euros)

“Transfers” is due largely to repayable benefits that were in the meantime, in some subsidiaries, converted into non-repayable and to the recognition of interest through measurement at amortized cost.

Most of the grants received by Corticeira Amorim is intended for investments aimed at increasing the production capacity and modernization of industrial facilities, improving the quality of manufactured products, or improving energy and utilizing its main raw material (cork).

Most of the projects that gave rise to grants classified as repayable; these are normally subject to evaluation, already at cruising stage, and if agreed targets are met, part or even all of the allowance is converted into non-refundable.

There are no unpaid amounts associated with subsidies classified as non-repayable, nor are there conditions that are not yet to be met for recognition.

The balances of these items in the consolidated statement of financial position for 2017 were added under “Other borrowings and creditors”.

XXV

THIRD PARTY SUPPLIES AND SERVICES

	2018	2017
Communications	1,353	1,431
Data systems	6,184	4,835
Insurance	3,946	3,533
Subcontractors	4,856	3,765
Energy	14,843	13,386
Security	1,156	1,113
Professional Fees	1,375	1,569
Tools	2,151	2,097
Oil and gas	1,934	1,704
Royalties	856	1,097
Rentals	6,641	5,285
Transports	26,172	25,216
Representation expenses	1,123	1,107
Travel	4,949	5,014
Commissions	8,503	7,949
Specialized Services	9,797	10,844
Advertising	7,054	8,246
Maintenance	11,820	10,226
Others	9,433	8,238
Capitalized Costs	-7	-130
Third party supplies and services	124,140	116,524

(thousand euros)

XXVI

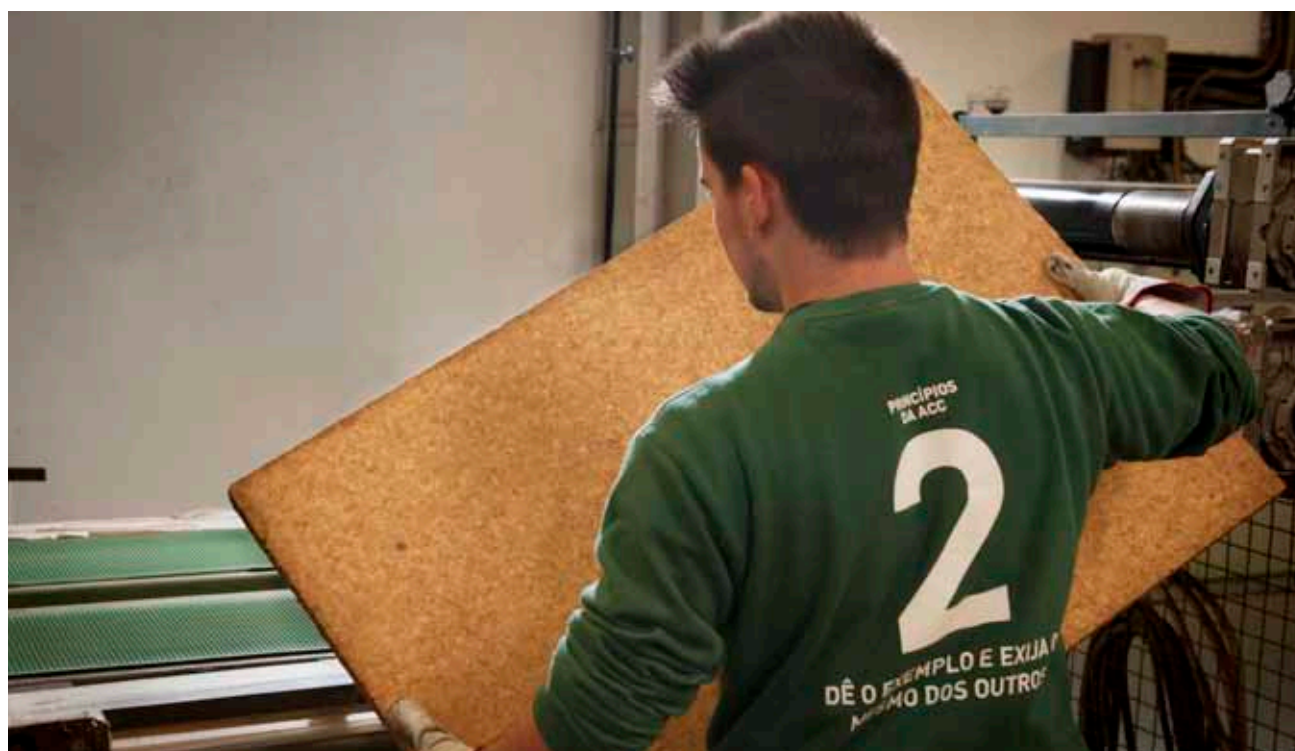
STAFF COSTS

	2018	2017
Board remuneration	783	830
Employees remuneration	104,990	97,699
Social Security and other	21,994	19,996
Severance costs	2,405	3,818
Post-employment benefits	374	352
Other	3,762	2,995
Capitalized costs	-69	-61
Staff costs	134,239	125,630
Average number of employees	4,399	4,202
Final number of employees	4,448	4,248

(thousand euros)

Board's remuneration includes Corticeira Amorim, SGPS, SA and any of its subsidiaries. Includes also Fiscal Board and General Meeting board members expenses.

Contributions related with defined contributions plans amounted to 374 K€ (2017: 352 K€).



XXVII

IMPAIRMENTS OF ASSETS AND NON-RECURRENT RESULTS

IMPAIRMENTS OF ASSETS

	2018	2017
Receivables	1,615	205
Inventories	-875	-189
Tangible, intangible assets and others	-813	2,274
Impairments of assets and non-current costs	-73	2,290

(thousand euros)

Receivables include customers and other debtors.

NON-RECURRENT RESULTS

As for the non-recurring amounts (Note II q), the most significant amount recorded in 2018 relates to restructuring expenses, essentially from Floor and wall covering BU in Portugal. Also included in non-recurring expenses are expenses incurred primarily with consultants and attorneys for the acquisition of subsidiaries and impairment of Goodwill of Sodiliège and Biocape. In positive terms, we should highlight the reversal of the provision related to development contingencies in Argentina.

	2018	2017
Restructuring costs	-1,428	-2,441
Goodwill impairment	-293	0
Reversal of provisions in the investment in Amorim Argentina	2,214	0
Transaction costs	-436	-472
Non-current results	57	-2,913

(thousand euros)

XXVIII

OTHER INCOME AND GAINS / OTHER COSTS AND LOSSES

OTHER INCOME AND GAINS

	2018	2017
Gain in fixed assets and p. investment disposals	436	289
Provisions reversals	1074	682
Operating subsidies	81	164
Investment subsidies	1 612	3 222
Supplementary income	2 076	3 000
Building rentals	605	182
Own works	23	174
Other	5692	4 637
Other income and gains	11 599	12 348

(thousand euros)

OTHER COSTS AND LOSSES

	2018	2017
Exchange rate hedging: exchange differences (Note XXXII)	908	1,967
Exchange rate hedging: var. derivative fair value (Note XXXII)	594	-1,746
Taxes (other than income)	1,836	1,814
Provisions	215	122
Loss in fixed assets and p. investment disposals	78	103
Bank charges	588	491
Bad debts	52	1,893
Loss in inventory differences	80	63
Donations and fees	448	471
Other	966	2,642
Other costs and losses	5,765	7,822

(thousand euros)

XXIX

FINANCIAL COSTS AND FINANCIAL INCOME

	2018	2017
Interest costs - bank loans	1,620	1,093
Interest costs - other entities	1,551	254
Stamp tax	143	84
Interest costs - other	234	41
	3,547	1,471
Interest gains - bank deposits	42	136
Interest gains - other loans	7	19
Interest gains - delayed payments	2	4
Interest gains - other	43	32
	95	191
Net financial costs	3,452	1,280

(thousand euros)

Interest costs – other entities includes 118 K€ (2017: 98 K€) is included to apply the amortized cost and the effect of updating the liability for the acquisition of interests that do not control (1.4 M€).

