

# Consolidated Annual Report *2020*



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# Chairman's Message



The year 2020 was marked by the COVID - 19 pandemic, and its dire immediate consequences – with many millions of infected people and, at the date of this message, more than 1.7 million lives lost, in a tragic demonstration of the fragility of human life. It has also had very serious economic and social consequences which, unfortunately may become more acute in the future.

In economic terms, despite a moderately positive start to the year, the pandemic dramatically changed the situation. More than in any recent year, uncertainty and restrictions on activity have had a very severe impact on productivity and mobility and, therefore, on growth. Business activity collapsed between the first and second quarters. This evolution was unexpected, challenging and posed different changes in terms of direction and rhythm. The world economy contracted by about 3.5%; the Eurozone, by about 7.2%, a very negative figure, but clearly better than expected; and the United States, by about 3.4%.

Against this background, Corticeira Amorim's essential priorities remained unchanged from the outset: to protect everyone's health and safety and the determination to continue to serve our customers. Based on a rigorous Contingency Plan implemented across all our industrial units and extensive distribution network, a set of wide-ranging measures was adopted, which have been fundamental in ensuring the permanent well-being of our Employees around the world, the secure operation of our various industrial units and continuity of business operations.



Over these months, Corticeira Amorim has fulfilled its major supply chain responsibilities to the wine sector, and has done everything necessary to maintain production and continue to serve the Customers in a timely manner. The response from our People has been exceptional, ensuring, even in the most difficult times, maintenance of normal activities and serving our Customers.

There were many challenges and difficulties that we have faced with determination. Notwithstanding the major challenges, it has been a positive year for our business activity: with resilient sales, reinforced operating profitability and remarkable net results. We have reinforced our sustainability commitments: we joined Act4Nature Portugal, to protect, promote and restore biodiversity; we developed Naturity and Xpür, the world's most ecological and efficient anti-TCA technologies; we joined the 50 Sustainability & Climate Leaders initiative, showing that it is possible to lead by combining sustainability, technology and innovation; we commissioned life cycle assessments of the most representative products in our portfolio, which conclude, without exception, that they have a negative carbon balance; we have expanded the scientific and technical knowledge that will allow us to disseminate forestry management practices that will be capable of increasing the productivity and profitability of the cork oak forest, promoting the balance of this exceptionally biodiverse ecosystem. Even a substantial part of our financing has this character and this commitment - 40 million euros in green bonds allocated to investments that leverage the sustainability of our operations.

In 2020, we celebrated 150 years of activity. We launched a new corporate identity, renewed and intensified our communication and sought to involve all our stakeholders in special moments of celebration and sharing of our values, our culture and our pride in the success that we have achieved collectively.

In particular, our People who, throughout these 150 years, have always been at the heart of our activity, making an absolutely decisive contribution - with their competence, their capacity, their professionalism and their commitment - to solid growth and Corticeira Amorim Group's sustainable development. Successive generations that share our culture: responsibility, overcoming, pride. This is our most valuable asset: our People.

We face 2021 with optimism. The effectiveness of vaccines and the intensification of the vaccination process against COVID - 19 should allow for a positive evolution of the global economy and consumption, with a positive impact on the activity of Corticeira Amorim. And we are prepared, as never before, to maximize it. We have a unique offer of value: our products and solutions have unique credentials - sought after for their superior technical performance and preferred by the values of sustainability they contain and propagate.

If 2020 was the year of resilience, 2021 will be the year of attitude. Positive, dynamic and ambitious.

The future begins every day!

**António Rios de Amorim**  
Chairman and CEO



# Governing Bodies

As of 31st December 2020.

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## BOARD OF THE GENERAL MEETING

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**Paulo de Tarso da Cruz Domingues**  
Chairman

**Rui Paulo Cardinal Carvalho**  
Secretary

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## BOARD OF DIRECTORS

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**António Rios Amorim**  
Chairman

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

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

**Cristina Rios de Amorim Baptista**  
Member

**Luisa Alexandra Ramos Amorim**  
Member

**Juan Ginesta Viñas**  
Member

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## EXECUTIVE COMMITTEE

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**António Rios de Amorim**  
Chairman

**Nuno Filipe Vilela Barroca de Oliveira**  
Member

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

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## COMPANY SECRETARY

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**Pedro Jorge Ferreira de Magalhães**  
Permanent

**Pedro Nuno Esteves Duarte**  
Substitute

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## REMUNERATION COMMITTEE

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**José Manuel Ferreira Rios**  
Chairman

**Jorge Alberto Guedes Peixoto**  
Member

**Abdul Rehman Omarmiã Mangá**  
Member

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## SUPERVISORY BOARD

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**Eugénio Luís Lopes Franco Ferreira**  
Chairman

**Marta Parreira Coelho Pinto Ribeiro**  
Member

**Maria Cristina Galhardo Vilão**  
Member

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## STATUTORY AUDITOR

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**ERNST & YOUNG AUDIT & ASSOCIADOS – SROC, S.A.,**  
**represented by Rui Manuel da Cunha Vieira**  
Permanent

**Pedro Jorge Pinto Monteiro da Silva e Paiva**  
Substitute

# Worldwide Presence

- Geographic Location
- Raw Material
- Cork Stoppers
- Floor & Wall Coverings
- Composite Cork
- Insulation Cork



	Raw Material Preparation Units	
South Africa	Industrial Units	1
Germany	Distribution Companies	4
Algeria	Joint-ventures	1
Argentina		1
Australia		1

	Raw Material Preparation Units	
Austria	Industrial Units	2
Bulgaria	Distribution Companies	1
Chile	Joint-ventures	3
China		2
Denmark		1

	Raw Material Preparation Units	
Spain	Industrial Units	3
USA	Distribution Companies	2
Finland	Joint-ventures	3
France		1
Netherlands		5
		1
		1
		1



	Raw Material Preparation Units	Industrial Units	Distribution Companies	Joint-ventures
Hungary	1	1	1	1
Italy	1	1	1	1
Morocco	1	1	1	1
Moldova	1	1	1	1
Poland	1	1	1	1

	Raw Material Preparation Units	Industrial Units	Distribution Companies	Joint-ventures
Portugal	4	13	2	3
United Kingdom	1	1	1	1
Czech Republic	1	1	1	1
Russia	1	1	1	1
Sweden	1	1	1	1

	Raw Material Preparation Units	Industrial Units	Distribution Companies	Joint-ventures
Switzerland	1	1	1	1
Tunisia	1	1	1	1

# Organisational Chart

## RAW MATERIAL

Amorim Florestal, S.A.

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

**Amorim Florestal, S.A.**  
Coruche – Portugal

**Amorim Florestal, S.A.**  
Abrantes – Portugal

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

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

**S.I.B.L. – S.A.R.L.**  
Ijfel – Argelia

**Amorim Florestal España, S.L**  
Algeciras – Spain

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

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

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

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

**Société Tunisienne d'Industrie Bouchonnière**  
Tabarka – Tunisia

## CORK STOPPERS

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

### Production

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

**Amorim Top Series, S.A.**  
Argoncilhe – Portugal

**Amorim Cork, S.A. Unid. Ind. Valada**  
Valada – Portugal

**Amorim Cork, S.A. Unid. Ind. Coruche**  
Coruche – Portugal

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

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

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

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

**Socori, S.A.**  
Rio Meão – Portugal

**Francisco Oller, S.A.**  
Girona – Spain

**Trefinos, S.L.**  
Girona – Spain

**Elfverson & Co. AB**  
Påryd – Sweden

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

### Distribution

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

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

**Amorim Cork South Africa (PTY) Ltd.**  
Cidade do Cabo – South Africa

**Amorim Cork Deutschland, GmbH**  
Bingen am Rhein – Germany

**Corchos de Argentina, S.A.**  
Mendoza – Argentina

**Amorim Australasia PTY Ltd.**  
Adelaide – Austrália

**Korken Schiesser, GmbH**  
Vienna – Austria

**Amorim Cork Bulgaria, EOOD**  
Sofia – Bulgaria

**Corchera Gomez Barris, S.A.**  
Santiago – Chile

**Corpack ACl, S.A.**  
Santiago – Chile

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

**Industria Corchera, 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

### Distribution (cont.)

**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, Bordeaux – France

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

**Bouchons Prioux S.A.R.L.**  
Eprenay – France

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

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

**Sagrera et Cie**  
Reims – France

**S.A. Oller et Cie**  
Reims – France

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

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

**Hungarokork Amorim, Rt.**  
Veresegyház – Hungary

**Portocork Italia, SRL**  
Milan – Italy

**Trefinos Italia SRL**  
Treviso – Italy

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

**Amorim Top Series Scotland, Ltd.**  
Dundee – United Kingdom

R&D, INNOVATION	COMPOSITE CORK	FLOOR & WALL COVERINGS	INSULATION CORK
	Amorim Cork Composites, S.A.	Amorim Cork Flooring, S.A.	Amorim Cork Insulation, S.A.
<b>Amorim Cork Research, Lda.</b> Mozelos – Portugal	<b>Amorim Cork Composites, S.A.</b> Mozelos – Portugal	<b>Amorim Cork Flooring, S.A.</b> S. Paio de Oleiros – Portugal	<b>Amorim Cork Insulation, S.A.</b> Mozelos – Portugal
<b>Amorim Cork Services, Lda.</b> Mozelos – Portugal	<b>Amorim Industrial Solutions Imobiliária, S.A.</b> Corroios – Portugal	<b>Amorim Cork Flooring, S.A.</b> Lourosa – Portugal	<b>Amorim Cork Insulation, S.A.</b> Silves – Portugal
<b>Amorim Cork Ventures, Lda.</b> Mozelos – Portugal	<b>Amorim Sports, Lda.</b> Mozelos – Portugal	<b>Amorim Deutschland GmbH</b> Delmenhorst – Germany	<b>Amorim Cork Insulation, S.A.</b> Vendas Novas – Portugal
	<b>Amorim Cork Composites GmbH</b> Delmenhorst – Germany	<b>Cortex Korkvertriebs GmbH</b> Nürnberg – Germany	
	<b>Chinamate (Xi'an) Natural Products Co. Ltd.</b> Xi'an – China	<b>Amorim Flooring Austria GmbH</b> Vienna – Austria	
	<b>Amosealtex Cork Co., Ltd</b> Xangai – China	<b>Timberman Denmark A/S</b> Hadsund – Denmark	
	<b>Amorim Cork Composites, Inc.</b> Trevor, WI – USA	<b>Amorim Flooring North America, Inc.</b> Hanover, MD – USA	
	<b>Corticeira Amorim France, S.A.S.</b> Lavardac – France	<b>Amorim Benelux B.V.</b> Tholen – Netherlands	
	<b>Amorim (UK) Limited</b> West Sussex – United Kingdom	<b>Dom Korkowy, Sp. Zo.o</b> Cracow – Poland	
	<b>Amorim Cork Composite, LLC</b> Moscow – Russia	<b>Amorim Flooring Rus, LLC</b> Moscow – Russia	
		<b>Amorim Flooring Sweden AB</b> Mölndal – Sweden	
		<b>Amorim Flooring (Switzerland) AG</b> Zug – Switzerland	
		<b>Korkkitrio Oy.</b> Tampere – Finland	



A close-up photograph of a dark, heavily textured surface, likely the bark of a tree. The texture is rough and cracked, with a prominent vertical crack running down the left side. A horizontal crack or groove is visible across the middle of the image. The lighting is dramatic, highlighting the intricate details of the bark's surface.

# 1870 AMORIM 2020



# Corticeira Amorim: 150 Years of Future

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2020 was indelibly marked by the Corticeira Amorim group's 150th anniversary: celebrating a journey rich in projects, challenges and achievements, propelled by the entrepreneurial dynamism of four generations of the Amorim family.

1

# [1] Corticeira Amorim: 150 Years of Future

2020 was indelibly marked by Corticeira Amorim group's 150<sup>th</sup> anniversary: celebrating a journey of projects, challenges and achievements powered by the entrepreneurial drive of four generations of the Amorim family. When António Alves de Amorim built a cork stopper factory in Vila Nova de Gaia in 1870, he never imagined that this hard-working gesture was actually the embryo of what, 150 years later, would be the world's largest cork processing group. Pursuing the maxim «not just one market, not just one client, not just one currency, not just one product», the Amorim Group has boldly and fearlessly surpassed geographical borders, economic crises, political regimes, social upheavals and industrial constraints and established itself as one of the leading enterprises of Portugal's business ecosystem, with very relevant projection and implantation abroad. This success has also been made possible by successive generations of employees who have shared, defended and preserved the Corticeira Amorim group's values. Consistently combining work, talent, perseverance, ingenuity, knowledge and technique in the search for success. This rich, long and fruitful history must be celebrated, regardless of the fact that the circumstances sometimes posed an additional difficulty.

Based on this assumption, we decided to develop, plan and implement an extensive programme of internal and external celebratory initiatives, directed to a wide range of stakeholders at different moments in time. Many of these initiatives benefited from the commitment, involvement and enthusiastic participation of all our employees. Despite the extremely demanding context, and underpinned by the values of discretion, ambition, initiative, pride and attitude that have always guided the trajectory of the Corticeira Amorim group, we managed to adapt, adjust and make ourselves more flexible. This generated a spirit of determination, resilience, surpassing, conviction and firmness. Recalling our past, celebrating the present and reiterating our commitment to the future.

## A NEW LOGO

# AMORIM

150 years is also a time for regeneration, remodelling and updating, and therefore January was dedicated to the theme of Renewal. We returned to the place where everything began: the cork oak forest. The forest that houses a majestic tree, which is the lever of a valuable ecosystem, capable of self-regeneration, in tune with the pure rhythm of Nature. Like this ancient tree, we also have laid down deep roots, that support a robust trunk and leafy branches. We reinvent ourselves in every task, process or product. We began the year by revealing a renewed visual identity. Developed by the Atelier Eduardo Aires, the rebranding process included a new logo, drawing upon the company's historical capital, while inaugurating a new cycle. In parallel it encompassed a set of core characteristics of the Corticeira Amorim group's identity: sustainability, technology and innovation. The graphic proposal, in addition to its iconic dimension, adds an additional symbolic level: the rendition of the almost central

letter, "O", in the word Amorim, represents the embrace of cork around the trunk of the cork oak tree. This gesture also reflects the care that extraction of this raw material implies for the entire cork industry. Finally, the semi-open circle is an element that alludes to the circular economy, a value that is implicit in the commercial exploitation of cork.

In this context of renewal, special attention was placed on typography. Dino dos Santos, currently one of the world's most prestigious font designers, developed an original font for the Corticeira Amorim group: Amorim Serif, which preserves the necessary conservatism that is expected from a company with a long history, reformulated in the light of the criteria of adaptability, legibility and contemporaneity, and also Amorim Sans. Both fonts complement each other, in order to guarantee solutions for different supports. The tone of the previous corporate identity, captured by the proximity of green with a connection to ecological, biological and organic elements, has been replaced by a more comprehensive colour, which combines a perception of green and blue.

The renewed visual identity was presented to the public on January 9, when Corticeira Amorim opened its doors to the Portuguese media to hold an unprecedented press conference. Over 100 guests attended this distinguished occasion, including journalists, employees and administrators, who had the opportunity to visit Amorim Cork in an improbable manner - on a guided tour by Corticeira Amorim's Chairman and CEO. The day marking the start of celebrations of our 150th anniversary included the launch of a video on the group's history, a visit to the Amorim Cork Flooring showroom and a lunch at the Casa do Fundador.

February was dedicated to the value of Cork. A product with such unique characteristics that no laboratory formula has yet been able to replicate it: each cubic centimetre of cork contains about 40 million cells! It is a 100% natural, ecological, renewable, recyclable and reusable raw material. A light, waterproof and hypoallergenic material. An elastic and compressible organic resource, thermal and acoustic insulation, waterproof, floating and resilient. An inimitable substance that is capable of generating social, environmental and economic value, with high sustainability credentials, and which makes a positive contribution to the climate balance. A single ton of cork retains up to 73 tons of carbon dioxide!

The passion that unites the Amorim universe is consistently consolidated in the most common gesture of our daily lives. From annual cork harvesting in the warm lands of the Alentejo, passing through the selection, treatment and transformation of cork, to the complex research & development and innovation processes. In fact, celebrating our 150th anniversary is simply about paying a tribute to cork, whose spectrum of applicability we are increasing every day. We are thereby fulfilling our mission to add value to cork in a competitive, differentiating and innovative manner, in perfect harmony with Nature. However, we wanted to mark the month of February through our partnership with the Vitra Design Museum, one of the world's most important design museums, for the Home Stories exhibition, that builds a timeline of the potential of cork over the past 150 years. (<https://www.amorim.com/a-cortica/timeline-da-cortica/>) and the publication of editorials from individuals such as Ben Evans (director of the London Design Festival), Eduardo Souto de Moura (Pritzker Prize-winning Portuguese architect) or Filipe Alarcão (Portuguese designer)).



## SUSTAINABLE BY NATURE

Throughout 2020 countless personalities presented the Corticeira Amorim group with distinguished testimonies about cork. Kim Carstensen, the Danish director-general of the Forest Stewardship Council (FSC), and Helena Pereira, the Portuguese full professor at the Higher Institute of Agronomy of the University of Lisbon, were two of the people who marked the month of March, dedicated to Sustainability. As the leader of one of the world's most sustainable industries, Corticeira Amorim, by working in a unique way with cork, also promotes, enhances and enables the cork oak forests, that regulate hydrological cycles, protect against soil erosion, promote relevant biodiversity, reduce the risk of desertification, and serve as barriers against forest fire, important natural carbon sinks and drivers of economic, environmental and social development. This also involves an important economic dimension because the profitability of cork ensures that cork oak forests are not replaced by other fast-growing tree species, as well as an environmental dimension, since the cork oak forest is one of the world's 36 biodiversity and social hotspots because the cork oak forest guarantees work throughout its value chain - including the forest itself, the manufacturing industry and worldwide sales.

If any doubts remained about the role of sustainability as the cornerstone of Corticeira Amorim's identity, these were dispelled by the 50 Sustainability & Climate Leaders campaign. The campaign's promoters were leveraged by the TBD Media Group, and the contents were distributed by the Bloomberg group. It positioned Corticeira Amorim among the organisations that are leading the fight against climate change globally. The 50 Sustainability & Climate Leaders programme will include a summit of 50 leaders and will take place under the auspices of the United Nations (UN) in New York. Scheduled for 2021, the conference will be aligned with the UN's 17 Sustainable Development Goals (SDGs). There were multiple moments celebrating sustainability during the anniversary year. We published informational items, such as the brochure, "Sustainable

by Nature", the corporate presentation "Sustainability" and the institutional film "Sustainable by Nature". We also published the results of multiple studies conducted by the independent consultant EY on the negative carbon balance of some of our products. We also celebrated the Day of the Autochthonous Forest, with the digital initiative "Quercus Suber Showcase", and dedicated an issue of Amorim News to this topic.

Amorim News is our communication vehicle par excellence. It has been profoundly remodelled embodied in new graphics, new sections and a different role. It now highlights our People - the Amorim Group's most valuable asset. We tell their stories, visit their jobs, portray their faces, features and personalities. An uncountable number of memories that are intertwined in overlapping layers, building our common path. In this remarkable year in the history of the Corticeira Amorim group, we obviously had to remember all our people and we dedicated the month of April to them.

The book "Traços de Gente" (Traces of People), was accompanied by an itinerant photographic exhibition shown in the group's various business units in Portugal. It is a tribute to our thousands of employees around the world. We asked 30 of these workers to share their memories, impressions and judgments about their life with Amorim. The life stories compiled in the book reflect different eras, cycles and cultures, and also feelings, emotions and beliefs. An undeniable social wealth combined with an eternal human dimension. We are proud of our People.

*Inclusively because*

*«How do you tell 150 years of history?*

*150 years of history are told, above all, with great respect for the work and dedication of thousands of people over so many years towards our Group and this noble material, cork.*

*Something that began small, that today is big and can be much bigger. Prepare for the future and have the ambition to achieve even more in the future than what we have attained to date.*



*Today we are fortunate to have more than 4000 employees in our Group. So many lives!  
This is what makes us all strive to do our best, with great commitment, dedication, spirit of work and selflessness.  
And that is what makes us a successful Group and get ready - today and every day! - for the next 150 in our history.  
Because, when the power of nature works in tandem with the passion of generations, it will always deliver a Success Story.»*

Source: excerpt from the voiceover of the film AMORIM | 150 YEARS.

Throughout the month of May, we highlighted our History. This involved recalling decisive stages ever since António Alves Amorim founded the small workshop for Port wine cork stoppers in 1870. Overcoming various vicissitudes, the business was expanded by the family's second generation, beginning exports to Brazil. The third generation of the Amorim family - the brothers José, António, Américo and Joaquim Ferreira de Amorim - took over the reins of the company in 1950, establishing important bridges in the world, taking the pulse of different markets, exploring new business opportunities, expanding the industrial base, developing new applications, boosting knowledge of cork and promoting quality control. These goals were achieved under the undisputed command of Américo Amorim, whose personality was marked by boldness, pragmatism and tenacity, for whom travel, contact with different cultures and the experience of multiple habits, values and customs played a central role. The turn of the millennium marked the arrival of the fourth generation at the helm. Sustainability, creativity, research, technology, innovation and science are the foundations of the strategy pursued under the management of António Rios Amorim.

## INNOVATION, THE **BUZZWORD** FOR THE MONTH OF JUNE

No one will be surprised that Innovation was the buzzword for the month of June. Cork is a raw material that is so exceptional by nature that at first it may seem to be impossible to improve it. But this is precisely what Corticeira Amorim has been achieving over the past 150 years, promoting structured innovation programmes, investing in differentiation based on cork's unique quality, and contributing like no other player of the sector to reinvention of this unique natural resource. Cork stoppers that dispense with the need for a corkscrew, cork composites with biopolymers used to create unprecedented shapes never, solutions for natural turf that, by replacing traditional turf, reduce football players' injuries by 40%. Technology that delivers non-detectable TCA performance (Trichloroanisole) in a stopper-by-stopper analysis, sustainable, 100% waterproof and PVC-free floating floors, green products with a negative carbon balance. Innovative applications for the aerospace, construction, mobility, sport, energy or design industries.

Our passion for innovation merited a special issue of Amorim News, a video paying tribute to cork, innovation and the future, and countless testimonies about this precious raw material. The testimonies were suitably published on Corticeira Amorim's corporate website, including texts by Hans Ulrich Obrist (the artistic director of the Serpentine Galleries), Guta Moura Guedes (co-founder of Experimenta Design), Amanda Levet (British architect), Sou Fujimoto (Japanese architect), Alexander von Vegesack (founder of Domaine de Boisbuchet), Daniel Caramelo (Portuguese designer), Lars Beller (Norwegian designer), Marco Sousa Santos (Portuguese designer), Kengo Kuma (Japanese architect), Studio Corkinho (design studio based in Belgium) and BIG-GAME (studio based in Switzerland). To paraphrase Amanda Levet, "working with cork is a gift".



In July, we highlighted our profound connection to the Community. Over the past 150 years we have always been concerned to promote, participate and contribute to a balanced society. In 1938 we inaugurated progressive social practices, providing workers with a cafeteria and a medical unit in the factory premises. Corticeira Amorim's social responsibility gradually expanded over time and extended to the community. In fact, due to the size of some of our business units, we play an important role in the local economy of the municipalities where we are based, promoting the progress of our regions and national competitiveness.

Corticeira Amorim is also an active agent in providing social, humanitarian and emergency aid, through collaboration with institutions from the fields of social inclusion, reception of minors at risk and assistance for the elderly. We also provide support for fire brigades, health centres, hospitals, municipalities and sports clubs. With this in mind and bearing in mind the relentless fight against the Covid-19 pandemic, in 2020 we donated ventilators, electrocardiographs, ultrasound devices, masks, visors, glasses, gloves and gowns, offered computer equipment to students in need, supported community-based SARS-COV-2 prevention initiatives and carried out solidarity campaigns to collect food.

We also gave a special bonus of €1000 to all our employees, regardless of their role. This is a reward for everyone's commitment, dedication and perseverance without exception, which enabled the company to deliver a solid performance in this very demanding context. Above all, it was a way to mark our 150th anniversary.

## WE ARE A FAMILY OF 4400 PEOPLE

A celebration of this magnitude had to reserve a special space for families. We are more than 4400 people across five continents driven by a shared passion for cork. But without the support, understanding and solidarity of our nearest and dearest, it would be impossible to cope with the challenges that leverage our insatiable ambition to surpass supposed obstacles. A heartfelt thanks to the many Amorim families who share common goals and dreams and transcend differences. Strengthening the unbreakable bonds of Amorim's great descendants. The month of August was therefore dedicated to the Family (and families).

Sow to reap, was the motto of the month of September, dedicated to Education. Nature is our first master and shows us the importance of knowing how to cultivate, respect and wait for the right moment in the forest. Our corporate DNA is also materialised through the anxiety to learn, the ability to study and the need to accumulate information. Over decades of continued investment in research, observation, research, analysis and evaluation of the cork oak forest, cork oak tree and cork, we have entered into partnerships, fostered initiatives and implemented projects that expand the scientific, technical and practical knowledge that underpins the sustainability of the entire industry. We disseminate this knowledge in a comprehensive manner - raising awareness of the virtues of cork, educating people for sustainable development and attracting renowned ambassadors. We achieve this either through supporting national and foreign educational institutions in conducting workshops, seminars and conferences, regularly sending information materials to architects, designers, researchers, engineers and academics, or organising visits to our industrial units. These tasks were undertaken with renewed meaning in 2020.

The Corticeira Amorim group's 150-year history, constantly driven by a passion for cork has also inevitably cultivated a comparable love of wine. This is the fruit of the enthusiasm that the Amorim Family dedicates to all its projects, and the ancestral connection between

these two unique natural products. Few marriages can boast such a perfect alliance. The cork stopper offers everything to wine and demands nothing in return. The stopper's cellular structure - 800 million cells with unique characteristics - allows the wine to evolve in the bottle, expand its compounds and develop its intrinsic virtues. Only a cork stopper can allow the wine to attain its full splendour, expression and character. We dedicated the month of October to wine.

We produced a special edition of Amorim News, made the video "Bark to Bottle" with the participation of renowned experts, illustrating our leadership in the cork sector and anticipating many challenges. We collected testimonies from individuals such as Renzo Cotarella, CEO and main winemaker at the emblematic Marchesi Antinori, Jean-Marie Aurand, President of the Académie Amorim and Honorary General Director of the OIV (International Organization of Vine and Wine), or Mohan Munasinghe, the Nobel Peace Prize winner in 2007. Physicist, academic and natural economist from Sri Lanka, Munasinghe is also one of the world's leading climate change experts. In an exclusive interview with *Amorim News*, he had the opportunity to talk about the impacts on wine production of the transformation of soil composition, unprecedented temperature variations and increasing CO<sub>2</sub> emissions.







The renewed visual identity was presented to the public on January 9, when Corticeira Amorim opened its doors to the Portuguese media to hold an unprecedented press conference.

#### **PRIDE, AMBITION, INITIATIVE, DISCREETNESS AND ATTITUDE**

Pride, Ambition, Initiative, Discreetness and Attitude: these are the values that govern our ethics, the way we conduct business, the way we develop activities. They are basic pillars of our collective identity, our organisational culture and our vision of the future. Who better to define, express and symbolise them? We asked five employees to reflect on each of these Values, expressing a sentiment that can only be perceived by the Amorim spirit. November is every day.

It should be noted that we have approved a renewed Code of Business Ethics and Professional Conduct, promoting its knowledge, adherence and practice throughout the organisation. In addition, we also involve our stakeholders, in order to foster universal values across the value chain. The humanist character of this Code of Business Ethics and Professional Conduct is also emphasised, promoting a safe work environment, equal opportunities, non-discrimination, diversity and inclusion.

Our 12-month calendar based on 12 themes ended in December, dedicated to the future. The future is obviously uncertain, and the possibilities are endless, given our vision, passion and ambition to go further. Inclusively because the future is happening now. Corticeira Amorim combines the future in the present. At its heart is cork, a

raw material that due to its unique attributes establishes a bridge between the world of today and the world of tomorrow, between what we have and what we want, between what we know and what we imagine. The future opens up, expands and renews itself. A future designed, envisioned and idealised in the December issue of Amorim News, in the aforementioned video celebrating cork, innovation and the future, and in digital campaigns in the different social networks.

In fact, Corticeira Amorim's digital communication underwent a profound transformation in 2020. The numbers reveal the assertiveness of the new plan: we have about 2,500 more followers on Instagram (with a total of 7500), on the LinkedIn social network we advanced from 35,000 to almost 45,000 followers, and we had 500,000 visits to our corporate website. Greater interaction with our followers through quizzes, Insta stories and giveaways, creation of montages, production of videos and use of photography, and also introduction of the graphic component in a generalised manner in the various media, in line with a careful, rigorous and professional copy are the factors that explain our digital performance.

## PAYING TRIBUTE TO VISION, BOLDNESS AND TENACITY

The celebrations of the 150<sup>th</sup> anniversary of the Corticeira Amorim group culminated with a special tribute to Américo Amorim. Born in 1934, in Mozelos, in the municipality of Santa Maria da Feira, Américo Amorim was one of the greatest Portuguese entrepreneurs of all time. Passionate about geography, an excellent cultivator of diplomatic relations and with a rare talent for business, at the age of 19 he began to transform his 2.5% inheritance in a cork stopper factory founded in 1870 by his grandfather, António Alves de Amorim, into the cork sector's biggest group, that is now the world leader.

The celebrations on December 19 began with inauguration of a sculpture by Pedro Cabrita Reis (in the roundabout connecting the Rua de Meladas with Avenida Albertina Ferreira de Amorim). This installation is inspired by the continuous dialogue between the harmony of Nature - represented by an ancient cork oak tree produced in steel - and the action of Man - represented by a solid column, also made of steel. The monument is accompanied by one of Américo Amorim's iconic phrases: "The future begins every day". This was followed by the inauguration of the Rua Comendador Américo Ferreira Amorim (the former Rua de Meladas). Finally, a bronze bust of Américo Amorim, created by the sculptor Artur Moreira, was placed next to the family home (in the Parque do Murado). The ceremonies were attended by the Amorim family, Amorim group executives and representatives of several local authorities.

## THE FUTURE BEGINS EVERY DAY

Throughout 2020, despite the multiple challenges, vicissitudes and contingencies imposed by the Covid-19 pandemic, we celebrated 150 years with great pride. Even though we have been physically more distant, we made sure to celebrate and remember what unites us: our history; cork and sustainability; people, family and community; innovation and education; wine; our values; renewal and future.

We are proud of our history - our vision, work, dedication, knowledge and commitment. We understand cork like nobody else. We have developed this activity with such conviction and commitment, that we have become leaders in its processing, every day inventing new ways to take its benefits to the most diverse sectors of activity, across the four corners of the world.

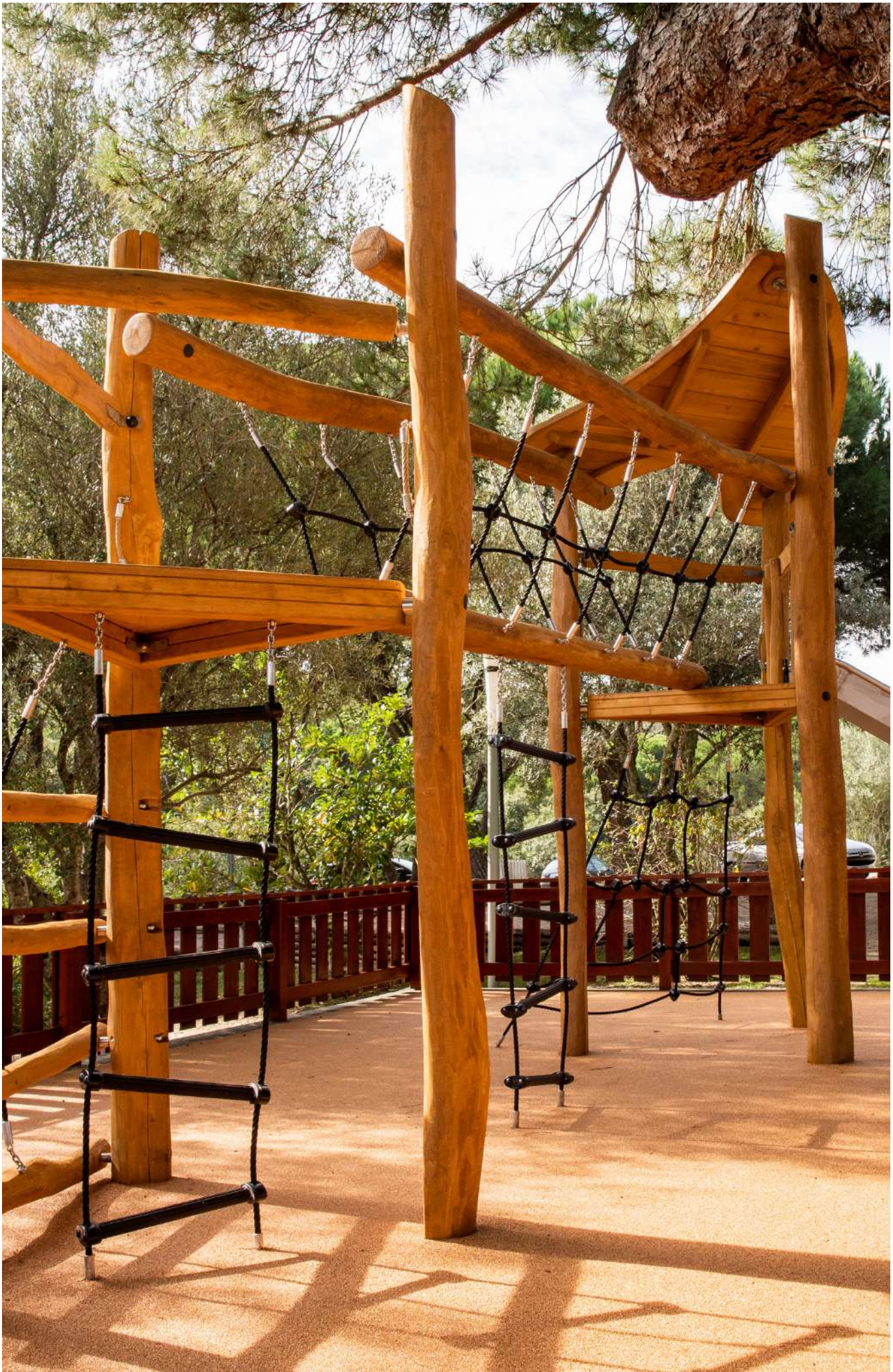
All of our actions are aligned with a noble goal: to place the unique and irreplicable properties of natural cork at the service of everyone's well-being and comfort, developing innovative, disruptive and superior quality products and solutions, in perfect harmony with Nature.

We therefore face the future with the confidence based on 150 years of success and, above all, the attitude, initiative and determination that always inspire us to strive to do more and better, with responsibility, creativity and sustainability.



Bronze bust of Américo Amorim inaugurated in December 2020.







# Main Events

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Corkeen Europe, a company owned by Corticeira Amorim, installed the first project using the Corkeen system in Portugal, in the Parque Florestal de Monsanto - a revolutionary solution for impact-absorbing surfaces for play, leisure and recreation spaces.



# [2] Main Events of 2020

## 150 years of the Corticeira Amorim group: rebranding, tributes and thematic initiatives

The Corticeira Amorim group, as part of its 150th anniversary, asked the Eduardo Aires studio to redesign its brand image, aiming to strike a balance between its historic legacy and innovation. The rebranding strategy was presented at a special press conference in January 2020, in the premises of Amorim Cork - Corticeira Amorim's Cork Stoppers Business Unit – in the presence of dozens of journalists. Notwithstanding all the restrictions caused by the Covid-19 pandemic, which forced the cancellation of numerous initiatives, 2020 was filled with new events, tributes, testimonies and new projects. Above all, it offered a great opportunity to reaffirm the company's vision, mission and commitments.



Press conference that inaugurated the celebrations of the Corticeira Amorim group's 150th anniversary.

## Forestry Intervention Project: more than 100,000 cork oak trees planted in the Herdade da Venda Nova

A major revolution is in course in the 251 hectares of the Herdade da Venda Nova, near the village of Palma, in Alcácer do Sal, in the South of Portugal. More than 100,000 cork oak trees (400 trees per hectare), each planted in a 5x5 m square, are distributed over 43 sectors of the estate. The results are extremely encouraging. About one year later the cork trees already measure 1.70 metres when they would normally be only 20-30 cm high. Launched in 2013, the Forestry Intervention Project, which is fully financed by Corticeira Amorim, is developed in partnership with forest producers, renowned national and international academic and scientific institutions and local authorities.



Forestry intervention project at the Herdade da Venda Nova.

## Corticeira Amorim stoppers with a negative carbon balance

Recent studies conducted by the independent consultant EY on various products supplied by Amorim Cork - Corticeira Amorim's Cork Stoppers Business Unit - concluded that all the analysed stoppers, without exception, have a negative carbon balance, when considering the sequestration of the cork oak forests and all emissions associated with the production process. A natural cork stopper, for still wines, permits carbon sequestration up to -390g CO<sub>2</sub>eq, a cork stopper for sparkling wines, with two discs, permits carbon sequestration up to -562g CO<sub>2</sub>eq and an agglomerated stopper for sparkling wines permits carbon sequestration up to -540g CO<sub>2</sub>eq. In total, ten studies have been produced, confirming the negative carbon balance of ten Amorim Cork stoppers.



Corticeira Amorim's cork stoppers with a negative carbon balance.

## Amorim TOP SERIES presents Sense Tops, Ambiance and Evolutive Series

Amorim TOP SERIES launched three new products - stoppers with fragrances, stoppers incorporating LED technology and heat sensitive stoppers. Sense Tops offer customers an unprecedented aromatic experience, providing sensory notes, such as fruits, sweet and spicy aromas, chocolate, coffee and vanilla, that are associated



Amorim TOP SERIES launches new products.

with each stopper. The Ambiance series incorporates elegant LED technology, and even allow the light to be turned on and off remotely. Last but not least, Evolutive is a heat sensitive stopper that offers several possibilities, for example, indicating when the liquid has reached the ideal temperature to be consumed.

#### **Vinexpo Paris: Amorim cork highlighted in Moët Hennessy's ecological stand**

At Vinexpo Paris - one of the world's most important wine events - Moët Hennessy organised a forum dedicated to sustainability issues, that highlighted cork as a raw material. The stand played host to several world specialists. Dedicated to the theme "Living Soils" the stand was built from this unique raw material, thereby creating an ecological, recyclable, biological space, that offered remarkable sound insulation. Designed by the architect Jeanne Dumont, the project responded the sustainability requirements set by Moët Hennessy to solely use materials of "great purity", such as cork, that is a paradigmatic example of the circular economy.

#### **Amorim Cork Flooring unveils Cork Pure Signature at Domotex**

Amorim Cork Flooring, Corticeira Amorim's Floor & Wall Coverings Business Unit, presented its new Cork Pure Signature collection at Domotex - the world's leading floor & wall coverings fair, held annually in Hanover, Germany. The company thereby reinforced its commitment to the new generation of Amorim WISE flooring solutions, that use cork and recycled materials, with a negative carbon footprint. The possibility to create personalised patterns, with more than 17,000 possible combinations, is another hallmark of the Cork Pure Signature references. Customers can design different patterns, choosing from 17 natural cork visuals, and then combine them with the 31 colours available, with different finishes, dimensions and thicknesses. The company's presence at Domotex also made it possible to present the new Wood Resist Eco range, by Wicanders.

#### **Amorim TOP SERIES promotes the Port Wine Packaging Design Contest**

Amorim TOP SERIES and BA Glass organised a Port Wine packaging design contest. "How to improve the perception of value through premium packaging?" was the challenge launched to the students of the Product Design course at the ESAD - Escola Superior de Artes e Design de Matosinhos. The awards ceremony was held at the end of January. The jury included representatives from Symington Family Estates, Taylor's Port Wine and OMDesign.

#### **"Home Stories: 100 years, 20 Visionary Interiors" exhibition at the Vitra Design Museum features cork**

3200 blocks of agglomerated cork were sent to Weil am Rhein, Germany in the context of the partnership between Corticeira Amorim and the Vitra Design Museum (VDM) - one of the world's leading design museums. The thousands of blocks were used in the "Home Stories: 100 Years, 20 Visionary Interiors" exhibition, making it possible to create the exhibition's artistic structures. These supports, designed by the Italian design, architecture and research firm Space Caviar, housed various design articles, decorative products and items of furniture.

#### **Amorim Australasia: new premises in Australia**

Amorim Australasia has been operating in Oceania since the early 1990s, initially in Dandenong (Victoria), and then it moved to Adelaide in 2007. Confirming its solid confidence in this market, Corticeira Amorim's subsidiary opened its new premises in 2020, in the same industrial area in South Australia, following a €3.5 million investment. Amorim Australasia is currently Australia's biggest importer of cork for the wine industry, and supplies all of Asia Pacific with treated and customised stoppers.

#### **A cork auditorium designed for the Covid-19 era**

Resembling a Greek amphitheatre, built from cork blocks, the open-air auditorium of the Centro Cultural de Belém (CCB), designed by the architect Carrilho da Graça, was especially designed to comply with the security and social distancing measures of the first lockdown, during the Covid-19 pandemic, in April 2020. The two-metre distancing rule was strictly followed and the 400 places were individualised, without losing the feeling of pertaining to a "group", that is desired by all spectators. The expanded cork agglomerate blocks used to build the auditorium were provided by Amorim Cork Insulation - Corticeira Amorim's Insulation Business Unit.