XXX

RELATED-PARTY TRANSACTIONS

Corticeira Amorim consolidates directly in AMORIM – INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. with head-office at Mozelos (Santa Maria da Feira, Portugal), Amorim Group holding company.

As of December 31, 2018, financial stake of AMORIM – INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. in Corticeira Amorim was 51%, corresponding to 51% of the voting rights.

Corticeira Amorim related party transactions are, in general, due to the rendering of services through some of AIP subsidiaries (Amorim Serviços e Gestão, S.A., Amorim Viagens e Turismo, S.A., OSI – Sistemas Informáticos e Electrotécnicos, Lda.). Total sales of these subsidiaries to the remaining Corticeira Amorim companies totalled 10,346 K€ (2017: 8,528 K€).

Sales from Quinta Nova, S.A., AMORIM - INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. subsidiary to Corticeira Amorim subsidiaries reached 48 K€ (2017: 55 K€). Purchases totaled 161 K€ (2017: 120 K€).

Cork acquired during 2018, from companies held by the main indirect shareholders of Corticeira Amorim, amounted to 1,124 K€ (2017: 1,430 K€). This corresponds to less than 2% of total acquisitions of that cork raw-material.

Balances at year-end 2018 and 2017 are those resulting from the usual payment terms (from 30 to 60 days) and so are considered to be immaterial.

Services are usually traded with related parties on a “cost plus” basis in the range of 2% to 5%.

During 2018 no transactions were made and no balances booked with related parties Amorim Investimentos e Participações, SGPS, SA.

Total Corticeira Amorim key staff short-term remuneration (includes executive committee of SGPS and general managers of the Business Units) reached 3,220 K€ during 2018 (2017: 3,231 K€). No payments were made related with post-employment benefits, other long-term benefits, termination benefits and equity compensation benefits.

XXXXI

PROVISIONS, POST-EMPLOYMENT BENEFITS AND GUARANTEES

PROVISIONS

	2018	2017
Income tax	40,829	36,347
Guarantees to customers	577	408
Others	1,675	4,185
Provisions	43,081	40,940

(thousand euros)

During the year, the provisions in the Balance Sheet increased by 2.1 M€. The increase in the provision for tax contingencies was 4.5 M€ and the provision for other events decreased by 2.3 M€.

Corticeira Amorim's claims are pending, both in the judicial phase and in the non-contentious phase, and which may adversely affect Corticeira Amorim, refer to the financial years 1997, 1998, 1999 and 2003 to 2015. The most recent fiscal year analysed by Portuguese tax authorities was 2015.

These tax cases are basically related with questions like non-remunerated guarantees given between group companies, group loans (stamp tax), interest costs of holding companies (SGPS), and with the acceptance as tax costs of losses related with the closing of subsidiaries.

Claims by the tax authorities are related with income tax, stamp tax and marginally VAT.

At the end of each year, an analysis of the tax cases is made. The procedural development of each case is important to decide new provisions, or reverse or reinforce existing provisions. Provisions correspond to situations that, for its procedural development or for doctrine and jurisprudence newly issued, indicate a probability of an unfavourable outcome for Corticeira Amorim and, if that happens, a cash outflow can be reasonably estimated.

Note that during the year there were no developments worthy of note in the processes mentioned above.

The value of tax processes to date for the 2018 accounts amounted to 10.4 M€, being fully provisioned.

In addition to the tax provisions referred to above, Corticeira Amorim has recorded a provision to cover the tax benefits to apply for 2018 and applied in previous years. The certification requirement by ANI of SIFIDE projects, the requirement for maintenance of jobs over five years in RFAI projects as well as other constraints to the realization of benefits, has led Corticeira Amorim to record provisions in order to take account of future and breaches of such requirements. It should be noted that the determination of the tax benefits can not be concluded, since its constraints extend over several years, in particular as regards the maintenance of jobs. The main increase in the provision for tax contingencies relates to the provision to cover the tax benefits mentioned, having increased by 6.4 M €. This provision at the end of 2018 has a value of 27.2 M€.

To note that, Corticeira Amorim has been recognizing provisions due to uncertainty about the acceptance by tax authorities of the existence of tax losses in two Spanish subsidiaries. The provision at the end of 2018 was 3.7 M€.

There are no tax proceedings that have not been provisioned, thus, contingent liabilities are zero.

Corticeira Amorim made in 2013 a payment established by Decree Law 151-A / 2013 (RERD) worth 4.3 M€. This payment does not imply the abandonment of Corticeira Amorim of the defense of its own interest in these processes. In 2016 the final decision of one of the lawsuits regarding stamp taxes was partially won by Corticeira Amorim, which received 1.2 M€ of the value paid of 1.7 M€. Accordingly, the amount remaining outstanding of ongoing proceedings paid under the RERD is 2.6 M€.

As already mentioned in 2016, an amount of 7.4 M€ was paid under PERES, which does not imply Corticeira Amorim's neglecting of the defense of its proceedings.

In addition to these processes, Corticeira Amorim has a large number of other favourable processes. They refer, in essence, to payments related with autonomous taxation, inspection fees and tax benefits. The value of these processes amounts to 1.5 M€, which is not recorded as part of its assets. Total contingent assets amounts to 11.7 M€.

It is considered correct the total value of 40.8 M€ of provisions related with contingencies regarding income tax and 2.2 M€ regarding other contingencies.

	Tax Contingencies			Customer Guarantees	Others	
	Income tax	Stamp tax	Others			
Opening balance 2017	26,100	62	8	535	3,578	30,282
Recognition						
Other Costs - Note XXVI	9				113	122
Non-recurrent costs					400	400
Income tax	11,197					11,197
Others					39	39
Reversal						
Other gains - Note XXVI	-431				-250	-682
Sales				-127		-127
Income tax	-1,309					-1,309
Translation differences	-9				2	-6
Variation in perimeter	720				317	1,037
Direct allocation					-13	-13
Ending balance 2017	36,276	62	8	408	4,186	40,940
Opening balance 2018	36,276	62	8	408	4,186	40,940
Recognition						
Other costs - Note XXVI	40				175	215
Non-recurrent costs						0
Sales					168	168
Income tax	7,422					7,422
Other						0
Reversal						
Non-recurrent costs					-2,214	-2,214
Other gains - Note XXVI	-200				-1,868	-2,068
Sales					750	750
Income tax	-2,774					-2,774
Translation differences	-5				0	-5
Variation in perimeter					743	743
Direct allocation					-96	-96
Ending balance 2018	40,759	62	8	745	1,676	43,081

(thousand euros)

POST-EMPLOYMENT BENEFITS

Post-employment benefits	
Opening balance 2017	730
Recognition	
Others costs - Note XXVI	56
Variation in perimeter	211
Direct allocation	-22
Ending balance 2017	975
Post-employment benefits	
Opening balance 2018	975
Recognition	
Others	10
Reversal	
Non-current costs	
Other gains - Note XXVI	-5
Variation in perimeter	641
Direct allocation	
Ending balance 2018	1,621

(thousand euros)

At the Elferson subsidiary, the company provides a defined benefit pension plan for administrative employees born in 1978 or earlier. The plan is managed by the PRI Pensionsgaranti. In order to estimate its liabilities for the payment of these benefits, the procedure for calculating the actuarial liabilities was determined in accordance with the "Projected Unit Credit Method", in accordance with IFRS.

The main assumptions assumed were as follows: discount rate 2.2%, salary increase 2.2%; median life expectancy: DUS 14 (as determined by the Actuarial Research Board). The total number of employees benefiting from the plan is 27. The estimated responsibility for the end of the year is 641 K€.

Amorim Cork Italia has responsibilities regarding TFR (trattamento di fine rapporto). This is due by the company to the employee when the contractual relationship ends, whether the company or the employee to terminate the connection or at the time of retirement. This amount equals about 1 month / year of work. Amorim Cork Italia has accrued this amount, following the update rules defined by the government (a law is issued annually with the revaluation percentage of amounts from previous years). The value of the liabilities is approximately 604 K€.

Remaining amounts related mainly to the liabilities of the Bourrassé (197 K€), Korken Schiesser (127 K€) and Portocork Italia (47 K€).

GUARANTEES:

During its operating activities Corticeira Amorim issued in favour of third-parties guarantees amounting to 2,094 K€ (Dec. 2017: 3,470 K€).

Beneficiary	Amount	Purpose
Government agencies	1,602	Capex grants / subsidies
Other	492	Miscellaneous guarantees
TOTAL	2,094	

(thousand euros)

As of December 31, 2018, future expenditure resulting from long-term motor vehicle rentals totals 1,602 K€, and for computer hardware and software totals 168 K€. Total is due 2019 (204 K€), 2020 (391 K€), 2021 (475 K€), 2022 (641 K€) and 2023 and further (59 K€).

Cork purchase commitments amount to 18,253 K€ (2019: 13,189 K€; 2020: 1,176 K€ and 2021: 486 K€ and 2022 and further 3,402 K€).

XXXII

EXCHANGE RATE CONTRACTS

As of December 31, 2018, options contracts and forward outright related with sales currencies were as follows:

	2018		2017	
USD	45,107	95%	30,183	90%
ZAR	2,225	5%	3,038	9%
HUF	78	0%	326	1%
RUB	259	1%	-	-
Forward - long positions	47,669	100%	33,547	100%
USD	1,746	100%	3,353	100%
Forward - short positions	1,746	100%	3,353	100%
USD	11,343	100%	-	-
Options - long positions	11,343	100%	-	-
USD	440	100%	2,185	100%
Options - short positions	440	100%	2,185	100%

(thousand euros)

It is expected that hedged highly probable transactions in foreign currencies occur during the first half of 2019. The corresponded value recognised in equity as hedge accounting will be recorded in income statement in that same period.

The amount recognised in comprehensive income statement as "change in derivative financial instruments fair value" reached -462 K€ (2017: 1,575 K€).

In relation with fair value hedging, during 2018 a gain of 908 K€ was recorded in the hedging instruments (2017: gain of 1,967 K€) and a gain of 594 K€ was recorded in the hedged items (2017: loss of 1,746 K€).

XXXIII

AUDITOR'S FEES

EY auditor's remuneration for the group of subsidiaries and for Corticeira Amorim was 254 K€ (2017: 289 K€) and detailed as follows:

Nature of service	Audit	Other assurance services	Other services	Total
EY SROC				
Corticeira Amorim	22,200	14,000	0	36,200
	61%	39%	0%	100%
Entities that integrate the group	132,750	7,440	0	140,190
	95%	5%	0%	100%
Total	154,950	21,440	0	176,390
	88%	12%	0%	100%
Companies of EY's network				
Corticeira Amorim	0	0	0	0
	0%	0%	0%	0%
Entities that integrate the group	77,733	0	0	77,733
	100%	0%	0%	100%
Total	77,733	0	0	77,733
	100%	0%	0%	100%
Total				
Corticeira Amorim	22,200	14,000	0	36,200
	61%	39%	0%	100%
Entities that integrate the group	210,483	7,440	0	217,923
	97%	3%	0%	100%
Total	232,683	21,440	0	254,123
	92%	8%	0%	100%

(thousand euros)

The interim financial information and other assurance services review line includes:

- ✦ the limited review of the consolidated financial statements for the six-month period ended June 30, 2018 and the independent review of the non-financial information report - sustainability report; and
- ✦ Other Services: certification of eligible expenses in subsidised investment projects and the issue of an opinion on a spin-off occurring in a subsidiary of the Group.

In the scope of these services, these Entities do not assume the leadership of the underlying projects, which is always assumed by the appropriate department of Corticeira Amorim, and therefore do not place questions regarding the independence of their operations.

XXXIV

ACTIVITY DURING THE YEAR

Corticeira Amorim sales are composed by a wide range of products that are sold through all the five continents, over 100 countries. Due to this notorious variety of products and markets, it is not considered that this activity is concentrated in any special period of the year. Traditionally first half, specially the second quarter, has been the best in sales; third and fourth quarter switch as the weakest one.

XXXV

OTHER INFORMATION

- a. **Net profit per share calculation used the average number of issued shares deducted by the number of average owned shares. The non-existence of potential voting rights justifies the same net profit per share for basic and diluted.**

	2018	2017
Total issued shares	133,000,000	133,000,000
Average nr. of treasury shares	0	0
Average nr. of outstanding shares	133,000,000	133,000,000
Net Profit (thousand euros)	77,389	73,027
Net Profit per share (euros)	0,582	0,549

b. **IFRS disclosures - New standards as at 31 December 2018:**

1. **The impact of the adoption of the amendments to standards that became effective as of 1 January 2018 is as follows:**

- × **IFRS 2 (amendment)**, “Classification and Measurement of Share-based Payment Transactions” (effective for periods beginning on or after 1 January 2018). These amendments incorporate in the standard guidelines on the accounting treatment of cash-settled share-based payments, which follow the same approach of payments based and settled in shares.
- × **IFRS 4 (amendment)**, “Application of the IFRS 9 Financial Instruments with the IFRS 4 Insurance Contracts” (effective for annual periods beginning on or after 1 January 2018). The amendments complement the current options in the standard that can be used to fill the concern related with the temporary volatility of the results.

- × **IFRS 9 (new)**, “Financial instruments – classification and measurement” (effective for annual periods beginning on or after 1 January 2018). The initial phase of IFRS 9 forecasts two types of measurement, amortised cost and fair value. All equity instruments are measured at fair value. A financial instrument is measured at amortised cost only if the company has it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise, financial instruments are measured at fair value through profit and loss.