#### **Expanded cork agglomerate on the vertical / green walls of the CCB**

Integrated within Lisbon European Green Capital 2020, the new vertical garden of the Centro Cultural de Belém (CCB) flanks the Caminho José Saramago pathway. Inspired by the mountain peaks of Vietnam, this vertical garden, designed by the architect Francisco Caldeira Cabral, embraces the contemporary themes of sustainability, ecology and urban density. The recent structure is built from expanded cork agglomerate, supplied by Amorim Cork Insulation - Corticeira Amorim's Insulation Cork Business Unit - and is already home to several species of insects and birds. Its unexpected presence in an emblematic stone-clad building, produces a surprise effect and humanises the space, creating a very positive impact for all visitors to the CCB. Although it is an ephemeral construction, this garden has already earned its place at the CCB.

#### **YOGA Go4Cork collection developed by Amorim Cork Composites**

YOGA Go4Cork is a collection developed by Amorim Cork Composites - Corticeira Amorim's Composite Agglomerates Business Unit - which uses agglomerated cork to create various equipment items for practising Yoga. Use of cork endows several differentiating characteristics to these products, including the fact that they are hypoallergenic, non-slip, natural and recyclable, resistant to perspiration, thermally comfortable and, above all, sustainable. Go4Cork also exists to materialise Amorim Cork Composites' innovation culture in the DIY segment.

#### **Helix system available throughout the U.S.**

The Helix system - the innovative bottle and sustainable cork sealing solution developed by Corticeira Amorim and Owen-Illinois (O-I) - is now available throughout the United States. This is due to Longevity Wines and its partnership with the Bronco Wine Company, the USA's fifth largest wine company. The Bronco Wine Company first adopted Helix for its Red Truck brand in 2016, and it is currently extending use of this solution to The Great American Wine Company.



### Corkeen system installed in Monsanto Natural Park

Corkeen Europe, a company owned by Corticeira Amorim, installed its first Corkeen project in Portugal, in Monsanto Forestry Park. Corkeen is a revolutionary solution of impact-absorbing surfaces, for play, leisure and recreation spaces. Produced with cork, the innovative Corkeen system offers safety, accessibility and sustainability credentials, harmoniously combining the concepts of Community, Nature and Planet. Developed on the basis of circular economy principles, the product results from full use of the waste produced by the cork industry. The energy used in the production process derives from use of biomass (cork powder) and at the end of the life cycle all materials will be reusable. Corkeen is light, odourless and hypoallergenic. After more than 100 projects implemented in northern Europe, in particular in Sweden and Norway, Corkeen has now been used in the Children's Playground of Monsanto Interpretation Centre, as part of the programme of Lisbon European Green Capital 2020.

### Amorim Cork Flooring launches a new digital ecosystem

Amorim Cork Flooring, Corticeira Amorim's Floor & Wall Coverings Business Unit, has implemented a profound rebranding of its digital ecosystem. The renewed Digital Ecosystem houses all brands under the Amorim Cork Flooring umbrella and was presented in June 2020 via a livestream on social networks. The project, which expands the company's online presence, consists of four websites - a corporate website for Amorim Cork Flooring, and three websites for the Amorim Wise, Wicanders and Corklife brands, all aligned with the communication of each brand, whether in terms of the target group, or the layout, images and language. The new websites, which are available in 14 languages, can be visited at: [amorimcorkflooring.com](http://amorimcorkflooring.com) | [amorimwise.com](http://amorimwise.com) | [wicanders.com](http://wicanders.com) | [corklife.com](http://corklife.com)

### Amorim Sports: Infills and the circular economy

Amorim Sports presented the ICE and COCONINO infills, in the context of its mission to develop innovative solutions for sports surfaces, delivering strong results, superior performance and high levels of sustainability. The new infill solutions incorporate in-house production waste, which would otherwise be sent for incineration or landfill. The approach is aligned with Amorim Cork Composites' social responsibility policy for recycling, reusing and saving natural and in-house resources, with the aim of generating added value to its business. Until the end of 2020, the new infills from Corticeira Amorim's Composite Cork Business Unit were commercialised exclusively in the American market and are expected to begin to be sold in Asian markets in 2021.

### Evaporcork System: cork and the cities of the future

Evaporcork is the new passive cooling system for façades developed by Amorim Cork Insulation, Corticeira Amorim's Insulation Cork Business Unit. The system uses cork, specifically agglomerated expanded cork in order to mitigate urban heat island effects. In addition to the evaporative system, Evaporcork incorporates other differentiating aspects, such as the design of an automated irrigation system for humidifying / moisturising the expanded cork agglomerate, the incorporation of a rainwater collection system, and the possibility to integrate sensors, in order to detect and mitigate fires. The Evaporcork system has been developed in partnership with Itecons - Institute for Research and Technological Development for Construction, Energy, Environment and Sustainability.



Cork auditorium in the Centro Cultural de Belém.



Corkeen System, Monsanto Natural Park.



Amorim Cork Composites' new infills incorporate in-house waste.



Evaporcork is a new passive cooling system for façades.





Corticeira Amorim wins the Wine Products Industry category in the World Finance magazine's Sustainability Awards.



The book "Traços de Gente" includes testimonies by 30 Corticeira Amorim employees.



Best Raw Materials Sustainability - Europe 2020 award.

## Corticeira Amorim wins the Sustainability Award of the World Finance magazine

Corticeira Amorim won the top award in the "Wine Products Industry" category of the World Finance magazine's Sustainability Awards. Winning this award for the second year running, Corticeira Amorim was recognised for its sustainable development principles and practices implemented throughout its value chain, giving rise to a vast portfolio of products and solutions with superior technical performance and unparalleled sustainability credentials. One clear example is Amorim's cork stoppers, which have a carbon balance of up to -309g CO<sub>2</sub>eq for natural cork stoppers and -562g CO<sub>2</sub>eq for sparkling wine stoppers when considering the carbon sequestration of the cork forest. The World Finance magazine explained that the Sustainability Awards are granted to companies who have demonstrated a remarkable commitment to sustainable development, having "made an extra effort to integrate financial, social and governance (ESG) values in their different areas of business".

## "Traços de Gente": a book and an exhibition to celebrate the People of Amorim

In a particularly remarkable year in the history of the Corticeira Amorim group, the company published the book "Traços de Gente" (Traces of People). The work, offered to collaborators in the Amorim universe, intends to honour all those who, since 1870, have helped to build this long and successful history. Thirty employees shared their memories, impressions and judgments about their life within the Corticeira Amorim group. They are "traços de gente" (traces of people) wherein each story represents all women and men who have always worked with the company, regardless of the circumstances. The book was followed by an itinerant exhibition with large-scale photographs of everyone portrayed in the book. The show visited all of Corticeira Amorim's manufacturing units in Portugal.

## Corticeira Amorim is attributed the Best Raw Materials Sustainability — Europe 2020 award by Capital Finance International

Corticeira Amorim won the top prize in the category, "Best Raw Materials Sustainability - Europe 2020" of the awards given by Capital Finance International (CFI.co). The renowned English magazine highlighted the company's pioneering attitude towards sustainable development and underlined its commitment to the conservation of cork oak forests. It also highlighted Corticeira Amorim's dynamic approach to in-house and external innovation, that has made it possible to find new uses, uses and markets for cork. The jury also praised Corticeira Amorim's dedication to upholding best practices in terms of environmental, social and governance (ESG), while maintaining a high-level of profitability. CFI.co highlighted the wide range of applications of cork, from cork stoppers, architecture, to space exploration. The English magazine also highlighted the important role played by the cork tree, and its associated ecosystem in terms of climate regulation. They noted a key reference for the cork industry: for each ton of cork produced, the cork oak forest can sequester up to 73 tons of CO<sub>2</sub>.

## Planet Cork at the World of Wine: the new museum dedicated to cork

Planet Cork is a new museum that is entirely dedicated to cork – highlighting its unique characteristics and cutting edge potential. The space, that opened in the summer of 2020, is part of World of Wine (WOW), Greater Porto's most recent cultural hotspot.

Conceived with contributions from Corticeira Amorim, Planet Cork is designed to tell the history of cork, from the cork oak tree to outer space. In other words, it starts in the forest and ends with the most technologically advanced applications. It offers a seductive, engaging and interactive experience that spans the entire world of this unique raw material. At WOW, cork was also chosen for the display cases of “The Bridge Collection”, which brings together 9,000 years of history of the evolution of drinking vessels, through 1,800 items on display. Amorim Cork Composites, Corticeira Amorim's Composite Agglomerates Business Unit, was the partner chosen to develop these support materials. Located in the renovated Port Wine cellars in the historic centre of Vila Nova de Gaia, the World of Wine includes five museums (in addition to Planet Cork: The Porto Region Across The Ages, The Wine Experience, The Bridge Collection and The Chocolate Story), restaurants and cafes, shops, and a Wine School.



Planet Cork in the World of Wine.

### **Corticeira Amorim is the only Portuguese company of the “50 Sustainability & Climate Leaders” campaign**

Corticeira Amorim is the only Portuguese company involved in the “50 Sustainability & Climate Leaders” campaign. The project, promoted by the TBD Media Group, and whose contents are distributed by the Bloomberg Group, brings together a wide range of organizations leading, at the global level, the fight against climate change. Sustainability, technology and innovation were other drivers that presided over the choice of participants in the 50 Sustainability & Climate Leaders programme, that also includes leaders from businesses in sectors such as pharmaceutical, petrochemical and financial services (corporate giants such as Groupe Rocher (France), Novartis (Switzerland), Ericsson (Sweden), Heidelberg Cement (Germany), Prysmian Group (Italy), Suntory Holdings Limited (Japan), Wilo Group (Germany), John Deere (USA), REHAU Group (Switzerland), MANN + HUMMEL (Germany), Statkraft (Norway), SSISCHAFER (Germany) or Archroma (Switzerland). The project includes a summit of the 50 leaders that will take place under the auspices of the United Nations (UN) in New York. Scheduled for 2021, the conference will be aligned with the 17 UN Sustainable Development Goals.



The Cork Book wins a design award.

### **The Cork Book distinguished with the Compasso d'Oro award**

*The Cork Book*, published by Corticeira Amorim in 2018, which proposes a multidimensional journey to the world of cork, received an honourable mention in the 26<sup>th</sup> edition of the iconic Compasso d'Oro awards. The book was designed by Studio FM Milano, which coordinated the graphic design, with art direction by Filipe Alarcão and Sergio Menichelli. *The Cork Book* presents an innovative graphic approach throughout its 377 pages. In 2018 it received the Bronze Award in the European Design Awards.



The Hothouse uses cork as a flooring solution in the gardens.

### **Sugo Cork Rugs in the official residence of the Portuguese Prime Minister**

Sugo Cork Rugs are now used in the Justus-Lipsius building in Brussels, during the Portuguese Presidency of the Council of the European Union (PPUE). These eco-friendly rugs have also been used in the political arena in Portugal. Portugal's Prime Minister's official residence has a Coruche rug in one of its communal areas. Sugo Cork Rugs are the world's first brand of rugs to incorporate an innovative cork solution combined with traditional tapestry techniques. Always focusing on eco-design, well-being and exclusivity, Sugo Cork Rugs stand out for their colours, textures, beauty, originality and sustainability.



Interior of the new Mazda 100% electric.



## **Cork featured at The Hothouse during the London Design Festival 2020**

The Hothouse is a Victorian-inspired contemporary greenhouse, designed by the British architecture studio Studio Weave. Cork is used as a flooring solution for the gardens, designed by the renowned landscape architect, Tom Massey. The ephemeral structure, that was part of the London Design Festival (LDF) 2020, aimed to draw attention to the effects of climate change. Based on expanded cork agglomerate provided by Amorim Cork Insulation and Amorim Cork Composites - Corticeira Amorim's Insulation Cork and Composite Cork Business Units respectively - developed an agglomerated cork solution that provides an exemplary response to the project's requirements, with emphasis on the sustainability factor.

## **Corticeira Amorim subscribes to act4nature**

Corticeira Amorim is one of the subscribers to act4nature Portugal, an initiative launched by the Business Council for Sustainable Development Portugal (BCSD) that aims to raise awareness, mobilise and encourage companies to protect, promote and restore biodiversity. This is integrated within Corticeira Amorim's mission to add value to cork in a competitive, differentiated and innovative manner, in perfect harmony with nature. The company is committed to adopting practices that guarantee environmental preservation, while assuming sustainability as the basic reference.

## **Amorim Cork Flooring's floors have a negative carbon balance**

The Amorim Wise Inspire 700 flooring solution has a negative carbon balance, when considering the carbon sequestration of the cork oak forest. This was recently confirmed in an independent study by the consultancy firm, EY, commissioned by Amorim Cork Flooring - Corticeira Amorim's Floor & Wall Coverings Business Unit - that evaluated the environmental impacts caused - from extraction of raw materials until the end of the product's life. Amorim Wise Inspire 700 HRT floors permit carbon sequestration up to -101kg CO<sub>2</sub> / m<sup>2</sup>, while Amorim Wise Inspire 700 SRT floors permit carbon sequestration up to -93kg CO<sub>2</sub> / m<sup>2</sup>.

## **Cork supplied by Corticeira Amorim used in the interior of the new Mazda 100% Electric car**

Cork supplied by Corticeira Amorim is used in the interior of Mazda's new 100% electric car. Integrated within the lining of the MX-30's console, cork was selected because it is a natural, sustainable and biodegradable raw material, thereby contributing to reduce the environmental footprint of the latest model from the Japanese brand. Supplied by Amorim Cork Composites, Corticeira Amorim's Composite Cork Business Unit, cork also provides Mazda's new model with comfort, impermeability and thermal, acoustic and anti-vibration insulation.

## **Corticeira Amorim issues € 40M of green bonds**

Corticeira Amorim completed its first green bond issue at the end of 2020. The €40 million bond issue aims to refinance a diversified set of green investments conducted in 2017, 2018, 2019 and the first half of 2020, by eight companies from the five Business Units of the Corticeira Amorim group. Banco BPI, SA was responsible for organising and managing the issue and providing the subscription guarantee. It will also act as paying agent. This is the first issue of

Green Bonds by the world's leading company in the cork sector.

## **Amorim Cork Flooring is awarded the Investors in People accreditation**

Amorim Cork Flooring, Corticeira Amorim's Floor & Wall Coverings Business Unit, received the accreditation, Investors in People: We Invest in People. Created to comply with the constant day-to-day challenges that face businesses, Investors in People is a tool designed to improve the performance of organisations by increasing the performance of their employees. The Investors in People accreditation is synonymous with a great employer, a high-performance workplace and a clear commitment to sustainability. Paul Devoy, CEO of Investors in People, congratulated Amorim Cork Flooring, "because being accredited by We Invest in People is a remarkable achievement for any organisation, placing Amorim Cork Flooring amongst an excellent group of companies that understand the value of people".

## **Amorim Cork Composites' products have a negative carbon balance**

Amorim Cork Composites - Corticeira Amorim's Composite Agglomerates Business Unit, commissioned the independent consultancy firm, EY, to carry out three carbon footprint and Life Cycle Assessment studies. The studies concluded that all the analysed products have a negative carbon balance, without exception, when considering the carbon sequestration of the cork oak forest. The studies assessed the environmental impacts caused by forest management, transportation of raw materials and production, and concluded that the Top Layer NRT® 94 permits carbon sequestration up to -39kg CO<sub>2</sub> / m<sup>2</sup>, Underlay Fusion permits carbon sequestration up to -14.2kg CO<sub>2</sub> / m<sup>2</sup>, and Footcork® Evolution permits carbon sequestration up to -8.4kg CO<sub>2</sub> / m<sup>2</sup>.

## **Amorim Wise Floor installed in the Sophia de Mello Breyner Andresen Room in the Centro Cultural de Belém**

Cork was chosen for the floor of the Sophia de Mello Breyner Andresen room, in the Centro Cultural de Belém (CCB), which will host most of the meetings of the Portuguese Presidency of the Council of the European Union (PPUE) in the first half of 2021. Located on the building's second floor, enjoying magnificent views over the Tagus River, the space is now equipped with 425 m<sup>2</sup> of Amorim Wise flooring, from the Cork Pure collection, offering tremendous benefits in terms of health and well-being, such as thermal and acoustic insulation, improved air quality and walking comfort. The flooring solution was supplied by Amorim Cork Flooring, Corticeira Amorim's Floor & Wall Coverings Business Unit.

## **Amorim Florestal installs an automated preparation line**

Amorim Florestal, Corticeira Amorim's Raw Materials Business Unit, has installed an automated preparation line that permits standardised processes for choosing cork by calibre and class, thereby reducing the subjectivity inherent to such operations. Robotic solutions include automation of movement of the cork planks, cutting of trimmings, tracing by calibre (replacing the traditional cut carried out by the tracer) and classification by quality. The combination of these different technologies makes it possible to enhance both the valorisation of cork in terms of the stopper/ non-stopper option and also increases the focus on valorisation of the raw material.

## **Corticeira Amorim installs MES / SAP in its various**

## manufacturing units

Corticeira Amorim installed MES / SAP technologies in mid-2020 in its various manufacturing units. The MES (Manufacturing Execution System) solution makes it possible to manage shop floor operations, providing real-time information which enables on-time fact-based decision-making. Implementation of a state-of-the-art ERP (Enterprise Resource Planning), such as SAP, makes it possible to reinforce the synergies from shared activities, with a special focus on the financial and the inbound and outbound logistics areas, ensuring standardisation between different countries, reduction of administrative steps and enhancement of automation.

## Amorim Cork Flooring reinforces its circular economy practices

Amorim Cork Flooring, Corticeira Amorim's Floor & Wall Coverings Business Unit, reused 925 tons of cork waste contaminated with plastic, derived from the cutting and sanding operations of the Hydro and Wise products. This is another concrete example of the Corticeira Amorim group's transversal circular economy practices. The group rigorously upholds the principle that there is never any waste – there are simply by-products in the wrong hands.

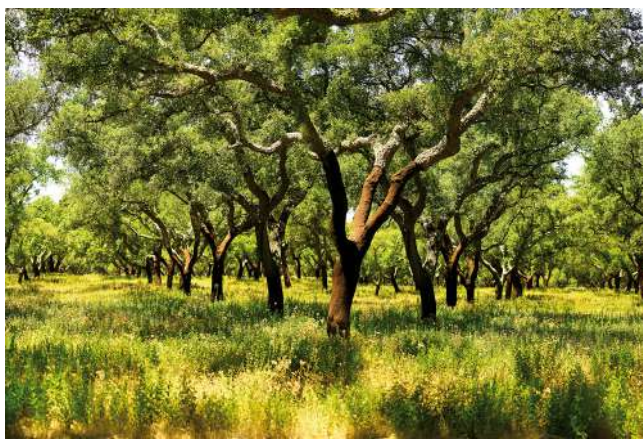
## Amorim Cork Insulation supplies decorative cork to the Portuguese Presidency of the Council of the European Union (PPUE)

Amorim Cork Insulation, Corticeira Amorim's Insulation Cork Business Unit, supplied decorative cork to the accreditation centre of the Portuguese Presidency of the Council of the European Union (PPUE). MDFachada - one of the company's star products - was used on the ceilings and the check-in desks, in a project designed by Mind Trooper. The genuinely Portuguese material demonstrated agglomerated cork's excellent acoustic and aesthetic properties.

## More than 9000 customers received the CO<sub>2</sub> balance certificate, issued by Amorim Cork

More than 9000 customers of Amorim Cork - Corticeira Amorim's Cork Stoppers Business Unit - have already received CO<sub>2</sub> balance certificates for their stoppers. Amorim Cork is the first company in the cork industry to issue such certificates, thereby reinforcing its global leadership in the eyes of customers, journalists, winemakers, opinion makers and other stakeholders, as a reference for sustainable development issues. The certificates, which reflect the close involvement of the group's sales forces in the USA, Chile, Argentina, South Africa, Australia, Portugal, Spain, France, Italy, Germany, the United Kingdom, Greece and Eastern European markets, contain information on the amount of CO<sub>2</sub> retained by each customer, also including supporting data on the number of tons retained annually.

## Extra bonus for all employees



Corticeira Amorim issues € 40M of Green Bonds.



Portuguese Presidency of the European Council chooses cork to decorate the accreditation centre.



Tribute to Américo Amorim.



Corticeira Amorim's Board of Directors decided to award an extraordinary bonus to all the company's employees, as a fixed amount regardless of the duties performed. In this manner, the Board of Directors expressed its gratitude for everyone's contribution, underlining its profound recognition for everyone who contributes to the company's successes on a daily basis. This was also a way to mark the Corticeira Amorim group's 150th anniversary.

### **Tribute to Américo Amorim**

The Corticeira Amorim group paid tribute to Américo Amorim at the end of 2020 as part of the celebrations of the 150th anniversary of the world's biggest cork processing group. The tribute included inauguration of a steel sculpture by Pedro Cabrita Reis (in the roundabout between the Rua Comendador Américo Ferreira Amorim and the Avenida Albertina Ferreira de Amorim), the renaming of the former Rua de Meladas as Rua Comendador Américo Ferreira Amorim and a bronze bust of the businessman, sculpted by Artur Moreira the (Parque do Murado). The sculpture is accompanied by one of Américo Amorim's most iconic phrases: the future begins every day.



# Consolidated Management Report

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Cork has unique characteristics which no laboratory formula has yet been able to replicate: each cubic centimetre of cork contains about 40 million cells.

3



# [1] Economic Trends in 2020

## 1.1. THE WORLD ECONOMY

The year of 2020 began with moderately positive growth, reflecting the impact of the economic expansion registered at the end of 2019. The COVID-19 pandemic, however, drastically altered the situation. More than at any recent time, the uncertainty and restrictions on economic activity that began in February had a powerful impact on mobility and, consequently, on growth. Business activity collapsed between the first and second quarters. This evolution was unexpected, challenging, and underwent several changes in direction and pace. The world economy contracted 3.5%, an upward revision of 0.9% compared to the growth projected in the autumn of 2020 on the basis of the economic recovery registered in the second half of the year. Economic developments closely tracked the spread of the virus from east to west. Monetary and fiscal policies, as well as prudential measures, were implemented at an accelerated pace and in a coordinated manner with the initial aim of stabilising “animal spirits” and extreme phenomena, and subsequently, during a second phase, supporting the economy and preparing for a future recovery. The pandemic has shown that improbable risks can have an extreme impact on economies and society. Measures to combat the spread of the pandemic changed according to the severity of infection rates and social and political sensitivities, resulting in different evolutions between economies as well as different timings. The year ended with the clarification of important issues such as the US political situation and the post-Brexit relationship between the European Union and the United Kingdom. In regard to the EU, its joint response to the pandemic in terms of fiscal and economic measures and its coordinated response to the public health challenge merit highlighting. International trade contracted by 9.6%. The market price of raw materials fluctuated throughout the year.

The advanced economies suffered a contraction of about 4.9%. The **Eurozone** economy contracted by approximately 7.2%, a strongly negative annual figure, but clearly better than the even sharper contractions registered at certain periods during the year. The abrupt halt in economic activity between March and May, and the new surge of the pandemic in the last quarter, severely affected economic sentiment and activity. Although the restrictions imposed by governments and by companies themselves were less severe at the end of 2020 compared with the initial confinement measures, mobility nevertheless declined by about 17% compared with the beginning of 2020. The crisis was wide-ranging, but it had an uneven impact on different nations, sectors and sub-sectors, reflecting different national economic structures and differing containment measures. The widespread use of temporary job retention measures, supported by the EU's SURE programme as well as by several local initiatives, helped mitigate the impact of the pandemic on employment and family incomes. EU member states introduced diverse fiscal measures with differing impacts that were together estimated to represent about 4.2% of GDP. Inflation was projected at 0.7%, deviating again from the price stability target. On 31 January 2020, the **United Kingdom** left the European single market after being a member for 47 years and entered the transition period agreed with the EU. Strongly affected by the pandemic, it is estimated that the UK economy contracted by 10%. **Sweden**, for its part, was estimated to have contracted 2.9%, while the **Czech Republic**, seriously affected by the second wave of COVID-19, was projected to have suffered a reduction in economic activity of about 5.7%. This reflected the disruption in its industrial sector, which is strongly oriented towards foreign markets.

The US suffered a contraction of about 3.4%, a higher drop in activity than during the Great Recession of 2009. Affected by the pandemic later than other world economies, it reacted in different ways during the year. Its response to the public health threat focused less on restricting mobility and closing economic activities, and more on swift, pragmatic and significant monetary and fiscal measures (in terms of fiscal support, its first support packages equivalent to 9% of GDP was followed by a second program in December equivalent to just over 4% of GDP). This led to an increase in disposable household income and, reflecting a prudent reduction in consumption and the closing of numerous economic activities, to a significant increase in the savings rate. The labour market oscillated between extremes in accordance with the fast, major adjustments made by US companies. Unemployment rose from an historic low of 3.5% in December 2019 to 14.7% in April 2020. The rate then began to decline, reaching a benchmark level of 6.7% at the end of December. The year ended with the presidential election and the victory of the Democratic candidate. **Japan** is projected to have registered a 5.1% drop in activity, while **Australia**'s economy is expected to have contracted 4.2%.

Emerging and developing economies recorded an estimated contraction of about 2.4% in 2020. **China**, the first country to be affected by COVID-19, is estimated to have recorded economic growth of 2.3%, with activity in the last quarter overtaking pre-pandemic levels. China was the only large economy to record any growth in 2020, reflecting its swift and aggressive approach to the spread of the virus and its resilience in the face of commercial tariffs and foreign political pressure. China's sharp containment of the epidemic supported a strong recovery in exports of goods that other economies needed to mitigate the pandemic and ensure that economic activity could continue during periods of confinement. Investment grew robustly. Economic intervention by the authorities was, nevertheless, substantially lower than after the great financial crisis of 2008 when it was estimated to have accounted for half of total credit demand. India, for its part, is estimated to have registered an 8.0% contraction in growth, reflecting a major halt in economic activity. This was nevertheless a significant revision compared with the contraction of more than 10% estimated in the autumn of 2020. Latin America is projected to have registered a contraction in GDP of about 7.4%. **Mexico** suffered a more pronounced downturn, estimated at about 8.5%, while **Brazil** fared better, with its economy shrinking by 4.5%. The sharp contraction of GDP in **Argentina** was estimated at close to 12.0%. **South Africa** reported a reduction in economic activity of about 7.5%. **Russia**, affected by the pandemic and the sharp drop in the price of oil (only surpassed by the drop in 2015), recorded a 3.6% contraction in GDP.

The normalisation of monetary conditions in 2018 suffered a reverse in 2019, but policy was subject to thoughtful and gradual management. In 2020, faced with uncertainty, a sudden slowdown in economic activity and pressure on liquidity, monetary policy became even more expansionist, to a degree that would have been considered unthinkable only a few months previously. The US Federal Reserve (Fed) aggressively cut interest rates on the US dollar to practically zero, made substantial asset purchases and introduced several funding support programs for different economic sectors. In response to the intense global pressure on liquidity, especially in regard to the US dollar, the Fed established currency swap operations with numerous central banks. It also anchored monetary policy at low rates for a long period. In the Eurozone, the European Central Bank (ECB) strengthened and temporarily extended its monetary operations using programmes already in force, established new measures for purchasing sovereign debt from Member States (PEPP – the Pandemic Emergency Purchase Programme) and strengthened the outlook for lower rates over a longer period. Other central banks implemented similar measures.

## 1.2. PORTUGAL

The COVID-19 pandemic hit the Portuguese economy hard in 2020, leading to a contraction in GDP of about 7.6%. It was the first contraction since 2013 and was particularly severe in the first half of the year due to the tough confinement rules then in place. The impact on tourism-related activities was particularly harsh, resulting in a 60% drop in revenue compared with 2019. A less negative performance in terms of domestic demand and net external demand during the last months of the year were expected to result in a better overall performance than previously projected. Public consumption was the only demand item not to have contributed to the drop in economic activity. The contraction was particularly strong in regard to exports, especially of services, and to investment. Positive contributions to growth came from construction, which was less affected by the public health crisis, and industry. Private consumption fell sharply, while there was a corresponding increase in savings equivalent to 14.3% of disposable income in the first half, an increase of 6.9% compared to the previous six months. The increase was partly reversed in the second half of 2020 following the introduction of measures to protect family income. Exports were projected to have fallen 20.1% and imports by approximately 14.4% in 2020. The combined balance of current and capital accounts, which reflects the financing capacity of the economy, was expected to have moved back into deficit after seven years of external surpluses. This mainly reflected the drastic reduction in tourism, a drop that highlighted the significant weight of the sector in the Portuguese economy (half of the decrease in total exports was due to the drop in tourism). The need to minimise the impact of the pandemic was reflected in the performance of public finances as Portugal moved from a historic budget surplus to a deficit of about 6.3% of GDP. Public indebtedness also increased in absolute terms. This, together with the contraction in GDP, resulted in a sharp deterioration of the public debt-to-GDP ratio to an estimated 133.7%. Unemployment rose to a projected annual rate of 6.8%, up from 6.5% in 2019, the slight increase reflecting measures to mitigate the impact on the labour market of the sharp slowdown in economic activity, including temporary lay-offs and support for self-employed workers, together with a stronger recovery in economic activity in the second half. In a profoundly atypical year, unemployment remained lower than projected even by the most optimistic forecasts. A transition to the inactive population by workers who failed to meet the requirements for being considered officially unemployed may help explain the relatively small increase in the jobless rate. Annual inflation was estimated to have been zero or marginally negative.



Corticeira Amorim is currently implementing the Forestry Intervention Project (PIF) in partnership with forestry producers, renowned national and international academic and scientific institutions and local authorities. The project aims to foster the development of the cork oak forest with a model that enables a better economic return, an even higher environmental contribution and greater availability of the raw material in line with market growth.

# [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 2020.

## 2.1. RAW MATERIALS

The Raw Materials Business Unit recorded a current EBITDA of €15.5 million in 2020, a reduction of 14.4% compared with 2019. The decrease resulted mainly from a drop in activity (turnover was €24.8 million lower) and a slight reduction in the EBITDA-sales ratio (down 0.2 pp).

The following businesses contributed to the fall in activity:

- Sales of raw material cork for natural cork stoppers - Following the 2019 cork purchasing campaign, a structure was created in 2020 that would involve a reduction of almost 5% in sales of this type of cork. In addition, due to the impact of the pandemic, the BU was forced to reduce its activity, resulting in a deterioration in its sales mix;
- Sales of discs for champagne corks - a drop in the sale of champagne corks affected orders to the Raw Materials BU from other Group BUs producing this type of closure;
- Sales by North Africa-based units were affected by lower demand from the Composite Cork BU as well as by a delay in adjudications from the 2019 cork harvesting campaign;
- A reduction in by-product sales by the BU's units in Portugal and Spain to the Cork Stoppers and Composite Cork BUs.

The BU's gross margin fell by €6.9 million to a margin of 22% at the end of the year. It should be noted in this regard that the profitability of batches of *amadia* (high quality) cork was lower than expected (with a lower percentage cork for natural cork stoppers) and that the mix of orders for discs had an unfavourable impact on sales.

In terms of operating efficiency, 2020 was notable for the introduction of new processes that made a significant impact:

- Introduction of a new disc manufacturing system that reduces the consumption of cork and increases operational efficiency. The system had been installed and tested in Coruche in 2019 and was introduced at Ponte de Sor in 2020. The impact of this investment on the margin were already evident in 2020;
- Use throughout the year of a selection line that selects cork by calibre and class of cut at the Salteiros unit and the installation of a new selection line for cork cuts at Coruche. These lines have a high degree of operational reliability that resulted in reduction of operating costs at these two industrial units in 2020.

On the negative side, it should be noted that the BU's adjustment to the reduction in activity was delayed, with the result that operating costs did not fall as sharply as the reduction in sales.

The objectives set out for the 2020 best quality (*amadia*) cork purchasing campaign in Portugal and Spain were fully met in terms of quantity, price and quality, eliminating any concerns in this area in regard to 2021. The drop in sales recorded in 2019 enabled the BU to extend the use of stocks of *amadia* cork purchased in 2019 into the first months of 2021. In regard to the purchasing campaign, It is also important to highlight the new methods of working in the field promoted by the BU that enable certain operations to be carried out more efficiently, specifically the introduction of an extraction machine that simplifies the cork stripping process and the introduction of a sling press, which improves the process of loading and transporting cork from the field to the shipyard.

The pandemic led to the postponement of tenders for high quality (*amadia*) cork that were expected to be held in North Africa in the first months of 2020 - in Tunisia to December and in Algeria and Morocco to 2021. This limited operations in these countries and the BU decided at the end of June to significantly reduce its activities.

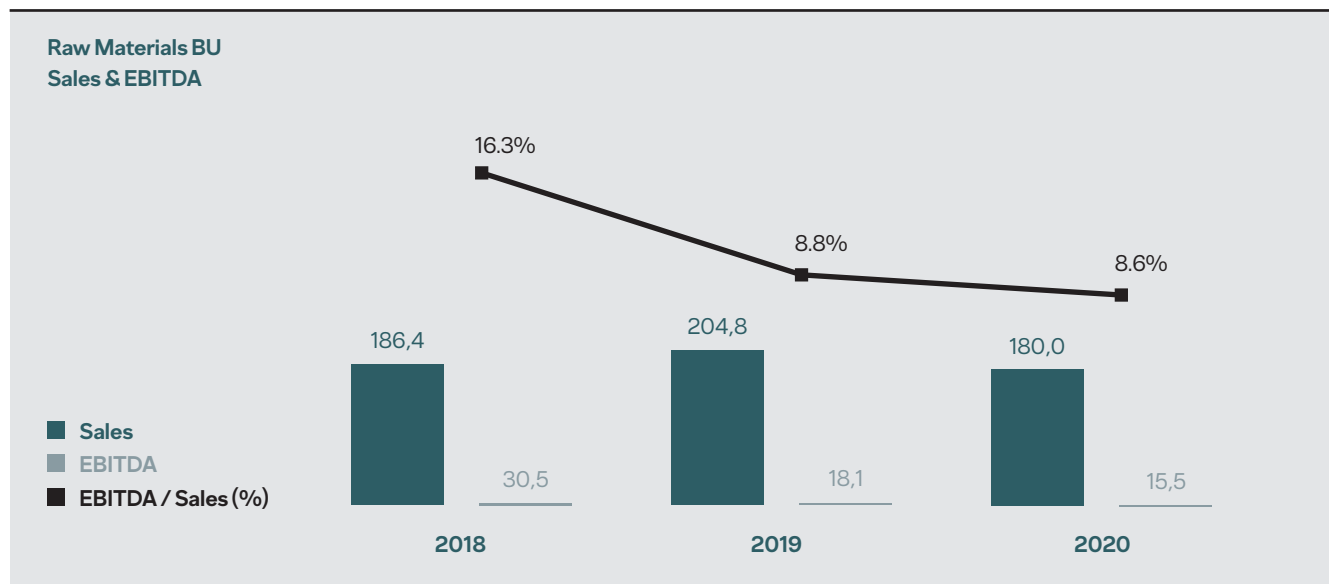
In 2020, the Raw Materials BU implemented an industrial scaling up of its CORKNOVA technology for decontaminating natural cork discs, extending the technology's capacity to cover the entire production of cork discs used in the manufacture of TwinTop and Champagne stoppers. The CORKNOVA treatment system made it possible to produce and supply 1.1 billion TCA-free discs to the Cork Stoppers BU in 2020. The BU is committed to providing only CORKNOVA-treated discs in 2021.

The amount of capital invested by the BU decreased by €18 million. This reflected the reduction in the purchase price of high quality (*amadia*) cork compared with the previous year as well as a reduction in stock levels (both at its units in Portugal due to the purchasing strategy adopted, and at its units in North Africa, following the postponement of cork adjudications for the 2020 purchasing campaign)

In 2020, the BU re-energised its Forestry Intervention Project by drawing up a plan focused on three key areas:

- Forest Management, with the aim of coordinating new plantations and giving owners technical forestry support. The work carried out so far aims to compile existing knowledge on various topics and produce supporting documentation with practical applications, both in existing cork oak estates (*Montados*) and in new plantations. The forest management office also plans to consult forest-based producers on a range of topics including pest treatments, fertilisation and pruning;
- Applied Forestry R&D, with the aim of creating a centre of excellence in cork oak research and of carrying out applied research on the impact of irrigation, fertilisation, nutrition and soils on the cork oak. To date, several cork oak plantations have been set up to study surface and depth irrigation methods, the impact and effectiveness of different amounts of fertilisers on the growth of cork oaks, as well as the evaluation of productivity and the improvements, economic viability and techniques involved in managing cork oak plantations subject to irrigation. These initiatives will enable the BU to define the best protocols for developing future cork oak plantations;

- Pure Forest R&D that aims to develop cork oaks+ (trees that are better adapted to emerging climate scenarios, pests and diseases) by means of a cork oak improvement program. Ten specimens of cork oak+ trees from different origins and soil-climate conditions were selected by phenotype to establish a multiplication and improvement program. At the same time, a program is being developed to find and identify genetic variations associated with phenotype characteristics of interest that, in the future, will enable the identification and selection of individual cork oaks adapted to different conditions, such as pest resistance and drought tolerance.



## 2.2. CORK STOPPERS

In 2020, the world wine market moved to a situation that could be characterised as extremely turbulent, with direful predictions being made of losses and destruction caused by the pandemic, of a fall in disposable income and changes in the norms and habits that govern the usual functioning of the economy. At the end of a year of uncertainties, however, the outcome was not as dismal as had been predicted as world production increased by about 1% compared with 2019.

It should not necessarily be considered a bad year for the industry, taking into account the context of geopolitical tensions, climate change and the COVID-19 pandemic that generated such a high degree of volatility and uncertainty in the world wine market.

Although on-premises wine sales were hit hard, off-premises and online sales decisively offset the loss. The outcome was a year with results similar to those of 2019. Consumption increased overall supported by online sales in markets where regulations permitted this channel, with younger and more dedicated consumers leading this trend. Digital distribution channels, boosted by the pandemic, are now here to stay and will grow, a development that will inevitably redraw the industry's distribution map.

However, some data has raised concerns about the sustainability of this growth, given the deteriorating economic environment and potential pressures on household income in the coming months. To date, many consumers have been buying wines from lower-priced segments to control their spending. This has supported the increase in volume purchases as consumers return to more traditional and reliable brands at the expense of less well known and more expensive

products.

Consumers have also shown a propensity to make savings in their broader economic behaviour, a tendency that is expected to grow stronger in the coming months as households prioritise economising over making major purchases, thereby postponing spending on non-essential goods.

The global wine market is expected to grow at a compound annual growth rate (CAGR) of 5.8% over 2020-2025, driven by health benefits, "premiumisation", innovation and increasingly advanced and global distribution channels. Demand for new flavours and more exotic consumer preferences are also likely to fuel the growth of the wine market. The Asia-Pacific region is expected to see rapid growth due to an increase in the number of companies producing wine in China, India and Japan. Increasing demand for premium wines and increasing Westernisation are also expected to drive the growth of the wine market in this region.

Among future market trends, the following stand out:

- Increased demand for sparkling wines - Wineries around the world are launching varieties of sparkling wines under their brand names in an attempt to stay ahead of the competition and raise and sustain consumer interest. The sparkling wine segment is fragmented among a large number of producers, wineries and distributors. In addition, the offer in different price segments has made it a drink of daily consumption that is increasingly being appreciated as an accompaniment to food, consumed in bars and in the privacy of consumers' homes. The prestigious brands in the Champagne world continue to



lead the sparkling wine segment, but a remarkable space has been created for a wide range of flavours and origins, which have strengthened the weight and importance of this segment in the international market;

- Increased wine consumption in the Asia-Pacific region and Latin America - the Asia-Pacific region leads the demand for wine, with China being its main market. Australia is the second region in the Asia-Pacific region in terms of wine consumption, followed by Japan. India is the country with the highest growth rate in wine consumption, which reached 7.3% in 2020. The Philippines, South Korea and Vietnam are the other potential markets for wine consumption in the Asia-Pacific region. Brazil and Argentina are also key countries with future growth prospects in the wine market. Consumption in both countries is mainly driven by an expanding middle class, coupled with marketing campaigns run by large importers that seek to promote the culture of wine consumption, especially in Brazil;
- Competitive scenario - The global wine market is fragmented, having a large number of players in several countries, although there has been a high level of consolidation within the industry, with companies with an international dimension strengthening their positions in the main production and consumption markets. These companies have a significant market share, due to their wide range of prices and products supported by robust and systematically innovative distribution channels. The market has become increasingly global in scale, with borders becoming mere administrative formalities.

Sustainability is another issue that will be high on the agendas of producers and consumers, lending greater importance to wines produced in keeping with the social and environmental commitments that the concept requires. Demand for lighter and less resource-consuming glass packaging that is also more convenient is in line with these concerns. Organic wines have continued to evolve and are becoming increasingly important in the global market.

Time is of the essence for the Cork Stoppers BU, which is striving to combat the immediate impact of COVID-19, while at the same time laying the foundations for a robust future. Being a resilient business, it has proved itself capable of responding and quickly adjusting its structure to the new requirements of its customers and the business.

The year 2020 was characterised by a drop in activity, due to the pandemic and the restrictions that resulted from it. The impact was strongest on the sparkling wine segment and on natural cork stoppers due to the falloff in social celebrations and a desire among customers to make savings, which led them to lower-priced product segments.