- × **IFRS 15 (new)**, “Revenue from Contracts with Customers”, (effective for annual periods beginning on or after 1 January 2018). This standard establishes a single, comprehensive framework for revenue recognition. The framework will be applied consistently across transactions, industries and capitals markets, and improve comparability in the ‘top line’ of the financial statements of companies globally. IFRS 15 replaces the following standards and interpretations: IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue — Barter Transactions Involving Advertising Services.

- × **IFRS 15 (clarification)**, “Revenue from contracts with customers” (effective for annual periods beginning on or after 1 January 2018). The clarifications presented are about the transition and not about changes in the underlying principles of the standard.

- × **IFRIC 22 (interpretation)**, “Foreign currency transactions and advance consideration” (effective for periods beginning on or after 1 January 2018). Interpretations clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

- × **IAS 40 (amendment)**, “Investment property transfers” (effective for annual periods beginning on or after 1 January 2018). The amendments clarify if a property under construction or development, which was previously classified as Inventories, can be transferred to investment property when there is an evident change in use.

- × **Improvements to international financial reporting standards** (2014-2016 cycle that is effective for annual periods beginning on or after 1 January 2017/2018). These improvements involve the review of various standards, highlight the following:

- × IFRS 1, “First-time Adoption of IFRS”, an improvement that eliminated the short-term exemption for adopters for the first time in paragraphs E3-E7 of IFRS 1 because it served its purpose (which related to exemptions from some disclosures of financial instruments under IFRS 7, exemptions at the level of employee benefits and exemptions at the level of investment entities).
- × IAS 28, ‘Investments in associates and joint ventures’. This improvement clarifies that investments in associates or joint ventures are allowed to be measured at fair value, on a standalone basis.

These standards and changes had no material impact on the Group’s consolidated financial statements. In the specific case of IFRS 9 and 15, the following should be noted:

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 replaced IAS 11 Construction Contracts, IAS 18 Revenue and Interpretations related to these standards and applies, with rare exceptions, to all revenue from contracts with customers.

IFRS 15 provides a five-step model for accounting for revenue from customer contracts and requires that revenue be recognized at an amount that reflects the consideration that an entity expects to be

entitled in exchange for the goods and / or services that will be transferred to the customer.

IFRS 15 requires management to make judgments, considering all the relevant facts and circumstances when it applies each of the five steps of the model to contracts with its clients. The standard also specifies how the incremental costs for obtaining a contract and the costs directly incurred in the performance of a contract should be accounted for. In addition, the standard requires more extensive disclosures.

Corticeira Amorim adopted IFRS 15 using the modified retrospective method, with an initial application date of January 1, 2018. Under this method, the standard can be applied, at the date of initial application, to all contracts or only to the contracts that were not concluded on that date. Corticeira Amorim chose to apply the standard to all contracts / apply to contracts that were not completed on January 1, 2018.

As a result of the analysis, Corticeira Amorim concludes that there are no material impacts in the form of recognition and measurement of the revenue from contracts with customers. Consequently, no adjustments were made to the financial statements.

Impacts of IFRS 9 – Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

Corticeira Amorim applied IFRS 9 prospectively, with an initial application date of 1 January 2018. Corticeira Amorim has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. Classification is determined by Corticeira Amorim business model to manage financial assets and of the debt instrument represent, or not, only capital repayments and interest payments on the outstanding capital.

The assessment of Corticeira Amorim business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to Corticeira Amorim. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Group's financial assets:

- ✦ Trade receivables and Other current financial assets classified as Loans and receivables as at 31 December 2017, are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning 1 January 2018.
- ✦ Equity investments in non-listed companies classified as available for sale financial assets as at 31 December 2017 are classified and measured as Financial Assets at fair value through results beginning 1 January 2018.

- ✦ All other classification and measurement requirements for financial liabilities of IAS 39 were transposed to IFRS 9, including embedded derivatives separation rules and the criteria for using the fair value option.

(b) Impairment

IFRS 9 changes the accounting for impairment of financial assets, replacing IAS 39 loss incurred approach with a prospective approach to expected credit loss (ECL). IFRS 9 requires companies to recognize an impairment loss for the expected credit losses for all debt instruments that are not measured at fair value through profit or loss and for all assets of customer contracts (arising from the application of IFRS 15).

The accounting policy followed by Corticeira Amorim already foreseen the recognition of a general impairment on trade receivables, taking into account the indicators of impairment and the criteria for non-compliance of the internal credit risk management system.

At the date of adoption of IFRS 9, on January 1, 2018, the Group recognized additional impairment losses related to accounts receivable of 458 k€, which resulted in a decrease on Retained earnings of an equal amount. This booking implied a deferred tax assets of 115 k€.

(c) Hedge accounting

Corticeira Amorim determined that all the hedging relationships that were designated as hedging under the application of IAS 39 continued to qualify as hedge accounting with the application of IFRS 9, therefore, the application of the hedge requirements of IFRS 9 did not have any significant impact on the Consolidated Financial Statements.

2. Standards (new and amended), with mandatory application for annual periods beginning in future financial years, which the European Union has already endorsed:

- ✦ **IFRS 9 (amendment)**, "Prepayment features with negative compensation" (effective for periods beginning on or after 1 January 2019). Amendments to IFRS 9 clarify that a financial asset meets the SPPI criteria regardless of the event or circumstances that caused the anticipated termination of the contract and regardless of which party pays or receives reasonable compensation for the early termination of the contract.
- ✦ **IFRS 16 (new)**, Leasing (effective for annual periods beginning on or after 1 January 2019, with the option of and early application is permitted). This standard sets out recognition, presentation, and disclosure of leasing contracts, defining a single accounting model. With the exception of contracts with less than 12 months and low value (optional), leases should be accounted as an asset and a liability.
- ✦ **IAS 28 (amendment)**, "Clarification that measuring associates at fair value through profit or loss is a choice that is made for each investment" (effective for periods beginning on or after 1 January 2019). The improvement clarified that (i) a company that is a risk capital company, or any other qualifying company, might choose to measure, its investments in associates and/or joint ventures at fair value through profit or loss at the moment of initial recognition and in relation to each investment. (ii) If a company that is not itself an investment entity holds an interest in an associate or joint venture that is an investment entity, the company might decide to maintain the fair value that those associates apply when measuring its subsidiaries by the application of the equity method. This option is taken separately for each investment on the later date considering (a) the initial recognition of the investment in that subsidiary; (b) this subsidiary as becoming an investment entity; and (c) when that subsidiary will be a parent company.

- ✘ **IFRIC 23 (interpretation)**, “Uncertainties in the treatment of income taxes” (effective for periods beginning on or after 1 January 2019). The interpretation addresses the accounting of income taxes when tax treatment involves uncertainties that affect the application of IAS 12. The interpretation does not apply to taxes or charges outside the scope of IAS 12 nor does it include specific requirements related to interest and penalties associated with uncertainties in the treatment of income taxes.

No material impacts are estimated on the consolidated financial statements of the group, of the application of these standards and amendments, except for IFRS 16:

Estimated Impacts of IFRS 16 – Leases

IFRS 16 was issued in January 2016 and replaced IAS 17 Leases, IFRIC 4 - Determining Whether an Arrangement Contains a Lease, SIC 15 Operational Leases and SIC 27 Evaluation of the substance of transactions involving the legal form of a lease. IFRS 16 sets out the principles applicable to the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in their balance sheets in accordance with a single model similar to that currently provided for in IAS 17 for finance leases.

The standard provides for two exemptions of recognition for lessees - lease contracts where assets have low value and short-term lease contracts (ie contracts with a duration of 12 months or less).

At the commencement date of the lease, the lessee will recognize the liability for future lease payments (i.e. the lease liability) and the asset representing the right to use the asset during the lease period (i.e. the asset under right of use). Lessees will have to recognize separately the financial cost related to the lease liability and the cost of depreciation or amortization of the asset under the right of use.

Under the standard, lessees will have to remeasure the lease liability when certain events occur (for example, a change in the lease period, a change in lease payments as a consequence of a change in a payments). Lessees will recognize the amount of this remeasurement in the lease liability as an adjustment to the right-of-use.

IFRS 16, which must be applied for periods beginning on or after January 1, 2019 requires more extensive lessors and lessees disclosures, than those required by IAS 17.

Transition to IFRS 16

Corticeira Amorim will adopt the modified retrospective application, recognizing the cumulative effect, in the first period of application of the standard, as an adjustment to equity in the opening balance sheet of the period in which the standard is adopted. The Group will apply the standard to all contracts that were previously identified as leases under IAS 17 and IFRIC 4. As a result, the Group will not apply the standard to contracts that have not previously been identified as containing a lease.

Corticeira Amorim decided to apply the exemptions provided for in the standard for lease contracts whose lease term ends within the next 12 months from the initial application date, and for lease contracts for which the underlying asset has a low value. Corticeira Amorim has lease agreements for certain types of administrative equipment (such as personal computers, printing machines and photocopiers) that Corticeira Amorim considers to be of low-value.

Financial Impacts

The estimated impact of adopting IFRS 16 is detailed as follows: asset recognition and corresponding liability between 5 and 7 M€; increase in depreciation and corresponding reduction of external supplies between 1 and 2 M€.

3. The following standards (new and amended) and interpretations, with mandatory application in future financial years have not yet been endorsed by the European Union, at the date of approval of these financial statements:

- ✘ **IAS 1 e IAS 8 (amendment)**, “Definition of material” (effective for periods beginning on or after 1 January 2020). The intention of the amending to the standard is to clarify the definition of material and to align the definition used in international financial reporting standards.

- ✘ **IFRS 3 (amendment)**, “Business Combinations” (effective for periods beginning on or after 1 January 2020). The intention of the amendment to the standard is to overcome the difficulties that arise when an entity determines whether it has acquired a business or a set of assets.

- ✘ **IFRS 17 (new)**, “Insurance Contracts” that is effective for periods beginning on or after 1 January 2021. The general objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts between entities that issue them globally.

- ✘ **IAS 19 (amendment)**, “Plan amendment, curtailment, or settlement” that is effective for periods beginning on or after 1 January 2019, and early application is permitted. The objective of the amendment is to harmonise the accounting practices and provide relevant information on decision-making.

- ✘ **Improvements to International Financial Reporting Standards (2015-2017 cycle)** that is effective for periods beginning on or after 1 January 2019. The improvements involve the review of the IFRS 3 Business combination - interest previously held in a joint operation, IFRS 11 Joint arrangements - interest previously held in a joint operation, IAS 12 Income taxes – consequences for income tax resulting from payments for financial instruments, which are classified as equity instruments and IAS 23 Borrowing costs - borrowing costs eligible for capitalisation.

- ✘ **Improvements to international financial reporting standards** (issued on 29 March 2018, to be applied for annual periods beginning on or after 1 January 2020). These improvements involve reviewing various standards.

Corticeira Amorim has been evaluating the impact of these amendments. It will apply this standard once it becomes effective or when earlier application is permitted.

c. Financial Assets and Liabilities

Financial Assets are mainly registered in the Loans and Other Receivables caption. As for Financial Liabilities they are included in the Amortized Liabilities caption.

numeros da tabela são diferentes na versão PT e na EN... deixei estar os numeros da versão PT.

Detail is as follows:

	Loans and receivables	Fair value through profit or loss	Derivatives as hedging	Available for sale assets	Total
Trade receivables	167,604				167,604
Other current assets	36,012	-61	861	2,520	39,332
Cash and cash equivalents	17,005				17,005
Total as of December 31, 2017	220,621	-61	861	2,520	223,941

(thousand euros)

	Financial assets at amortized cost	Financial assets at fair value	Derivatives as hedging	Derivatives not designated as hedging	Total
Total as of January 1, 2018	220,621	2,520	861	-61	223,941
Trade receivables (note XVI)	174,483				174,483
Other debtors (note XVIII)	28,173		132		28,305
Other financial assets (note XIII)		1,632			1,632
Cash and cash equivalents (note XIX)	21,695				21,695
Total as of December 31, 2018	224,351	1,632	132	0	226,115

(thousand euros)

	Fair value through profit or loss	Derivatives as hedging	Other financial liabilities at amortized cost	Total
Interest-bearing loans			109,789	109,789
Trade payables			157,096	157,096
Other borrowings and creditors	-1	266	69,412	69,677
Total as of December 31, 2017	-1	266	336,297	336,562

(thousand euros)

	Loans and payables	Accounts payable	Agreement to acquire non-controlling interests	Derivatives as hedging	Derivatives not designated as hedging	Total
Total as of January 1, 2018	127,046	190,216	19,035	266	-1	336,562
Interest-bearing loans (note XXII)	160,703					160,703
Trade payables (note XXIII)		165,008				165,008
Other financial liabilities (note XXIV)	17,457	32,870	20,410	457	108	71,302
Total as of December 31, 2018	178,160	197,878	20,410	457	108	397,013

(thousand euros)

Customers balances are denominated in USD (8.0%), CLP (6.1%), AUD (2.1%), DKK (1.3%) and ZAR (1.0%), being the remaining almost totally euro based. As business in Argentina started to be conducted by associate Corchos de Argentina, customer's balances in Argentinian pesos (ARS) no longer exist. Exchange differences are due, mainly, to non-euro based customer's balances, as well as foreign currency loans used as a hedge accounting instrument.

Corticeira Amorim understands that the fair value of the classes of financial instruments presented does not differ significantly from its book value, taking into account the contractual conditions of each of these financial instruments.

Current assets and liabilities, given their short-term nature, have an accounting value similar to fair value

Non-current net debt is mostly payable at a variable rate. The only fixed-rate was contracted during the year 2015. As there were no significant changes in the reference interest rates, the rate does not differ substantially from the current market conditions, and therefore the fair value does not differ significantly from the value Accounting.

In the case of Other financial liabilities (mainly grants with no interest bearing measured at fair value at initial recognition), given the initial adjustment differential for recognizing in income, maturities and current interest rate levels, difference between book value and fair value is not significant.