It was also a year of adapting to the new forms of social and economic organisation that characterised the new period:

- Managing and working remotely using video-conferences and teleworking; dealing with maintenance challenges and improving the efficiency of the BU's operations, while, as a key priority, upholding the usual level of customer service. The BU's highly positive response demonstrated its capacity to adapt;
- The need to accelerate the BU's digital transition in order to provide greater control over processes and more timely information. Monitoring activities and injecting intelligence into business processes are increasingly

becoming a basic requirement of any efficient business and consequently became a greater focus of attention in 2020;

- The supply chain had to adapt to the reality of digital trading; faster service processes has also become a basic and challenging requirement for businesses such as the Cork Stoppers BU, which still has a traditional dimension that needs to evolve quickly;
- Opportunities to review some of the organisation's standards and to reinvent and improve processes.

A long cycle in the search for a definitive solution to the sensory issues of the BU's products ended in 2020. The Xpur® and Naturity® technologies, now implemented, provide a basis for projecting and enhancing the future of the business from a perspective that is more focused on customer service and on improving the distribution chain.

In keeping with global awareness of environmental and energy problems, sustainability issues, the DNA of the BU's product portfolio, have gained a decisive importance in the argument for and in the comparative advantages of cork stoppers compared with other bottle closures. As a consequence, the obligation to foster a culture of sustainability and highlight its advantages to the organisation has become even more urgent and important.

R&D activities focused on highlighting the intrinsic qualities of the BU's products and on participating in the implementation of the Xpur® and Naturity® projects.

#### **In 2020, the following developments deserve highlighting:**

- Concluding an important phase in the search for sensory improvements with the completion of the Xpur® and Naturity® projects;
- Implementing SAP in overseas-based companies of importance to the BU, a highly positive process of change that is key for developing business and management information processes;
- Strong commitments in relation to the cyclical uncertainties triggered by the pandemic - the BU's responsibility to its customers was management's top priority, together with ensuring the social balance between production and distribution requirements on one hand and the risks to the employees that sustain the business on the other;
- Communication with customers through digital media, one of the challenges of the pandemic, was successfully developed and strengthened;
- Increased demand for NDTech corks and a significant drop in sales of natural corks, one of the segments strongly penalised by the pandemic, was strongest in France, Italy and Spain;
- After three years of significant fluctuations in the cost of raw materials, there was a degree of recovery in 2020 that enabled the BU to stabilise price increases for end customers;
- The pandemic had a significant impact on sparkling wine segments, leading to cyclical adjustments by production and distribution companies;

- A greater focus on the evolution of invested capital, with a positive impact on inventories and the value invested in customers;
- The BU's energy efficiency programme was stabilised and integrated into its strategy for sustainability, with improvement teams remaining aligned and focused.

Sales dropped 5.7%, a reduction of €31.8 million compared with 2019 and a decrease of 168 million in the number of units sold (-3.1%). The logistics chain was strengthened, with implications for the BU's cost levels, in order to guarantee a service that was adapted to the constant cyclical changes to which customers have been subjected due to fluctuations in demand.

Overall, the pandemic had a negative impact on the reference wine markets, with France accounting for about 50% of the total drop in sales. France was strongly affected by the crash in the Champagne region and by the national restrictions imposed during the pandemic. For the same reasons relating to the pandemic and its impact on sparkling wine sales, Italy and Spain were the hardest hits markets after France.

The US market grew 1.4% compared with 2019, despite a negative US dollar exchange-rate impact of €2 million on sales.

Sales to the **still wine segment** dropped 3.8%, representing 41.5% of the fall in the BU's total sales. In a market in which consumers were seeking savings and consumption was dropping, higher-priced products suffered the most significant decrease in sales. This is reflected in the fact that the decrease in volume sales in the still wines segment was only 0.7%

The French, Italian, Spanish and German markets posted significant losses, while sales increased in the US and Argentina. It should also be noted that the product mix changed significantly in some markets due to the pandemic. This was the case in Italy, where there was a 4.3% increase in volume sales and a 4.2% decrease in sales revenue. NDTech Stoppers achieved notable sales growth of 16.2% in value and 14.2% in volume, validating the BU's focus on servicing the requirements of reference customers in the high-end segment of the world wine market. Advances in manufacturing processes, particularly qualitative and sensory improvements, were decisive in upholding volume sales in this segment.

Sales of **natural cork stoppers** fell 7.5% compared with 2019, reflecting a €3.8 million drop in sales to the French market and a €3.2 million reduction in Italy. As a key product for the sustainability of the business, natural cork stopper sales were heavily affected by the impact of the pandemic in countries with a strong dependence on exports and which saw their bottling and sales cycles compromised.

Sales of **Neutrocork stoppers** increased 11.7% compared with 2019, the highest sales growth in the still wines segment. The product stands out for its quality-price ratio, being an excellent solution for low and medium rotation wines. It has enjoyed widespread growth in the world market, with the US, Italy and Argentina standing out as the most representative markets. In view of the pandemic in 2020 and the exceptional quality of the product, Neutrocork stoppers proved to be an appropriate solution for companies seeking to reduce costs in the wine industry supply chain.

Sales of **Twin Top stoppers** fell in the US, mainly as a result of being substituted by other products made by the BU, mostly by large customers with an international dimension. The Twin Top Evo stopper stands out as a product that has been repositioning itself in a medium-high segment and for higher-priced wines.

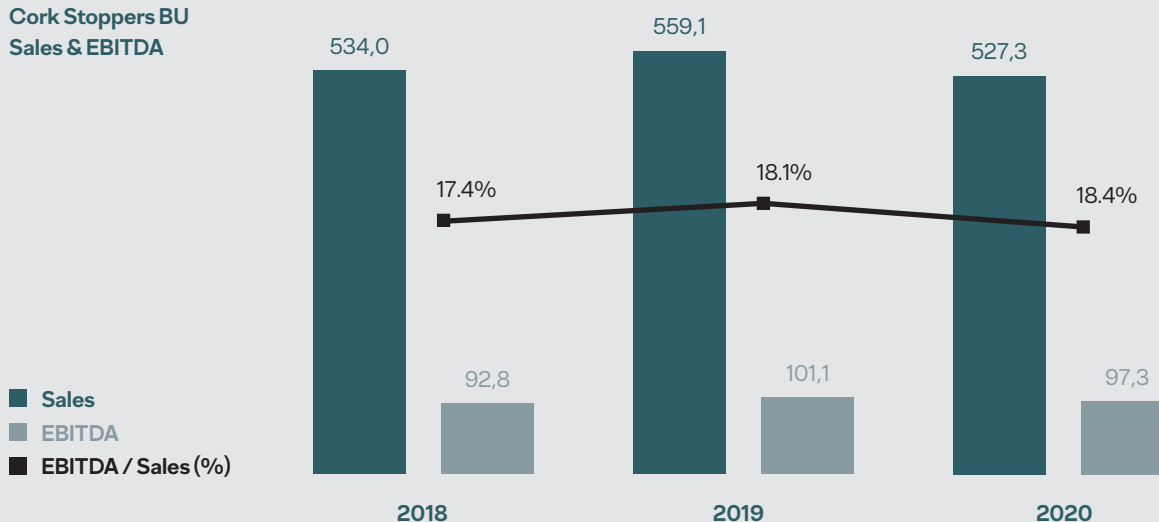
The **cork stoppers for sparkling wines** segment suffered the biggest drop in sales, mainly due to the pandemic. Reflecting the absence of celebrations and socialisation, sales fell 8.7% in value and 7.2% in volume. The sales mix also suffered, mainly due to the sharp reduction in activity in the Champagne region.

Despite the BU's well established presence in the world market, built on service, availability and product quality, the pandemic and related confinement measures made it impossible to recover the sharp drop in sales in France, Italy and Spain.

In the **cork stoppers for spirits segment**, sales fell 5% in value and 6.7% in volume. Although the concept of the digital bar has gained many adepts around the world, the lack of socialising in actual bars and restaurants played a decisive role in reducing sales in this segment during 2020. Despite sales growth of 24.6% in the US, the drops in sales in markets such as France and the UK were bigger than the growth in sales in markets that expanded.

The **gross margin** fell by only 2.6% compared with 2019, despite the negative impact of lower sales volumes and exchange rates. Operational gains were made in terms of raw material consumption and stabilising production processes, particularly with regard to NDtech. On the other hand, small corrections were made in the lower raw material costs relating to natural and technical corks, in contrast with 2019. The sales mix effect, although unfavourable for natural corks, played an important role in alleviating concerns about technical stopper sales.

#### Cork Stoppers BU Sales & EBITDA



Operating costs decreased by 1% compared with 2019. The pandemic led to exceptional cost reduction measures, required, in great part, because of the drop in sales.

The decrease in activity levels was not offset by the reduction in operating costs, resulting in a 4% deterioration in the operating costs-sales ratio.

Despite the slowdown in activity, the BU continued its digital transition process, with an associated increase in costs.

The main cost increases were in distribution and were mainly related to air transport at times of peak market demand, which the BU considered strategic. Efforts to adapt employees to the new reality created by the pandemic did not offset the BU's drop in productivity. There were also significant reductions in variable costs, particularly in relation to commissions, travel and advertising. A decrease in customer impairments was also of note.

EBITDA decreased by 3.8% to €97.3 million. The EBITDA-sales ratio, however, improved by 0.3 pp, increasing from 18.1% to 18.4% in 2020. Invested capital increased by €31.6 million, mainly due to a €39 million reduction in current liabilities (reflecting lower purchases of raw materials due to the drop in activity). Current assets decreased by €13 million, largely due to a €16 million reduction in inventory. The average payment collection period increased by two days, despite a greater focus on this process in 2020.

### 2.3. FLOOR AND WALL COVERINGS

In 2020, sales by the Floor and Wall Coverings BU increased 3.2% compared with 2019, with sales of manufactured products growing 2.3%. The growth in sales of manufactured products was related to the new generation of Amorim WISE products, a line launched in 2019, which befitted strongly from its sustainability credentials and established itself as the BU's third largest selling product category. The successful launch of the Wicanders Start programme in two versions, traditional Core and the water-resistant Core, enabled the BU to expand its coverage of the most price sensitive market segments, resulting in a considerable amount of additional sales.

After a negative 2019 characterised by a drop in sales and the costs of developing the new generation of Amorim WISE products, growth resumed in 2020, particularly in Europe, despite the pandemic.

Europe stood out in terms of markets, with a resumption of growth in 2020, particularly in Germany. Geographical regions performed differently in terms of results, reflecting the evolution of the pandemic and the confinement measures imposed by different governments at different times. In countries such as France, Italy and Spain, the pandemic hit hard in the spring of 2020, having a significant impact on sales, which did not recover in the second half. In Scandinavia, where the pandemic had less impact, growth was above 15%.

Outside Europe, Russia imposed a strict lockdown that affected the retail segment served by the BU's local representatives and had a strongly negative impact on sales. On a more positive note, sales in the US grew significantly, leveraged by the new generation of Amorim WISE products and by the development of retail chains.

In terms of marketing, the BU adapted to the new context and to the outlook arising from an expected change in consumer decision-making, with a strong focus on digital interaction rather than traditional face-to-face product promotion. In 2020, the BU consolidated the implementation of its customer relationship management system, improving the integration of activities, project monitoring, customer segmentation and communication through both the e-business platform and the B2B portal.

In regard to product development, an upgrade of the Hydrocork range and an expansion of the Amorim WISE range were consolidated in line with the BU's strategic agenda for promoting sustainability, with special emphasis on negative carbon balances, including solutions for different market segments, from floating cork solutions - CORK Pure Floor & Wall - to the new Wood Pro solution aimed at contractors.

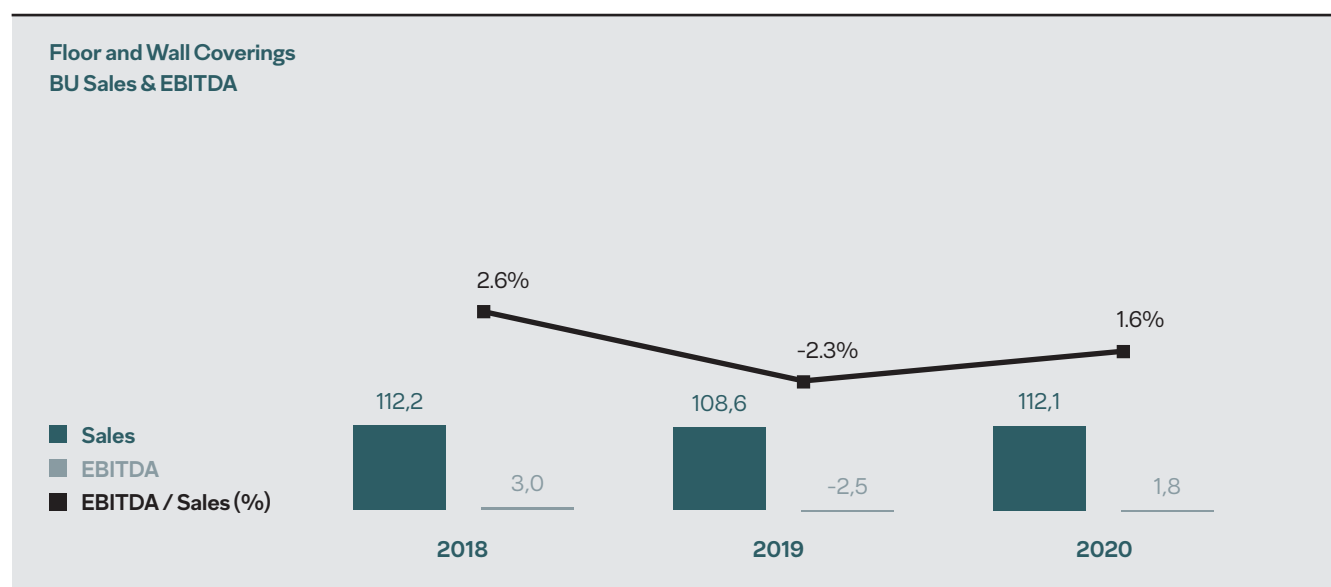
At the industrial level, the BU's strong commitment to product quality continued, as well as its concern with cost competitiveness. Reflecting a clear improvement in the rejection and complaints rate and an increase in the efficient use of raw materials, the BU made significant gains in its gross margin, representing an increase of 3 pp. The positive recognition of the BU's efforts to achieve operational excellence, reflected in its quality systems certification (ISO 9001) and environmental certification (ISO 14001), also deserves highlighting.

A new approach to stock management, together with the rationalisation of the BU's product offer, expanded the scale of



manufacturing batches, improving the different components of industrial productivity.

In terms of information systems, the new SAP ERP was implemented successfully, including connection, in real time, to the shop floor data collection and control platform. These new technological structures provide more accurate, detailed and timely information.



## 2.4. COMPOSITE CORK

The Composite Cork BU's turnover fell 8.9% in 2020 compared with 2019 to €95.2 million.

The coronavirus pandemic, which hit many of the BU's markets, contributed to this drop. The exchange rate environment was also less favourable. Operational difficulties resulting from the implementation of a new ERP, including stoppages of two weeks in Portugal and one week in the US also weighed on the outcome.

The main profitability indicators relating to raw material and industrial costs remained stable compared with 2019. This contributed positively to the BU's growth in new product sales, typically with higher margins than the global portfolio average. Some reductions in incorporated material costs also made a positive contribution. On the other hand, performance in this area was negatively affected by the unfavourable exchange rate effect.

In summary, due to:

- Markets performing considerably below 2019 levels because of the pandemic;
- Some reduction in operational efficiency (due to the impossibility of adapting production structures by the same degree as activity decreased);
- Higher distribution costs (transport); and
- A greater need for resources in areas supporting digital transition projects;

EBITDA decreased considerably compared with 2019 to a total of €8.3 million, resulting in an EBITDA-sales ratio of 8.8%, down from 11.9% in 2019.

The BU's activity was significantly affected by the COVID-19 pandemic. Total lockdowns were imposed in many of the large geographical markets it serves, resulting in a sizeable impact on turnover.

From the outset, the BU allocated resources and implemented measures with great determination to guarantee the necessary safety conditions for face-to-face working and the continued operation of its industrial units. This included the availability and mandatory use of personal protective equipment, the widespread use of virtual meetings, adapting work spaces to ensure the necessary social distancing, and disinfection routines and phased timetables for facilities and equipment. Whenever possible, teleworking was made the norm outside the industrial area.

Immunity from the general context of the pandemic, however, was impossible. The absenteeism rate in Portugal increased significantly and the BU was frequently faced with temporary casualties in its teams, particularly on the shop floor. This destabilised the organisation of production lines and shifts, requiring the allocation of additional resources and sometimes leading to production delays. The constant uncertainty that everyone, including customers, experienced sometimes required changes in production planning and the supply chain, which also had an impact on operating costs..

Finally, close and regular contact with customers (existing and potential), relationships essential for developing expansion projects and presenting new products, two critical factors for the success of the BU, had to be interrupted, thereby damaging commercial performance.

Particular circumstances characterised 2020 that disrupted the conditions necessary for normal business activities and strategy planning. Nevertheless, the BU continued to implement its business plan, with particular emphasis on the following strategic initiatives:

- Organic growth projects aimed at geographical expansion in terms of segments as well as the geographical replication of specific segments;
- Systematic development of policies for improving the BU's ability to acquire new customers;
- Creating and implementing action plans aimed at recovering business that had fallen off or been lost in the recent past;
- Developing and promoting more differentiated product ranges, taking advantage of the innovative materials and technologies available in the BU;
- Continuing the multi-annual programme for transforming the BU's operations area, using new resources, capacities, skills, working methods, communication methods and strategic alignment;
- Continued implementation of a multi-year digital transition project for industrial operations, including the implementation of a Manufacturing Execution System (MES), using manual records on the shop floor and moving towards generalised automatic data collection;
- Implementation of measures to optimise and reduce operating costs in areas including consultancy, travel and accommodation, and indirect structures;
- Strengthening the BU's commitment to sustainability as a central pillar of its value offering, supported by product certifications and increasingly exemplary internal practices;
- Continued implementation of the "ACC Academy" as the guarantor of core skills;
- Updating transactional information and analytic systems to ensure greater efficiency, integration and visibility.

In 2020, the Composite Cork BU installed new ERP (SAP) systems at its Portuguese and North American units. This marked the conclusion of a demanding and complex process involving significant material and human resources over several months. In addition to the new ERP, other complementary computer applications also went into operation, with particular emphasis on digitalising production execution and control.

Enormous changes were made across the whole organisation over a short period. Even after strengthening the BU's strongly committed workforce, it proved impossible to eliminate or mitigate every initial negative impact that the learning curve inevitably implies, particularly in regard to customer service levels. Overall, however, these were quickly restored.

The year 2020 was also marked by the creation of another joint venture, CORKEEN EUROPE. The BU views partnerships as a privileged means of developing the potential of markets more quickly by tapping into the partner's indispensable specific knowledge of a particular segment or application. This knowledge benefits the BU's capacity to develop, produce and distribute cork composites. CORKEEN EUROPE was created with the aim of introducing a revolutionary concept in children's playground flooring to the European market. The cork-based system has safety, accessibility and sustainability advantages and requires installation by duly qualified and accredited professionals.

Sales varied between different geographical regions. In the US, the drop in sales was below the overall average despite the depreciation of the dollar. In Europe, the evolution of sales was closer to the global average. In the other geographical regions that account for a smaller share of total turnover, sales declines were significantly larger in relative terms.

The BU operates in 25 different segments, its core business being the supply of materials in which cork adds a factor of differentiation and value-creation.

Although consolidated sales decreased, not all segments recorded a drop in sales compared with 2019 and not all decreases were of the same magnitude. In the BU's six priority segments (designated according to their growth potential), which accounted for approximately 47% of total sales in 2020, the overall variation was relatively insignificant. Within this group, the three fastest growing segments in 2019 (Sport Surfaces, Resilient & Engineered Flooring Manufacturers and Home Improvement Retail) also showed signs of vitality in 2020 and even registered some sales growth.

In a more systematic comparison with 2019, the following are the most significant variations for each of the BU's clusters:

In 2020, the Industry cluster again led the BU's turnover, representing 39% of consolidated sales. However, following a 2.7% drop in sales in 2019, this group of segments recorded a 12.4% fall in sales in 2020, a larger decline than the Retail and Construction clusters.

The largest drops in sales revenue were recorded by the following segments: Footwear (-25%), Cork & Corkrubber Manufacturers (-33%) and Multi-purpose Seals & Gaskets (-15%). In the latter two cases, the fall in sales revenue was even larger than the drops they registered in 2019. Despite its negative performance in 2020, the Multi-Purpose Seals & Gaskets segment is the largest in this business area.

In the **industry cluster**, the growth of the following segments deserves mention, all of which partly recovered losses recorded in 2019: Cork Specialists (+10%), Power Industry (+6%) and Automotive, Auto Parts & Other Vehicles (+3%).