XXXVI

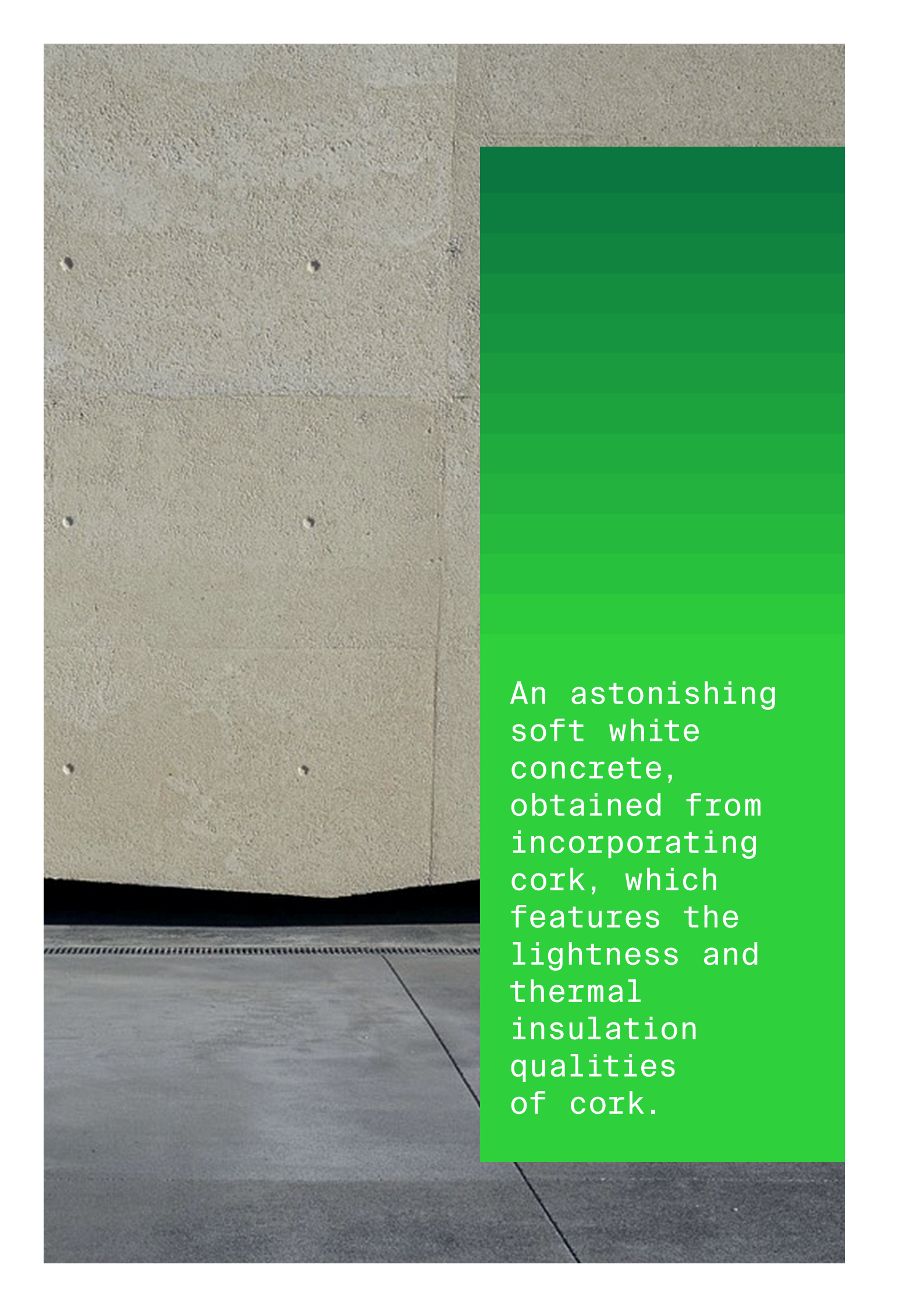
SUBSEQUENT EVENTS

At the date of issuance of this report, there were no material events that could materially affect the financial position and future results of Corticeira Amorim and all subsidiaries included in the consolidation.

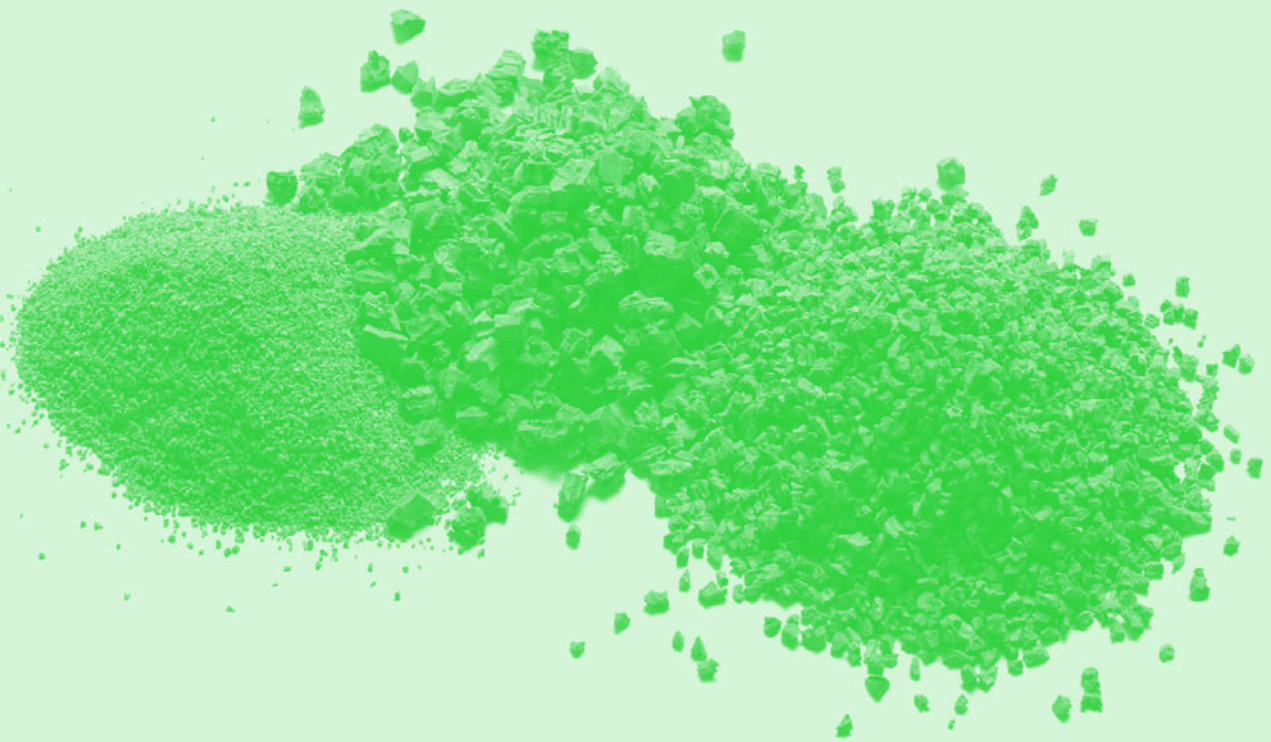
Mozelos, February 15, 2019

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





An astonishing
soft white
concrete,
obtained from
incorporating
cork, which
features the
lightness and
thermal
insulation
qualities
of cork.



07

Legal
Opinion

CORTICEIRA AMORIM, S.G.P.S., SA

REPORT AND OPINION OF THE SUPERVISORY BOARD – FINANCIAL YEAR 2018

Dear Shareholders,

Under the law and in accordance with the assignment we have been entrusted with, we hereby present our report on the activities of the Supervisory Board and our opinion on the Individual and Consolidated Directors' Report and the Individual and Consolidated Financial Statements submitted to us by the Board of Directors of CORTICEIRA AMORIM, S.G.P.S., S.A. for the year ended 31 December 2018.

I - ACTIVITY CARRIED OUT BY THE SUPERVISORY BOARD

Throughout the financial year 2018 the Supervisory Board closely monitored the activities developed by the Company and its main subsidiaries and supervised compliance with the Law and the Articles of Association; the Supervisory Board monitored the work of the Management of the Company, the effectiveness of risk management, internal audit and internal control systems, preparation and disclosure of individual and consolidated financial information; in addition, the Supervisory Board monitored the completeness and accuracy of the accounting records as well as of the individual and consolidated financial statements and the accounting policies and valuation criteria adopted by the Company, having also appraised the reasonableness of management's estimates and judgments related to issues and matters of higher level of subjectivity, in order to ensure that they adequately reflect Corticeira Amorim, S.G.P.S., S.A.'s assets and its individual and consolidated financial statements and cash flow.

In carrying out our duties, we have met regularly with the representatives of the External Audit Firm in order to monitor the audit work carried out from the planning stage to the final audit findings, in addition to assessing the Auditors' independence. In this respect, the Supervisory Board has examined the proposals that were submitted for our consideration regarding the provision of non-audit services by the External Audit Firm and approved the proposals regarding permitted services that would not affect the independence of the External Audit Firm and were in compliance with other legal requirements. As it is our duty and responsibility, we have monitored the transactions carried out with members holding qualifying shareholdings as well as the operation of the whistleblowing system.

We have also met with the departmental representatives with responsibility for preparing the individual and consolidated financial statements, as well as the Internal Auditor and heads of the legal and tax departments and we have received full support and collaboration from them all. We have also met with the members of the Board of Directors and the Executive Committee, who answered all of the questions raised by the Supervisory Board and explained the Company's plans and objectives.

The Supervisory Board reviewed the Statutory Audit and the Auditors' Report on the Individual and Consolidated Financial Statements for the year ended 31 December 2018, which comprise the Individual and Consolidated Statements of Financial Position as at 31 December 2018, the Individual and Consolidated Income Statements by Nature of Expense, the Individual and Consolidated Income Statements and Other Comprehensive Income, the Individual and Consolidated Statements of Changes in Equity and the Individual and Consolidated Statements of Cash Flows and related notes. These documents were issued without any qualification or reserve. The Supervisory Board has also reviewed (1) the Auditor's Independence Confirmation and (2) the Additional Report - both as at the date of completion of the audit -, which papers were sent to us by the External Audit Firm.

The Supervisory Board has also reviewed the Corporate Governance Report. We are responsible only for checking whether all the provisions referred to in section 245-A of the Portuguese Securities Market Act are included in the Corporate Governance Report and we confirmed that the Corporate Governance Report contains such provisions.

II - OPINION

Within the scope of our responsibilities, we hereby state that to the best of our knowledge and belief the financial statements referred to above have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit and loss of CORTICEIRA AMORIM, S.G.P.S., SA and the GROUP it heads, and that the Directors' Report presents fairly the development and performance of the business and the position of the GROUP, together with a description of the principal risks and uncertainties that it faces. It is further certified that the Corporate Governance Report contains the provisions referred to in section 245-A of the Portuguese Securities Market Act.

Therefore, taking into account the measures taken and the opinions and information received from the Board of Directors, the personnel of the Company, the Statutory Auditor and the External Auditor, the Supervisory Board gives its favorable opinion:

1. to the approval of the Individual and Consolidated Directors' Report for the year ended 31 December 2018;
2. to the approval of the Individual and Consolidated Financial Statements for 2018;
3. to the approval of the Board's proposed appropriation of profit which is duly substantiated.

Mozelos, 20 March 2019

The Supervisory Board

Manuel Carvalho Fernandes - Chairman

Ana Paula Africano de Sousa e Silva - Member

Eugénio Luís Lopes Franco Ferreira - Member



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Certificação Legal das Contas e Relatório de Auditoria

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS CONSOLIDADAS

Opinião

Auditámos as demonstrações financeiras consolidadas anexas de Corticeira Amorim, SGPS, S.A. (o Grupo), que compreendem a Demonstração Consolidada da Posição Financeira em 31 de dezembro de 2018 (que evidencia um total de 966.074 milhares de euros e um total de capital próprio de 498.234 milhares de euros, incluindo um resultado líquido atribuível aos detentores de capital do Grupo de 77.389 milhares de euros), a Demonstração Consolidada de Resultados por Naturezas, a Demonstração Consolidada do Rendimento Integral, a Demonstração Consolidada das Alterações no Capital Próprio e a Demonstração Consolidada dos Fluxos de Caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras consolidadas que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras consolidadas anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira consolidada de Corticeira Amorim, SGPS, S.A. em 31 de dezembro de 2018, o seu desempenho financeiro consolidado e os seus fluxos de caixa consolidados relativos ao ano findo naquela data, de acordo com as Normas Internacionais de Relato Financeiro, tal como adotadas na União Europeia.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras consolidadas" abaixo. Somos independentes das entidades que compõem o Grupo nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras consolidadas do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras consolidadas como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias.

Descrevemos de seguida as matérias relevantes de auditoria do ano corrente:

1. Inventários

Descrição dos riscos de distorção material mais significativos	Síntese da nossa resposta aos riscos de distorção material mais significativos
<p>Em 31 de dezembro de 2018, os Inventários ascendem a 406.090 milhares de euros, líquidos de perdas por imparidade de 6.659 milhares de euros, e representam cerca de 42% do total do ativo.</p> <p>São compostos por cortiça, rochas e outros produtos transformados derivados da cortiça, que se encontram dispersos por várias localizações.</p>	<p>A nossa abordagem de auditoria incluiu a execução dos seguintes procedimentos:</p> <ul style="list-style-type: none">Efetúamos um entendimento do processo de inventários e testámos a eficácia operacional dos controlos implementados relacionados com a existência e a valorização dos inventários nas subsidiárias relevantes;Assistimos às contagens físicas dos inventários em todas as subsidiárias e geografias relevantes, realizados perto do final do ano, com um foco na identificação de indicadores de

Sociedade Anónima - Capital Social 1.305.000 euros - inscrição n.º 378 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20151480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 - C. R. Comércio de Lisboa sob o número número - Sede: Av. da República, 80 - 6.º - 1600-004 Lisboa
A member firm of Ernst & Young Global Limited

Descrição dos riscos de distorção material mais significativos

Conforme divulgado na Nota II) das notas às demonstrações financeiras consolidadas, os inventários encontram-se valorizados ao menor entre o custo e o valor realizável líquido. O Grupo aplica um critério para o registo de perdas por imparidade de inventários baseado na rotação. Esta metodologia baseia-se em pressupostos definidos com base em julgamentos do Conselho de Administração para determinar as percentagens adequadas para o registo de perdas por imparidade para cada categoria de inventários.