The **retail cluster** remained the second most important in terms of sales, representing 35% of turnover. Overall, sales by this cluster decreased 5.9% compared with 2019. Performance was hit hard by significant falls in sales in the Construction Speciality Retail (-29%), Distributors of Flooring & Related Products (-5%) and Home & Design Products (-20%) segments, the latter registering a second consecutive year of falling sales after 2019.

On the positive side, the segments that recorded the most significant sales growth in value terms were Home Improvement Retail (+13%), Leisure Goods (+43%) and Broadline Retail (+1%). Except for Broadline Retail, the other two segments repeated the sales growth pattern observed in 2019.

Distributors of Flooring & Related Products remained the largest segment. It registered a 4.5% drop in sales compared with 2019, after growth of 2.3% in 2019 compared with the previous year.

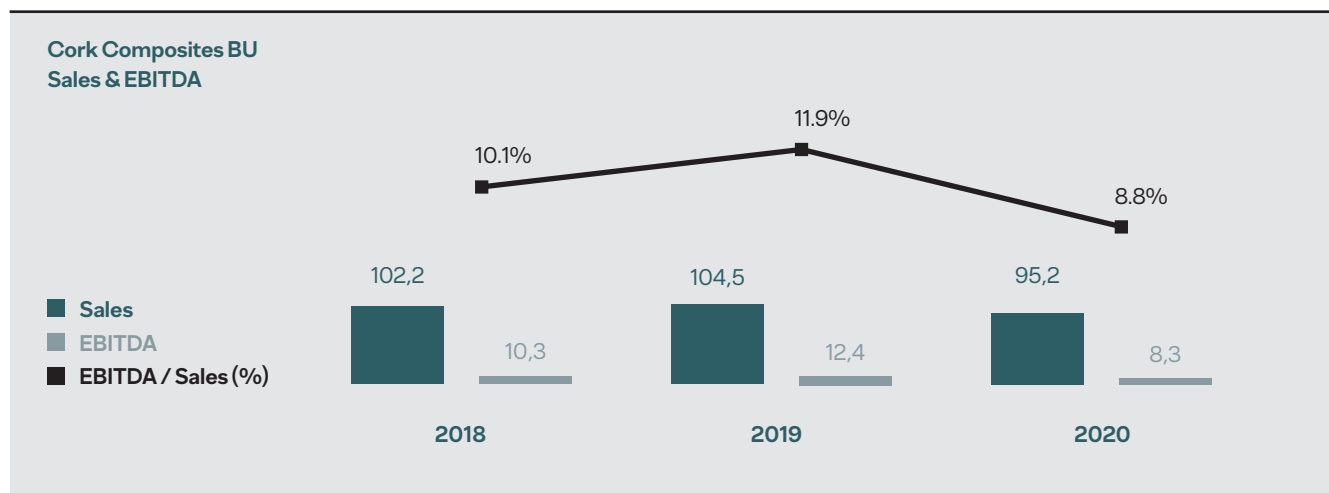
The **construction cluster** now represents 26% of the BU's turnover (24% in 2019), its sales having fallen only 3.8%, the lowest drop of the three clusters.

The positive sales contribution of the following segments also merits highlighting: Resilient & Engineered Flooring Manufacturers (+6%)

and Sport Surfaces (+7%). Building Materials & Fixtures (-16%) and Heavy Construction (-15%) recorded the largest drops in sales.

The BU further increased its invested capital in 2020, despite a reduction in the last quarter. In comparison with the end of 2019,

there was also a further increase in net fixed assets, mainly reflecting investment in information systems and technologies. Stock reductions over the year were insufficient to offset the negative impact of other items, particularly exploration liabilities, which also decreased considerably.



## 2.5. INSULATION CORK

In 2020, sales by the Insulation Cork BU totalled €12.3 million, reflecting a fall in sales volume of about 12.8% in relation to 2019. Excluding sales to other Group BUs, the reduction was 14.8%. The COVID-19 pandemic negatively affected the positive evolution of recent years.

EBITDA increased in comparison with 2019 (€0.9 million in 2020, compared with €0.2 million in 2019), benefiting from a reduction in the consumption price of raw material cork and operational improvements made over recent years.

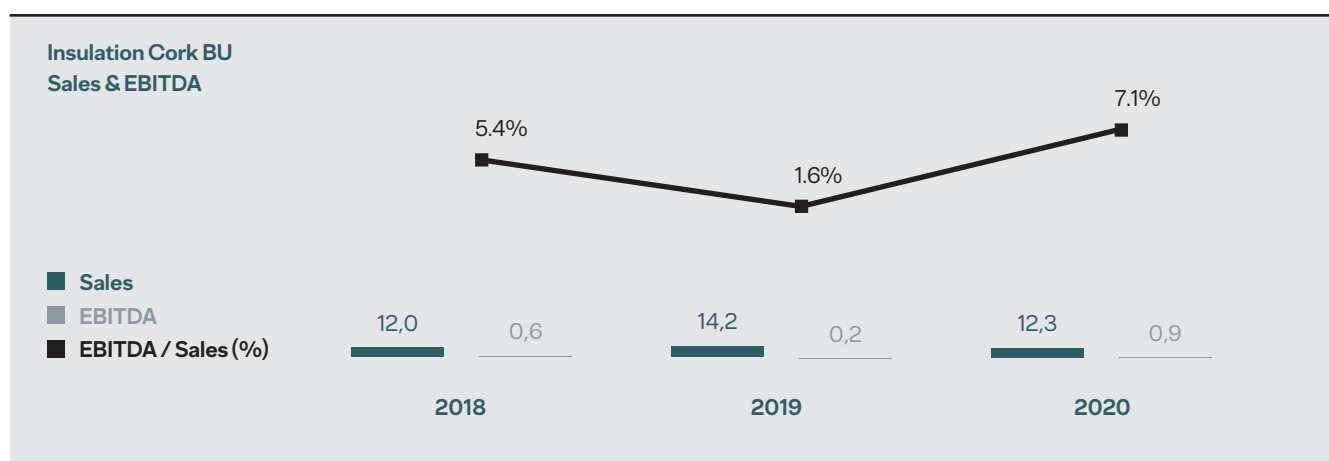
In regard to operational efficiency, industrial and logistics optimisations were made with a view to more rigorous cost controls and investing in the continued improvement of the BU's industrial units.

Due to the global pandemic, the BU did not move ahead with initiatives designed to highlight the benefits of expanded cork agglomerate solutions, as it had done in previous years. In spite of such limitations, however, the following initiatives were carried out:

- Expanded agglomerate was applied to the vertical green walls of the Belém Cultural Centre (CCB) in Lisbon,

designed by the architect Francisco Caldeira Cabral in cooperation with the CCB team. Part of the Lisbon-Green Capital of Europe 2020 programme, the new garden at CCB is part of the José Saramago Way. Inspired by the mountainous peaks of Vietnam, the vertical garden embodies contemporary themes of sustainability, ecology and urban density. Although recent, the structure is already home to several species of insects and birds. Its unexpected presence as part of an emblematic, stone-covered building, causes surprise and humanises the space, creating a highly positive impact on visitors to the CCB. Although it is an ephemeral construction, the garden has already earned its place at the iconic building;

- Portuguese Presidency of the European Union (Lisbon) - The BU provided cork for installations in the space where the reception for the participants in this event was held. The genuinely Portuguese material highlighted the acoustic and aesthetic properties of expanded cork agglomerate;
- Klimahouse (Bolzano, Italy) - The BU participated in this building materials/sustainable construction solutions fair.





# [3] Forestry Intervention Project

The Forestry Intervention Project, which Corticeira Amorim has been running since 2013, aims to ensure the maintenance, continuation and improvement of cork oak forests and, over the medium term, thereby increase the quality and quantity of cork produced with a view to making cork oak estates (*Montados*) a competitive option for forestry businesses.

Using the adage “build the future, care for the present”, the project has been seeking solutions for preserving, improving and making existing areas of cork forest more resilient. The aim is to increase the area of cork oak plantations, using technologies and trees capable of resisting projected climate scenarios.

Desertification caused by climate change and human activity is probably one of the biggest long-term challenges facing Europe, and in particular the south of the Iberian Peninsula. Studies show this area is frequently affected by soil erosion, salinisation, loss of organic carbon from the soil, diminishing biodiversity and landslides. The unequivocal role that the cork oak plays in combating desertification has been confirmed by international studies, such as the joint report carried out in 2008 by the World Wildlife Fund and the Baeta Neves Centre for Applied Ecology at Portugal's Higher Institute of Agronomy (ISA). The study, called “The Cork Oak: A Barrier Against Desertification”, states explicitly that: “The cork oak is a fundamental instrument in combating desertification in Portugal and could play a decisive role in preventing soil degradation, benefiting biodiversity and averting the damage caused by climate change.” Corticeira Amorim intends to play an important role in combating desertification by promoting new cork oak plantations.

The cork oak also acts as a barrier against the spread of fire, meaning that reforestation and the planting of new areas of *Montado* will help mitigate the scourge of forest fires in southern Europe, as well as the continuous thinning out of forested areas that puts local populations and economic activities at risk.

Finally, and no less importantly for the sustainability of the sector, the creation of new cork oak plantations is aimed at responding to a market context characterised by worldwide growth in the use of different cork applications, making it essential, over the long run, to increase cork production.

While the focus on installing new cork oak plantations is extremely important for combating climate change and desertification effectively and ensuring business sustainability, the continuation of research projects focused on: (1) improving the cork oak by selection and simultaneously linking genetic markers to the desired phenotype characteristics, and (2) extending knowledge of causes

and solutions in the fight against pests and diseases, also remain a key strategy for ensuring, from the outset, an effective survival rate of new plantations as well as their cork-producing longevity. In 2021, Corticeira Amorim plans to conclude a phase of producing cork oak trees adjusted to different territories and climates in order to increase the level of success of new plantations.

The need to transform the *Montado*'s value equation is another action line included in the forestry intervention programme. The introduction of new silviculture models based on increasing the number of trees per hectare - together with the use of installed irrigation systems until the first extraction of virgin cork, thereby reducing the first production cycle from the current 25 years to about 10 years - will enable new cork oak plantations to achieve a high degree of competitiveness compared with other forest species.

In addition, the *Montado*'s sources of income need to be increased by encouraging the creation of a legal framework that provides for the correct remuneration of so-called “positive externalities”, particularly the contribution that existing and new cork oak plantations make to carbon sequestration. The importance of *Montado* areas and the cork oak to Portugal's forests is unequivocal, while investment in the forestry sector will be a determining factor in achieving the environmental goals that Portugal has set for 2030 and 2050.

In order to deepen knowledge concerning the new silviculture model through field experiments and, simultaneously, encourage forestry producers to use the new planting technology, 251 hectares of Herdade da Venda Nova estate in Alcácer do Sal in southern Portugal have been planted using these methods and the first phase of the project located at Herdade da Baliza will be planted in 2021. The proposed model for forestry production is based on two distinct strands - new plantations and densification of existing *Montado* areas - both using the new silviculture model sustained by installing irrigation during the first ten years and supported by a permanent transfer of knowledge between academia, the industry and forest production.

In this way, Corticeira Amorim is giving life to the adage “build the future, care for the present”.



# [4] Innovation, Research and Product Development

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

In keeping with Corticeira Amorim's upward path of growth and expansion, and, in particular, its proactive business strategy of continuous investment in research, development and innovation (RD&I), each Business Unit has developed its own R&D skills over the years.

## 4.1. RAW MATERIALS

In terms of industrial process R&D, the Raw Materials BU focused on two key areas: 1) product quality and 2) industrial process efficiency.

In the area of product quality, research focused on eradicating TCA/sensory and organoleptic defects in cork discs, an integral part of the global value offering for cork stoppers at Corticeira Amorim. To this end, the CORKNOVA project was implemented industrially, with the objective of developing curative processes for eliminating the compounds responsible for sensory deviations in cork. Following the excellent results obtained, the concept was expanded in 2020, ensuring that 100% of discs produced were treated in this way.

In the area of industrial process efficiency, the following innovative projects were implemented on an industrial scale:

- Automating the process of selecting the right preparation using optical vision and laser vision technologies. The next step will be based on machine learning technologies;
- An innovative new cutting technology that significantly increases cork yields in the lamination stage of cork disc manufacture.

In regard to the extraction of cork from trees, efforts were made to develop and subsequently improve a cork extraction machine, leading to the introduction of cutting-edge technology in a traditionally manual process. The results were notably positive, paving the way for further development of the technology in 2021, moving towards wider use of the equipment in the forestry sector.

## 4.2. CORK STOPPERS

NDTech technology, used to remove stoppers contaminated with 2,4,6-Trichloroanisole (TCA), by means of individual chromatographic analysis of each stopper, produced exceptional results in 2020. Contributions to this outstanding outcome included significant operational improvements that increased efficiency and equipment reliability. The entry into production of second generation equipment, the NDtech 2.0, the result of developing and improving first generation technology, made an important

contribution to the exceptional number of stoppers analysed using this technology in 2020.

As a result of its projects for decontaminating cork products of TCA and other unpleasant aromas, the Cork Stoppers BU unveiled its Naturity® and XPür® processes for treating natural and granulated stoppers respectively. These treatments are the result of years of research and development involving several departments of the BU. The results achieved enabled the BU to guarantee that every stopper in its product portfolio was free of any detectable TCA, not only, as previously, Neutrocork, Twin Top Evo and natural NDtech stoppers and stopper discs for sparkling wines. These projects led to the development of new and time-saving technologies for the individual control of stoppers and granules, enabling the BU to ensure with greater reliability that all analysed products met the intended specifications.

The evolution of bottled wines in relation to the different closures available on the market remains a focus of special attention for the BU in order to understand the important contribution that cork stoppers make to wine as it ages. From the countless comparisons in progress using different types of stoppers and closures, researchers concluded that the ageing profile of bottled wine differs according to the choice of closure. They found that natural cork stoppers tend to be more open and oxidative, while technical cork stoppers were more closed and reductive. Fine chemical analyses, carried out in collaboration with universities, have shown that the causes of these different evolutions can be identified. In 2020, these studies progressed significantly with several scientific articles being published, while new articles are in the works for 2021. These projects involve a large number of customers as well as wines of different types and characteristics and will result in a more targeted offer of cork stoppers in the future.

The BU has also studied the intrinsic aspects of cork stoppers that can contribute to the different evolution of bottled wines and several projects under way in this area obtained interesting results in 2020.

Looking to the future and aware of the importance of scientific knowledge for new developments in the field of cork stoppers, the BU finances a doctorate, in collaboration with a university, which is now in its second year. The results are promising and will certainly contribute to new developments in the not-too-distant future.

The training program, run by the technical and R&D departments, aims to homogenize and consolidate technical knowledge across the different internal teams that can benefit from it. It was upgraded in 2020 with new training modules, new training staff and new trainees, both internal and external. Employees from 33 countries participate in the programme, which has 13 different courses and a training staff of 11.

Innovative projects were launched in 2020 in the area of cork stoppers for sparkling wines that will bear fruit in the coming years. Innovative technologies for controlling the quality of the stoppers were tested, using much faster and more precise techniques. New triage solutions were also developed, for which pilot bottling trials will begin in 2021.

Important gains in operating efficiency as well as reductions in costs and water consumption were achieved in relation to the process of "washing" cork stoppers. A new process known as the "zero wash", which makes it possible to "wash" and disinfect stoppers without using chemicals, was validated and its technical dossier approved by CE Liège. In support of Corticeira Amorim's commitment to sustainability, use of the new process is expected to begin in 2021. In 2020, research relating to the Amorim Top Series focused on

developing more sustainable solutions - the RE range. This range, which comprises four different options, is already available on the market.

### 4.3. FLOOR AND WALL COVERINGS

In 2020, the Floor and Wall Coverings BU continued its strategy of adding value to cork, a natural, renewable and recyclable raw material, by creating sustainable products with added value for the global flooring market.

The Amorim WISE range is an excellent example of the values of sustainability and environmental responsibility espoused by the Floor and Wall Coverings BU, given that the products contribute positively to the environment by having a negative carbon balance. In 2020, the WISE Glue Down line was launched for commercial areas. The great challenge of this development was to create a stable, flexible product that is resistant to water and fire, while at the same time meeting every legal norm and requirement. In the same area of fire resistance, a new version of Dekwall was launched, also using fireproofing agents that meet every legal requirement.

The CORK Pure Floor & Wall solution, part of the Amorim WISE range that features the Signature collection, was also launched in 2020. This collection enables purchasers to customise their selection by choosing between 17,000 possible combinations, resulting in unique choices adapted to the surrounding environment. This product range is the result of combining 17 different natural cork-based looks in 31 colours with different finishes, dimensions and thicknesses. In the same range, the Stone Pure solution using digital printing on cork agglomerate, in which the texture and appearance of the cork remains visible, was also launched. It is now available in new sizes and with a more resistant surface finish.

After the consolidation of the new version of Hydrocork, Resist ECO, a technical PVC-free product was launched as an alternative to luxury vinyl tiles (LVT)-high density fibre board (HDT), having the same level of wear- and fire-resistance as these products. This solution made it possible to eliminate the entry level version of Resist + (LVT-HDF), thereby strengthening the Floor and Wall Coverings BU's commitment to sustainability. Two collections in stone plastic composite (SPC) with a cork underlay/backing were also launched. These products stand out not only for the quality of their looks, but also for the dimensions in which they are available: standard format 1220 mm x 185 mm and XXL 1830 mm x 200 mm.

The INNOP25 programme dedicated to developing ground-breaking sustainable products that are destined to become benchmarks in the flooring sector in terms of both efficiency/performance and environmental impact will be launched in 2021.

### 4.4. COMPOSITE CORK

In 2020, the Composite Cork BU focused its innovation activity on:

- Advancing its circular economy project;
- Developing new technologies for processing cork composites using hot lamination, extrusion, injection and moulding;
- Developing new applications, with a focus on resilient floors for playgrounds.

The first two areas of intervention made it possible to prototype and develop new composite materials focusing on the intrinsic characteristics of cork and combining it with other natural or synthetic materials, whether pure raw materials or industrial by-products. The BU has in recent years been strengthening its sustainable footprint and its focus on the green economy, in this case using industrial synergies and circular economy principles.

The possibility of combining cork with other materials is a priority area of development for the BU that will make it possible to create new applications, improve the performance of the materials currently used in applications and respond to the growing market demand for materials to replace plastics.

New granulation, composition, extrusion, mixing and thermoforming technologies have taken on special importance in this area. These have been natural developments in other industrial sectors, but were little explored in the cork sector. They are now available, however, on a prototype scale at the iCork Factory pilot unit.

Product life cycle management, cork-based composites and new technologies will continue to be priorities in the years to come, together with the search for new, profitable and sustainable applications for the Composite Cork BU.

### 4.5. INSULATION CORK

In 2020, the Insulation Cork BU continued the development cycles begun in previous years related to R&D projects in consortium. These projects are part of its cork development and innovation strategy through the creation of new applications that add value to raw material cork.

In 2020, it consolidated the Evaporcork project, developed in partnership with IteCons and particularly important in the current context of climate change, with a view to responding to the increased cooling requirements of buildings without limiting urban growth. The project is based on developing a passive cooling system capable of cooling façades covered with expanded cork agglomerate, thereby mitigating heat levels in cities in hot and dry climates and increasing opportunities for recovering insulation corkboard (ICB) coverings.

EvaporCork comprises an innovative construction solution that uses cork in applications of greater added value, particularly with a view to:

- Developing an evaporative system that, without using mechanical ventilation equipment, is capable of cooling façades covered with expanded cork agglomerate insulation;
- Using an irrigation system and sensors for control and automation, thus ensuring the correct level of dampening of the cork, according to the environmental and climatic conditions;
- Incorporating a rainwater collection system (including filtration) as well as a surplus water collection system for recirculation;
- A feasibility study of the system using sensors with a view to detecting and mitigating the outbreak of fires.



# [5] Amorim Cork Ventures

Amorim Cork Ventures (ACV), Corticeira Amorim's business incubator, has accompanied the rising interest of entrepreneurs and start-ups to develop cork-based products, receiving business proposals received through the outlets that it has made available for this purpose.

Since its foundation in 2014, the ACV has received more than 370 applications, supported more than 20 projects (ten of which remain active). Eight patent and utility models applications have been submitted and three start-ups remain in ACV's investment portfolio.

Sales by ACV's subsidiaries exceeded €1.8 million in 2020, more than 80% of which were outside Portugal. After more than five years in which the ACV has allocated its resources (human and financial) to the development of new cork businesses and cork applications, including projects in the embryonic phase of prototyping and proof of concept, the incubator's resources have gradually been steered towards developing the start-ups that remain in its investment portfolio to help them prosper.