Síntese da nossa resposta aos riscos de distorção material mais significativos

- Imparidade de inventários por obsolescência ou dano e na correta classificação dos mesmos;
- Verificámos as condições contratuais de aquisição para uma amostra alargada de contratos com fornecedores da principal matéria-prima;
- Efetuámos procedimentos de revisão analítica da valorização de produto acabado e em curso e testámos em detalhe o processo de custeio de inventários através da seleção de uma amostra representativa de fichas de produto;
- Testámos os pressupostos subjacentes à determinação das perdas por imparidade de inventários, à luz da informação disponível sobre a rotação dos inventários, inventários obsoletos e consumo/ventas; e
- Avaliámos a consistência dos critérios utilizados face aos exercícios anteriores.

Também aferimos sobre a adequabilidade das divulgações aplicáveis (IAS 2), incluídas nas Notas II) e XV das notas às demonstrações financeiras consolidadas.

2. Provisões e contingências

Descrição dos riscos de distorção material mais significativos

Conforme divulgado na Nota XXXI das notas às demonstrações financeiras consolidadas, o Grupo identificou diversas contingências de natureza fiscal e legal. São registadas provisões para contingências fiscais e legais sempre que se considera que é provável um desfecho desfavorável, de acordo com o preconizado no IAS 37. A avaliação da probabilidade de desfecho é suportada no parecer de assessores jurídicos e fiscais.

A 31 de dezembro de 2018, o montante de provisões apresentado nas demonstrações financeiras consolidadas ascende a 43.081 milhares de euros. A estimativa das eventuais quantias a despendar requer um elevado grau de julgamento por parte do Conselho de Administração e é por isso considerada uma matéria relevante.

Síntese da nossa resposta aos riscos de distorção material mais significativos

A nossa abordagem de auditoria incluiu a execução dos seguintes procedimentos:

- Procedemos à compreensão e avaliação dos processos de monitorização de contingências fiscais, bem como revimos toda a documentação existente;
- Analisámos os processos fiscais que se encontram em curso, bem como as potenciais contingências fiscais, com o apoio dos nossos especialistas fiscais;
- Inquirimos o Conselho de Administração e os diretores das áreas legal e fiscal sobre as bases das suas estimativas e julgamentos;
- Analisámos as respostas aos pedidos de informação efetuados aos advogados externos; e
- Avaliámos a consistência dos critérios utilizados face aos exercícios anteriores.

Também aferimos sobre a adequabilidade das divulgações aplicáveis (IAS 37), incluídas nas Notas II) e XXXI das notas às demonstrações financeiras consolidadas.



Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras consolidadas

O órgão de gestão é responsável pela:

- preparação de demonstrações financeiras consolidadas que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa do Grupo de acordo com as Normas Internacionais de Relato Financeiro, tal como adotadas na União Europeia;
- elaboração do Relatório de Gestão, incluindo o Relatório de Governo Societário, nos termos legais e regulamentares;
- criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorções materiais devido a fraude ou erro;
- adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e
- avaliação da capacidade do Grupo de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira do Grupo.

Responsabilidades do auditor pela auditoria das demonstrações financeiras consolidadas

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras consolidadas como um todo estão isentas de distorções materiais devido a fraude ou erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- identificamos e avaliamos os riscos de distorção material das demonstrações financeiras consolidadas, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno do Grupo;
- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade do Grupo para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que o Grupo descontinue as suas atividades;
- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras consolidadas, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e acontecimentos subjacentes de forma a atingir uma apresentação apropriada;
- obtemos prova de auditoria suficiente e apropriada relativa à informação financeira das entidades ou atividades dentro do Grupo para expressar uma opinião sobre as demonstrações financeiras



3/5

consolidadas. Somos responsáveis pela orientação, supervisão e desempenho da auditoria do Grupo e somos os responsáveis finais pela nossa opinião de auditoria:

- comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria;
- das matérias que comunicamos aos encarregados da governação, incluindo o órgão de fiscalização, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras consolidadas do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, exceto quando a lei ou regulamento proibir a sua divulgação pública; e
- declaramos ao órgão de fiscalização que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos todos os relacionamentos e outras matérias que possam ser percecionadas como ameaças à nossa independência e, quando aplicável, as respetivas salvaguardas.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do Relatório de Gestão com as demonstrações financeiras consolidadas, e as verificações previstas no n.º 4 e n.º 5 do artigo 451 do Código das Sociedades Comerciais, bem como a verificação de que a demonstração não financeira foi apresentada.

RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o Relatório de Gestão

Dando cumprimento ao artigo 451, n.º 3, al. e) do Código das Sociedades Comerciais, somos de parecer que o Relatório de Gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras consolidadas auditadas e, tendo em conta o conhecimento e apreciação sobre o Grupo, não identificámos incorreções materiais.

Sobre a demonstração não financeira prevista no artigo 508-G do Código das Sociedades Comerciais

Dando cumprimento ao artigo 451, n.º 6, do Código das Sociedades Comerciais, informamos que o Grupo incluiu no seu Relatório Anual Consolidado a demonstração não financeira prevista no artigo 508-G do Código das Sociedades Comerciais.

Sobre o Relatório de Governo Societário

Dando cumprimento ao artigo 451, n.º 4, do Código das Sociedades Comerciais, somos de parecer que o Relatório de Governo Societário inclui os elementos exigíveis ao Grupo nos termos do artigo 245-A do Código dos Valores Mobiliários, não tendo sido identificadas incorreções materiais na informação divulgada no mesmo, cumprindo o disposto nas al. c), d), f), h), l) e m) do referido artigo.

Sobre os elementos adicionais previstos no artigo 10 do Regulamento (UE) n.º 537/2014

Dando cumprimento ao artigo 10 do Regulamento (UE) n.º 537/2014 do Parlamento Europeu e do Conselho, de 16 de abril de 2014, e para além das matérias relevantes de auditoria acima indicadas, relatamos ainda o seguinte:

- Fomos eleitos auditores de Corticeira Amorim, SGPS, S.A. (Entidade-mãe do Grupo) pela primeira vez na assembleia geral de acionistas realizada em 7 de abril de 2017 para um mandato compreendendo os exercícios de 2017 a 2019;
- O órgão de gestão confirmou-nos que não tem conhecimento da ocorrência de qualquer fraude ou suspeita de fraude com efeito material nas demonstrações financeiras. No planeamento e execução da nossa auditoria de acordo com as ISA mantivemos o ceticismo profissional e concebemos procedimentos de auditoria para responder à possibilidade de distorção material das demonstrações financeiras consolidadas devido a fraude. Em resultado do nosso trabalho não identificámos qualquer distorção material nas demonstrações financeiras consolidadas devido a fraude;






Corticeira Amorim, SGPS, S.A.
Certificação Legal das Contas e Relatório de Auditoria
31 de dezembro de 2018

- Confirmamos que a opinião de auditoria que emitimos é consistente com o relatório adicional que preparámos e entregámos ao órgão de fiscalização do Grupo nesta data; e
- Declaramos que não prestámos quaisquer serviços proibidos nos termos do artigo 77, n.º 8, do Estatuto da Ordem dos Revisores Oficiais de Contas e que mantivemos a nossa independência face ao Grupo durante a realização da auditoria.

Porto, 20 de março de 2019

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Representada por:


Rui Manuel da Cunha Vieira - ROC n.º 1154
Registado na CMVM com o n.º 20160766

TITLE

Consolidated Annual Report 2018 – Corticeira Amorim, S.G.P.S., S.A.

PROPERTY AND COORDINATION

Corticeira Amorim, S.G.P.S., S.A. – Sociedade Aberta

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