In 2020, the challenges posed by the COVID-19 pandemic increased not only the focus of resources on its current portfolio of subsidiaries, but also the partial allocation of resources to the Composite Cork BU's joint ventures. Having identified the growth potential of certain businesses and the joint ventures model (with specialised partners in the segment) as the most appropriate means for developing the full potential and profitability of these businesses, the BU also identified in the ACV a set of values that it considered important to instil in the management of its joint ventures. In 2020, the performance achieved by joint ventures such as Corkeen Europe and Amorim Sports confirmed this option as correct.

## 5.1. ASPORTUGUESAS

The footwear brand ASPORTUGUESAS (created by the start-up Ecochic Portuguesas) recorded a significant increase in activity, including important growth in its main markets and penetration into new ones. This expansion was countercyclical to the drop in activity in the Portuguese (and worldwide) footwear sector, which was hit hard by the COVID-19 pandemic.

In March 2020, the brand, which had been investing consistently in a number of world fairs as a means of sustaining its growth strategy in the main international markets, began redirecting a substantial part of its communication and publicity investments into digital channels and platforms.

The growing receptivity of and consumer preference for eco-friendly footwear became evident in 2020. ASPORTUGUESAS's value offering is its distinguishing advantage and the main factor that enabled the brand to achieve sales growth of about 40%, compared with 2019.

## 5.2. GROWANCORK

In previous years, GRÖWANCORK, created to produce individual chassis using cork for commercial refrigeration equipment, established a basis that enabled it to continue investing in 2020 in diversifying its portfolio (specifically in the construction sector) by

means of R&D projects. The COVID-19 pandemic, however, forced the company to redirect its resources into strengthening its business with existing customers in the commercial refrigeration sector. This enabled it not only to double its sales volume in comparison with 2019, but also to establish a consistent relationship with a number of strategic customers seen as fundamental to the medium- and long-term growth of Gröwancork insulation solutions for commercial refrigeration equipment.

## 5.3. SUGO CORK RUGS

SUGO CORK RUGS, a brand of TD Cork company and pioneers in the production of carpets made using cork, has been investing in new product designs amid growing market interest, particularly in Europe, a trend reflected in an important increase in customer numbers. A substantial part of the increase in customers related to small projects in the residential segment, while the pandemic caused a significant falloff in the specialised retail segment and in hotel decoration projects, which had accounted for a large share of SUGO sales up to 2019.

In 2020, the choice of SUGO rugs to decorate the official residence of the Prime Minister of Portugal was a particular highlight, as well as a decision by the Portuguese Presidency of the European Union to use the rugs to decorate the lobby of the Justus Lipsius Building. The increase in customer numbers, however, was not sufficient to prevent a decrease of approximately 40% in sales. The expansion of the customer base, especially in regard to interior design studios, should serve as important foundation for the resumption and growth of business after the constraints imposed by the pandemic are lifted.



The cork oak forest is part of one of the world's 36 biodiversity hotspots, has a recognised protection status, contributes to climate regulation, is a driving force for sustainable development and plays a crucial role in the world's ecological balance.

# [6] Approach to Sustainability

## 6.1. SUSTAINABLE BY NATURE

Sustainability and innovation are intrinsic to Corticeira Amorim's culture and strategy. Both its vision (growing by guaranteeing support for social equity and environmental protection) and its mission (adding value to cork, in a competitive, differentiated and innovative way, in perfect harmony with nature) are based on natural capital. The goal is simple: to combine innovative technologies with a natural material and achieve a sustainable balance between the two, thereby offering added value to all the Group's stakeholders.

In terms of sustainable development, Corticeira Amorim's business activity is exemplary. By supporting the cyclical extraction of cork without damaging the trees, the company ensures that the cork oak remains a viable, natural and renewable resource with numerous environmental, economic and social benefits.

Mega-trends such as climate change, the decrease in biodiversity, resource scarcity, population growth, increased urbanisation, changes in global economic power and technological advances present great challenges, but also offer several opportunities. Corticeira Amorim has responded proactively to these trends, promoting cork oak forests, adopting a business model rooted in the circular economy and developing green products with a high level of added value based on renewable and recyclable materials that facilitate the transition to a low carbon economy.

Corticeira Amorim is committed to meeting the Sustainable Development Goals adopted by the United Nations in 2015. To this end, it has designed and put into practice ongoing programs to support innovation, research and development - policies and initiatives that seek to improve the Group's impact. These include initiatives aimed at:

- Preserving *Montados* (cork oak habitats) and ecosystem services by increasing knowledge, mobilising resources and proposing measures;
- Reducing the environmental impact of operations by adopting renewable, accessible and efficient solutions;
- Applying circular economy principles by reducing waste, extending the life of materials and regenerating natural systems;
- Maintaining a proactive role in the development of the already vast field of cork applications based on the innate characteristics of the material;
- Supporting training, well-being and personal and professional development for all;
- Ensuring the safety of employees in the workplace as well as access to good quality health amenities;
- Supporting and promoting research, development and innovation and promoting sustainable solutions;
- Building economic growth in a sustainable and inclusive way, ensuring efficient production and decent work for all.

As a Group that uses 100% natural, recyclable and reusable raw materials, Corticeira Amorim is proud to have a carbon balance that has a positive impact on climate control, given that it is responsible for sequestering 17 times more CO<sub>2</sub> than it releases through its activity and value chain.

As a remarkable milestone in the Group's path towards sustainability, it is important to highlight the constitution in 1963 of a unit capable of transforming the waste produced in the production of cork stoppers, converting it into granules and then into agglomerates, thereby opening up new worlds for cork products. This was a first step towards the concept of a circular economy and was followed by another important milestone in 2009, when Corticeira Amorim inaugurated the first unit in the world capable of recycling end-of-life cork products. Today, 100% of the cork acquired by the Group is used, 90% of non-cork waste is recovered, more than 85% of the materials used by Corticeira Amorim come from renewable and/or recycled sources and 736 tons of recycled end-of-life cork are incorporated back into the production process.

It is also important to highlight the work carried out since 2008 to broaden knowledge about the environmental impact of cork products and the ecosystems that support them. Over the past two years, Corticeira Amorim has commissioned several studies by EY, including an assessment of the advantages of the *Montado* (cork oak habitat) ecosystem, a corporate inventory of greenhouse gases (GHG) and a number of assessments of the life cycles and carbon footprints of different products. The results not only provided important information on the environmental contribution of cork products, but also highlighted the enormous value of *Montados* in terms of sustainability. In terms of products, all the study results, which encompassed the main products produced by the Cork Stoppers, Floor and Wall Coverings and Composite Cork BUs, showed, without exception, that they all have a negative carbon balance, taking into account the carbon sequestration performed by cork oak forests weighed against the emissions produced in the manufacture of the BUs' products.

Corticeira Amorim is committed to upholding a professional management model that guarantees value creation and guarantees the safety, personal and professional development, well-being and gender equality of its employees. It is also committed to supporting local communities, promoting social balance and playing a key role in building resilient communities. This social commitment is an important part of the Group's culture. In 1938, Corticeira Amorim was one of the first companies in Portugal to make canteens and medical care available to all its workers. In the communities where it operates, it runs several sponsorship and volunteering initiatives in partnership with local associations and institutions.

Corticeira Amorim's business has an impact that extends far beyond its direct economic, environmental and social impacts. Its ambitious research, development and innovation (R&D+I) programmes significantly expand knowledge and stimulate innovation at the same time as spreading knowledge and new practices through society. These externalities include innovation projects developed in partnership with universities and specialised companies; purchasing products from local producers; fostering innovation in support industries; developing new applications for cork; supporting innovative business models and entrepreneurship in the cork industry; communicating the benefits of cork and disseminating best circular economy practices. In 2020, EY calculated the total net value added that Corticeira Amorim adds to society, showing that it exceeds €1 billion, more than seven times the amount of the Group's direct added value.



Corticeira Amorim published its first Sustainability Report in 2007, publicly reporting its 2006 practices. It was the first sustainability report published by the cork industry and marked the beginning of regular, systematic and structured reporting of the Group's policies and practices in terms of environmental and social impacts, constituting a significant step in a broader sustainability strategy.

## **6.2. MANAGING SUSTAINABILITY**

Corticeira Amorim's strategic priorities for sustainable development are fully aligned with its mission and core values, incorporating economic, environmental and social concerns that take into account the results of consultation with its stakeholders, benchmarking analyses, internal commitments and policies, and alignment with the United Nations Sustainable Development Goals (SDGs), contributing directly to the pursuit of 12 of these goals.

Corticeira Amorim believes that all its stakeholders play a key role in identifying strategic priorities. The involvement of top management and the teams responsible for implementing these priorities in the BUs is of vital importance.

The Group's organisational structure facilitates effective management and alignment between the company's strategy, policies and sustainable development practices. The support areas are oriented towards the coordination of the activities of the BUs and their respective operational areas. The Executive Committee ensures regular monitoring. Sustainability is supervised by the president of Corticeira Amorim, António Rios de Amorim.

## **6.3. MANAGEMENT SYSTEMS**

In order to ensure the effective management of environmental and social issues, the Group's companies have implemented the management policies and systems best suited to the non-financial risks that their activities entail and to the opportunities arising in the markets in which they operate. The year of 2020 stands out for the consolidation of this important alignment by means of the renewal of the certifications of the different management subsystems in all the Group's companies.

A table summarising these management systems is presented below, while not replacing consultation of the respective certifications themselves.

## **6.4. INFORMATION ON SUSTAINABILITY**

Further details concerning the performance and initiatives developed by Corticeira Amorim in relation to each of the strategic pillars is available in the 2020 Sustainability Report and on the website: <https://www.amorim.com/pt/sustentabilidade/overview/>.

Company (Country)	Cork Stopper Manufacturing Practice			Quality	Environment	Energy	Food Security		
	SYSTECODE			ISO9001	ISO14001	ISO50001	ISO 22000	FSSC 22000	HACCP
	Base	Premium	Excellence						
Raw Materials BU									
Amorim Florestal (Portugal)		x10		x15	x5				
Amorim Florestal España (Spain)		x18							
Amorim Tunisie (Tunisia)	x								
Comatral (Morocco)	x								
Cork Stoppers BU									
All Closures In (Portugal)		x	x					x	
Amorim Cork (Portugal)		x1	x2	X1	x6	x7	x8	x6	x14
Amorim Australasia (Australia)									x
Amorim Champcork (Portugal)		x	x	x		x	x		
Amorim Cork América (USA)									x
Amorim Cork Deustchland (Germany)				x					x
Amorim Cork Italia (Italy)			x	x					
Amorim Cork South Africa (South Africa)									
Amorim France (France)		x16	x16	x3			x16		x16
Amorim Top Series (Portugal)		x	x	x		x	x		
Amorim Top Series France (France)		x	x						x
Corchos de Argentina (Argentina)									
Francisco Oller (Spain)		x	x	x	x		x	x	
Hungarokork Amorim (Hungary)				x					
Industria Corchera (Chile)									
Korken Schiesser (Austria)									x
Portocork América (USA)									x14
Portocork France (France)									
Portocork Internacional (Portugal)				x	x		x		
Portocork Italy (Italy)									
S.A.S. Ets Christian Bourassé (France)									
Socori (Portugal)		x	x						
Trefinos (Spain)		x	x	x	x		x		
Victor & Amorim (Spain)								x	
Floor and Wall Coverings BU									
Amorim Cork Flooring (Portugal)				x	x				
Amorim Benelux (Netherlands)									
Amorim Deustchland (Germany)									
Composite Cork BU									
Amorim Cork Composites (Portugal)	x			x	x	x			
Amorim Cork Composites (USA)				x					
Corticeira Amorim France (France)									
Insulation Cork BU									
Amorim Cork Insulation (Portugal)				x4					

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; 15) IU-Ponte Sôr, IU-Coruche; 16) DU-Eysines, DU-Champleury; 17) IU-Lourousa, IU-SP Oleiros





Cork is a unique raw material that is capable of generating social, environmental and economic value, with high sustainability credentials, and helps ensure the climate balance. A single ton of cork retains up to 73 tons of carbon dioxide!

# [7] Human Capital Management

For Corticeira Amorim, 2020 was a remarkable year in terms of human capital. The year, marked by the 150th anniversary of the Group's foundation, was awaited with anticipation. A number of celebrations were planned, many of them evoking the importance of the contribution made to Corticeira Amorim's history by its thousands of employees over the past three centuries.

Early in the year, however, it became necessary to rethink the celebrations and create alternatives. The pandemic, from which the world continues to suffer, forced the Group to make changes and undertake a profound reorganisation of the activities planned. The pandemic also called for an immediate response - a call that remained strong and demanding throughout the year - to sustain the Group's business activities.

To protect, above all, the health and safety of employees, keeping companies operational while, at the same time, celebrating 150 years in business, were the challenges to which everyone responded promptly and in an exemplary fashion.

## 7.1. CELEBRATING AND RECOUNTING 150 YEARS IN BUSINESS - INVOLVING PEOPLE AND STRENGTHENING OUR IDENTITY

Internal communications embodied themes throughout 2020, covering areas important for the company and its employees. At the beginning of each month, a specific communication on a particular topic was sent out, linked to events and activities aimed at all employees.

January was dedicated to **Renewal**, with a change in the Group's brand image that was communicated in different ways. In February, **Cork** was highlighted and in March employees were reminded of the importance of **Sustainability**. April was an important month in which **People** were celebrated, a topic that took on special significance at time when the pandemic was causing great tension. May focused on the Group's **History**, June on **Innovation**, and July was dedicated to the Group's **Community** ties in terms of partnerships and solidarity. In August, the **Family** was highlighted - the family in which the origin and management of the Corticeira Amorim Group is based as well as all those families that for generation after generation have worked in the Group. In September, the Group's relationship with **Education** was highlighted, from working with primary schools on the topic of sustainability to cooperation and partnerships with universities. October focused on **Wine** and the wine industry as fundamental elements of the company's business, while November began with a celebration of the five fundamental **Values** of Corticeira Amorim's culture - pride, attitude, sobriety, initiative and ambition, including testimonials given by Group employees.

The year was also marked by other symbolic initiatives: in January, a small cork oak tree was given to each employee to plant and watch grow. In July, employees were given an object made from cork (Cork Mark) to celebrate the Group's 150 years in business and a book, *Traços de Gente* (Traces of People), containing stories and memories as well as photos of employees and the Group's different working environments. In November, a travelling exhibition began (shown at the premises of ten companies) in recognition and celebration of the Group's employees and their stories.

These internal communication initiatives made 2020 a time for strengthening the Company's values and culture. Even though the pandemic prevented socialising and physical proximity, there were moments of celebration, mutual identity and sharing that made a long-lasting impression on the life of the Company and on all its employees.

## 7.2. PROTECTION - WORKING DURING THE COVID-19 PANDEMIC

In a year of full activity, working during the pandemic was a collective learning process.

Firstly, because the pandemic hit at a time of peak activity. Our main goals were to create safe working conditions, reassure employees, reorganise work, create alternatives to normal working conditions (teleworking, reorganising spaces, schedules and habits) and to support managers and employees. Because a significant number of employees are engaged in the Group's industrial operations and their physical presence is required, protecting their health and ensuring their safety were constant priorities. Preventing internal outbreaks and the spreading of the virus were challenges that we succeeded in overcoming by the end of the year.

From the beginning of the public health crisis, an **Emergency COVID-19 Group** was set up, comprising the human resource directors of the BUs as well as occupational medicine, occupational safety and management officials to coordinate efforts, ensure measures were implemented in a concerted fashion, manage awareness and training initiatives in the different segments of the workforce and to ensure follow-up at the Group level.

A fundamental consideration was to make available from the outset all the necessary equipment (masks, disinfectants, gloves), the necessary means (frequent cleaning and disinfection, open, ventilated spaces, distanced workspaces, partitions, temperature measurement devices, rapid tests) and alternatives (phased timetables, capacity reduction in canteens and work spaces, teleworking). The support given to companies outside Portugal included the provision of protective equipment, as well as assistance in implementing specific contingency plans.

Added to that was the communication effort over time, conveyed by various means - posters, specific signage, flyers, announcements, videos and "moments".

The internal consequences of the pandemic were diverse, involving constraints of various kinds and having a significant impact. The immediate impact resulted in a high level of absenteeism (due to preventive isolation, COVID-19 infections and caring for families), representing about 1% of the Group's total workforce.

## 7.3. MANAGING PEOPLE

### 7.3.1. DEMOGRAPHIC PROFILE

Corticeira Amorim ended 2020 with 4,357 employees after a year of intense recruitment in which 630 people were hired.

In Portugal, the **average age** of employees was 42, a year lower than in 2019, continuing a gradual lowering of the average age of the workforce in recent years. The Group workforce also remains predominantly male (75%).

About 53% of employees have **academic qualifications** equivalent to a full secondary education (32%) or higher education (21%). About 47% have completed nine years of education (22%) or less (25%). Notably, the number of employees with higher education qualifications has been increasing, while the number of those who have not completed secondary education has been decreasing.

### 7.3.2. ABSENTEEISM

The year was marked by a **high level of absenteeism in Portugal** – 7.8%, a significant increase compared with previous years. About 14% of this absenteeism was directly caused by COVID-19, but an increase of about 20% in short- and long-term absences was also related to it. Absences related to parenting also increased. Long-term absences represent about 70% of total absenteeism. Notably, absenteeism related to work accidents decreased (representing 5% of total absenteeism).

### 7.3.3. HEALTH AND SAFETY AT WORK

At the beginning of 2018, Corticeira Amorim challenged all Group companies to reduce the number work accidents by half in three years.

By the end of 2020, work accidents had fallen 49% in comparison with 2017 and, as a consequence, there was a significant reduction in the number of days lost due to accidents.

As a result of the **Safety Plans** developed by every Group company, the investment made, the safety measures implemented, and the improvements in behaviour and safety culture that have been achieved, absenteeism due to work accidents has been reduced to 0.4%.

The ISO 14001 certification obtained by the Floor and Wall Coverings BU and a pre-audit for the same reason of the Raw Materials BU also deserve mention. These certifications guarantee that security systems follow accredited norms and quality standards, contributing to the robustness and consistency of procedures in this area. The journey, however, is not yet over and a goal of reaching **zero accidents** by 2023 has already been set.

### 7.4. EMPLOYEE DEVELOPMENT

Monitoring the life cycle of employees and ensuring that their skills and qualifications evolve are fundamental objectives in managing people. Group companies have developed specific projects in this area, beginning the “onboarding” of newly hired employees in an effort to make the process as complete as possible and help them, within a determined period of time, become aware of the Group’s different organisational contexts and of the main interlocutors in their day-to-day work. The main aim is to assist them in expanding their knowledge of processes, work systems and company culture. These programs have proved their worth in terms of the speed of integration and the satisfaction and engagement of new entrants.

Creation **academies** for training employees has also become important for Group companies. The **ACC Academy** has mainly invested in creating e-learning programs (ACC Strategy, ACC Foot wear, Cork Fundamentals) that can be accessed by employees based at any location. The Cork Stoppers BU continues to run training projects at the **Technical Operators School** (training and qualifying industrial operators to perform more specialised functions in the future) and at the **Maintenance School** (qualifications in specific subjects for professionals in the area of industrial maintenance), thereby developing employee skills and preparing them for professional mobility in the future.

Similarly noteworthy is the **development program for commercial representatives** initiated by the Floor and Wall Coverings BU, which, for the first time, comprehensively covers all of the company’s commercial staff regardless of their location.

In 2020, a significant training effort was made in relation to the implementation of SAP projects by a significant number of Group companies based in Portugal (the Floor and Wall Coverings and and Composite Cork BUs) and abroad (Amorim Cork Italy, Amorim France, Amorim Top Series France).

All Group companies focused on e-learning programs, which have grown in recent years, and whose acceptance and diffusion expanded significantly in the context of the pandemic.

### 7.5. DIVERSITY AND INCLUSION

An explicit policy of diversity and inclusion is taking shape at Corticeira Amorim. Although the **Equality Plan** established for 2020 could not implement some of its planned initiatives, important steps were taken. The Group’s commitment to gender equality and the objectives of increasing the number of women in the total workforce and the percentage of women in management positions within three years has led to the setting of goals and the drawing up of action plans, thereby strengthening its commitment to these objectives.





Corticeira Amorim has a professional management model that safeguards productivity, while preserving humanitarian values of consultation, proximity and care for the well-being of employees. In a continuous process of cooperation, optimisation and improvement, the company has established short-medium term objectives to increase the average level of education of its employees, strengthen the current performance evaluation system and implement a transversal gender equality plan.

# [8] Stock Market Performance

The share capital of Corticeira Amorim currently stands at €133 million, represented by €133 million common shares with a par value of €1 that confer the right to dividends. The company (then known as Corticeira Amorim, S.A.) listed its shares on the Lisbon and Porto Stock Exchange (BVL) on April 18, 1988. They have been quoted on Portugal's national continuous trading system since December 11, 1991.

Under the terms and for the purposes of Law no. 15/2017, of May 3, and Decree-Law no. 123/2017, of September 25, the Board of Directors of Corticeira Amorim resolved to convert the bearer shares representing the company's capital (ISIN code: PTCOR0AE0006)

into registered shares with the respective conversion to the centralised trading system taking place on October 26.

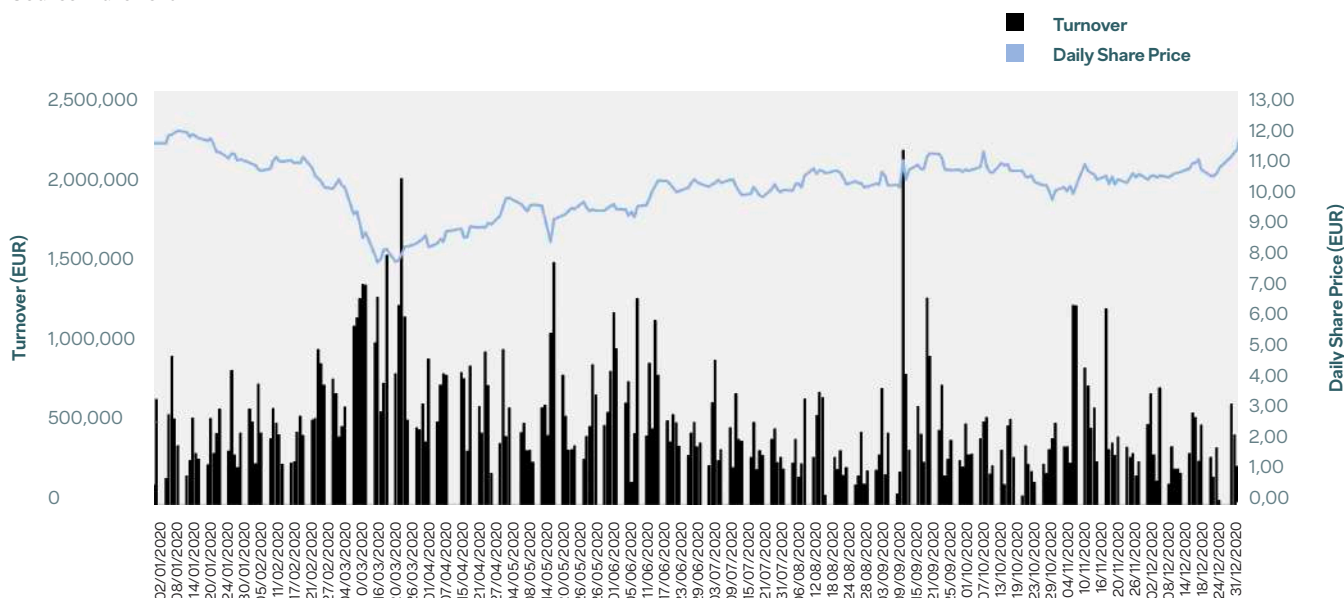
At the end of 2020, Corticeira Amorim's share price stood at €11.60, an increase of 2.7% compared with the end of 2019. In 2020, approximately 13.4 million shares were traded on the Euronext Lisbon regulated market in more than 61,000 trades, representing a total trading value of approximately €129 million.

In 2020, the average transaction price was €9.99 per share. The shares reached a maximum quotation of €11.78 per share on January 10 and a minimum of €7.48 on March 17 and 18. The range between the highest and lowest prices at which the shares were traded was 57.5%.

The following charts illustrate Corticeira Amorim's stock market performance.

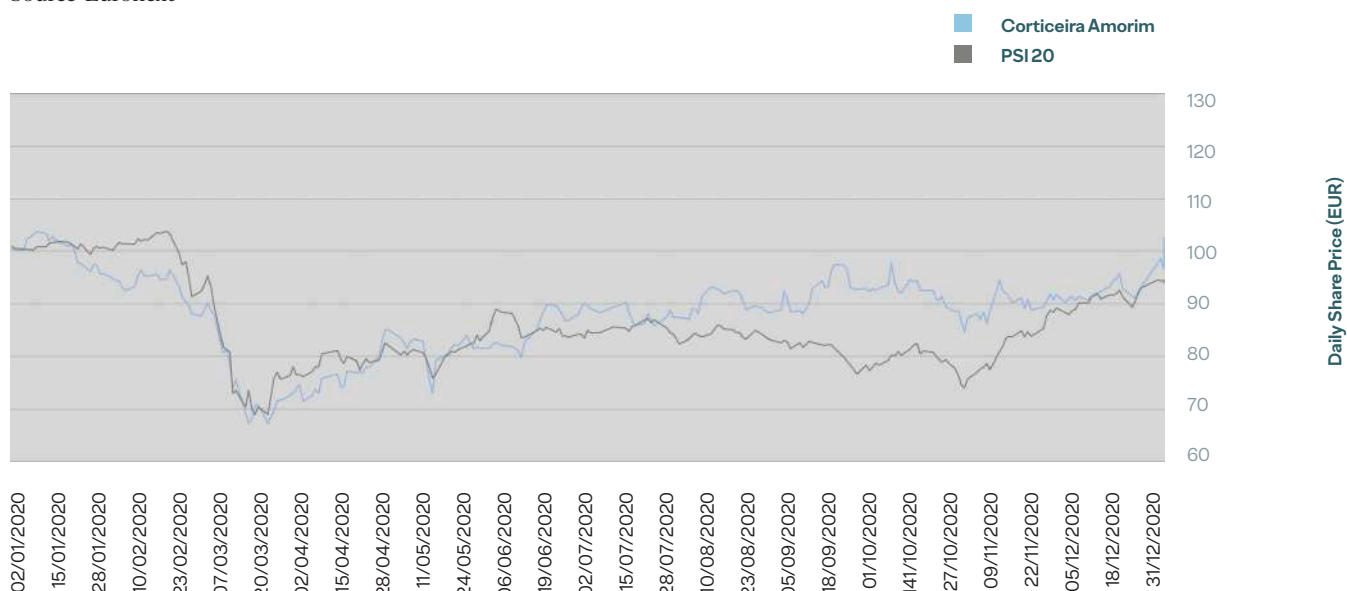
## Transactions and quotations on the regulated market (2020):

Source: Euronext



### Corticeira Amorim's share price quotation versus the PSI20 index (2020):

Source: Euronext



### Evolution of stock market indicators:

Source: Euronext

	2016	2017	2018	2019	2020
<b>Number of shares traded</b>	10,801,324	19,290,907	14,884,614	9,481,944	13,353,226
<b>Quotations (€):</b>					
<b>Maximum</b>	9.899	13.300	12.000	11.520	11.780
<b>Average</b>	7.303	11.067	10.604	10.062	9.990
<b>Minimum</b>	5.200	8.180	8.370	8.710	7.480
<b>End of year</b>	8.500	10.300	9.000	11.300	11.600
<b>Trading frequency</b>	100%	100%	100%	100%	100%
<b>End of year market capitalisation (€ million)</b>	1,130,5	1,369,90	1,197,0	1,502,9	1,542,8

## KEY STOCK MARKET ANNOUNCEMENTS MADE BY CORTICEIRA AMORIM IN 2020:

**January 9**

### **150 years of business and permanent renovation**

Announcement of the celebration of the 150th anniversary of the Group's foundation and the renewal of its visual identity, including the new Amorim logo.

**March 9**

### **Consolidated results for 2019**

Net profit totalled €75 million, with the following highlights:

- Sales exceeded €780 million in 2019;
- The EBITDA-sales ratio increased 139 b.p. in the last quarter compared with the same period of the previous year;
- The Cork Stoppers BU posted strong sales growth (+4.7%);
- Proposed distribution of a gross dividend of €0.185 per share.

**May 14**

### **Consolidated results for the first quarter of 2020**

Net profit increased 7% to €20 million, with the following highlights:

- In spite of the impact of COVID-19 in March, Corticeira Amorim's sales increased 0.7% to €204 million;
- The EBITDA-sales ratio increased (17.6%) compared with the same quarter of the previous year (17.2%);
- The EBITDA of the Cork Stoppers BU increased to €30 million (+10.4%);
- The Floor and Wall Coverings BU reversed the trend of the previous quarters with sales growth of 11%.

**June 18**

### **Announcement of the acquisition of a 30% holding in ELFVERSON & Co AB (Sweden)**

Under the terms of the agreement signed in January 2018, by which Corticeira Amorim had acquired 70% of the share capital, the seller (Vätterledens Invest AB) activated its put option on the remaining 30% that it owned. As a result, Corticeira Amorim became the indirect owner of 100% of Elfverson, & Co AB.

**June 26**

### **Announcement of the payment of a gross dividend of €0.185 per share**

**August 3**

### **Consolidated results for the first half of 2020**

Sales fell 5% in a highly unfavourable global context, with the following highlights:

- The Cork Stoppers BU posted a 5.4% drop in sales, but improved profitability;
- The Floor and Wall Coverings BU recorded strong sales growth (+5.0%), consolidating the positive trend of the beginning of the year;
- The EBITDA-sales ratio increased 16.6% to 16.8%;
- Net profit totalled €34 million, down 9.8% (excluding the effect of the sale of US Floors in 2019);
- Net remunerated debt fell to €116 million.

**November 5**

### **Consolidated results for the third quarter of 2020**

Sales remained resilient and EBITDA increased. Highlights:

- Sales fell 5%;
- The gross margin increased to 51.4% and the EBITDA margin to 16.6%;
- Net profit totalled €49 million, a decrease of 6.8% (excluding the effect of the sale of US Floors in 2019);
- Net remunerated debt fell to €118 million, a reduction of €43 million (compared with the end of 2019).

**December 3**

### **€40 million issue of Green Bonds 2020-2025**

**December 29**

### **Publication of the Equality Plan 2021**



# [9] Consolidated Results

## 9.1. SUMMARY

Corticeira Amorim's results, as noted throughout this report, were impacted by the COVID-19 pandemic, which affected the Group during most of 2020. The decrease in consolidated results compared with 2019 was largely due to a drop in sales. The improvement in profitability in terms of the EBITDA-sales ratio helped mitigate the drop in earnings caused by the pandemic. The increase in non-recurring costs (mainly due to compensation payments and the special premium paid to employees to mark the 150th anniversary of the Company's foundation) resulted in the reduction in earnings being greater than the decrease in EBITDA.

Corticeira Amorim reported a 5.2% drop in sales in 2020 to €740 million. Sales, however, evolved differently during the year: +0.7% in the first quarter, -10.5% in the second quarter and approximately -5.5% in the third and fourth quarters. These variations reflect the way in which the pandemic evolved and the resulting impact on the behaviour of companies and consumers. In the third and fourth quarters, confinement measures remained in place (with differing impacts in different regions), but were less strict than in the second quarter.

In the second half, the exchange rate effect (mainly related to the depreciation of the US dollar and the Chilean peso) penalised sales; excluding this effect, sales would have fallen 4.2%.

Corticeira Amorim's consolidated EBITDA totalled €122.5 million, a decrease of 1.8% compared with 2019, but a smaller reduction than that of sales (-5.2%). The EBITDA-sales ratio rose to 16.6% (2019: 16.0%), benefiting from the consumption of raw materials purchased at more favourable prices, gains in operational efficiency and increases in sales prices, which offset the negative effect of lower activity levels related to the pandemic and exchange rate depreciation. Cork purchase prices peaked in 2018 before normalising in 2019 and 2020.

Net debt at the end of 2020 totalled €110.7 million, a decrease of €50.4 million compared with the end of 2019 (€161.1 million). Financial expenses totalled €2.1 million, the same total as in 2019. It should be noted that in 2019, due to the revision of Bourrasé's results forecast, the effect of updating the Group's liabilities resulted in an increase in the financial results of that year, an effect that was not repeated in 2020.

Net non-recurring expenditure mainly represented recognition of the special premium paid to Corticeira Amorim employees (to mark the 150th anniversary of the Group's founding) and restructuring costs at the Floor and Wall Coverings, Cork Stoppers and Composite Cork BUs.

As in 2019, taxation benefited from the reversion of provisions, particularly the recognition of investment tax benefits in 2019, the value of which was only determined in 2020.

Corticeira Amorim's consolidated net profit totalled €64.3 million, a 14.2% decrease compared with 2019.

Due to the Group's positive financial position, Corticeira Amorim distributed dividends totalling approximately €24.6 million, or €0.185 per share.

## 9.2. CONSOLIDATION PERIMETER

There having been no material changes in the universe of companies that make up Corticeira Amorim, the financial statements for the year 2020 are fully comparable with those of 2019.

## 9.3. CONSOLIDATED RESULTS

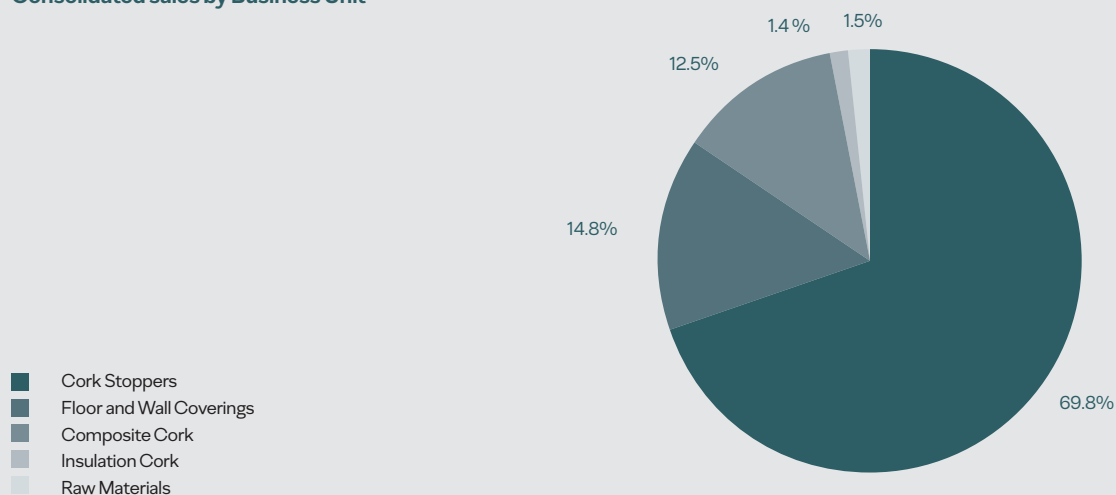
Consolidated sales totalled €740.1 million, a reduction of 5.2% compared with 2019, when sales totalled €781.1 million. In addition to the impact of the COVID-19 pandemic, the evolution of exchange rates (mainly the US dollar and the Chilean peso) also had a negative impact on sales in 2020. Excluding the exchange rate effect, the reduction in sales would have been 4.2%.

Sales by the Raw Materials BU, which were mainly to other companies in the Corticeira Amorim Group, fell 12.1%. Its sales outside the Group decreased from €14.8 million to €11.2 million.

The Cork Stoppers BU's share of total sales fell to 69.8% as its sales dropped 5.7%. The Composite Cork and Insulation BUs also reported reductions in their sales. The Floor and Wall Coverings BU was the only BU to increase sales in 2020 (3.2%), mainly due to the new generation of Amorim WISE products, as a result, it recovered almost all the sales it lost in 2019.

The relative weight of each BU's sales as a percentage of the Group's total sales remained stable, the only slight change reflecting the increased weight of the Floor and Wall Coverings BU's sales, it, as previously mentioned, being the only BU to have increased sales in 2020.

### Consolidated sales by Business Unit

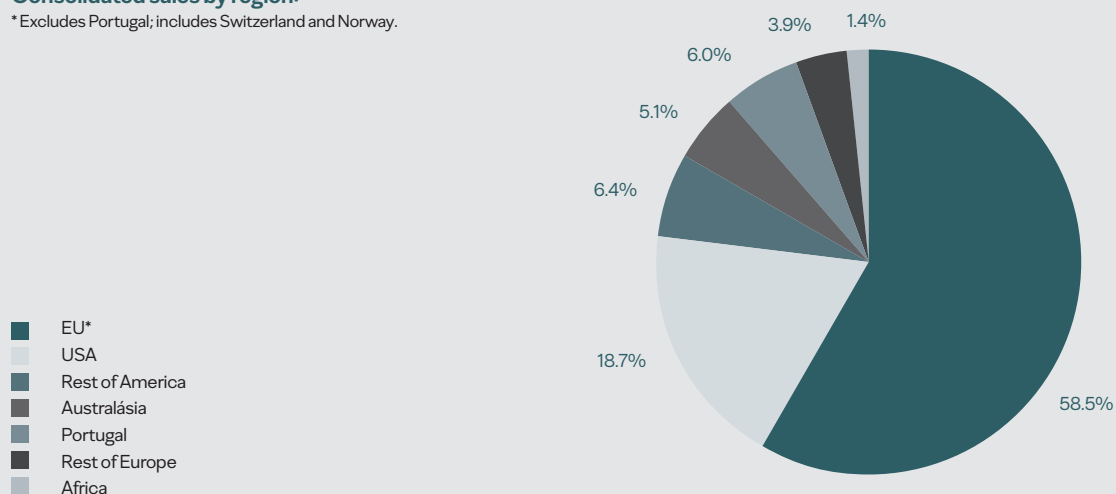


In geographic terms, the Group's main market became the US again, it having been overtaken by France in 2018 and 2019. The pandemic proved to have no impact on Corticeira Amorim's volume of sales in the US, which, in absolute terms, was higher than in 2019, despite the unfavourable exchange rate context. France moved to second place in terms of sales volume, due to the drop in sales by the Cork Stoppers BU, particularly of stoppers for the sparkling wines

segment. Italy remained the third largest market for sales, recording a lower percentage drop than the overall average. It was followed by Germany, Spain and Portugal, which maintained the same relative positions as in 2019.

### Consolidated sales by region:

\* Excludes Portugal; includes Switzerland and Norway.



The gross margin (sales plus production variation minus cost of materials incorporated) reached 51.8%, an increase of 2.5 pp on 2019. This improvement was mainly due to a decrease in the consumption prices of raw material cork, increased efficiency and increased sales prices. The drop in production had a negative impact of about €14 million, with the Cork Stoppers BU making the most important contribution, mainly reflecting the reduction in the price of raw material consumption and incorporation into the product.

Operating costs fell 2.8%. Supplies and external services decreased by 1.2%, with different sub-items showing markedly different behaviours. In the context of the slow-down in activity caused by the pandemic, some costs fell significantly: travel and subsistence allowances (-51%), representation expenses (-51%) and publicity and advertising (-34%). In contrast, transport costs increased 8.7%, mainly due to an increase in air freighting shipments to the US.

Staff costs fell by about €1.8 million (-1.3%) due to the reduction in the average number of employees. Average compensation per employee increased 0.6%.

The increase in depreciations (+3.9%) reflects the increase in investments made in recent years.

The Group recorded a €0.6 million recovery in impairments in 2020, which compares with an €1.2 million increase in impairments in 2019. The reduction in impairments in 2020 was essentially due to the recovery from a Cork Stoppers BU customer of an amount that had been provisioned for in 2019.

Other operating gains and expenses increased €3.6 million. The exchange rate differences of assets receivable and liabilities payable and the respective hedging against exchange rate risk resulted

in a loss of €0.4 million, compared with a loss of €1.0 million in 2019. The change in this item was mainly due to the recognition of investment subsidies (+€1.6 million) and supplementary income (+€1.2 million).

Current EBITDA totalled €122.5 million, a reduction of 1.8% compared with 2019 (€124.7 million). The EBITDA-sales ratio increased to 16.6%, compared with 16.0% in 2019.

As reported in the chapter on segments, only the Floor and Wall Coverings and Insulation Cork BUs recorded an increase in EBITDA. Despite the improvement in the consumption price of raw materials, the decrease in activity led to a reduction in the absolute value of EBITDA for the other BUs. The Raw Materials BU recorded a stable level of profitability as measured by EBITDA-sales ratios, compensating for the reduction in activity by reducing the consumption price of raw materials. Both the Raw Materials and the Cork Stoppers BUs posted an increase in profitability that reflected the favourable performance of the Cork Stoppers BU. The Composite Cork BU recorded a decrease its profitability mainly due to lower sales. The Floor and Wall Coverings BU reversed the negative EBITDA it recorded in 2019, benefiting from significant rationalisation and optimisation measures in its administrative, industrial, logistics and commercial structures, as well as not having to repeat the costs incurred in 2019 for the development and launch the Amorim WISE product range. The Insulation Cork BU reported a strong increase in profitability. A reduction in the consumption price of cork, the only raw material this BU uses, and operational improvements explain the increase in operating activity.

#### EBITDA-sales ratio by Business Unit:

EBITDA/Sales (%)	2018	2019	2020
Raw Materials + Cork Stoppers	22.3%	20.5%	<b>21.2%</b>
Floor and Wall Coverings	2.6%	-2.3%	<b>1.6%</b>
Composite Cork	10.1%	11.9%	<b>8.8%</b>
Insulation Cork	5.4%	1.6%	<b>7.1%</b>
Consolidated	17.6%	16.0%	<b>16.6%</b>

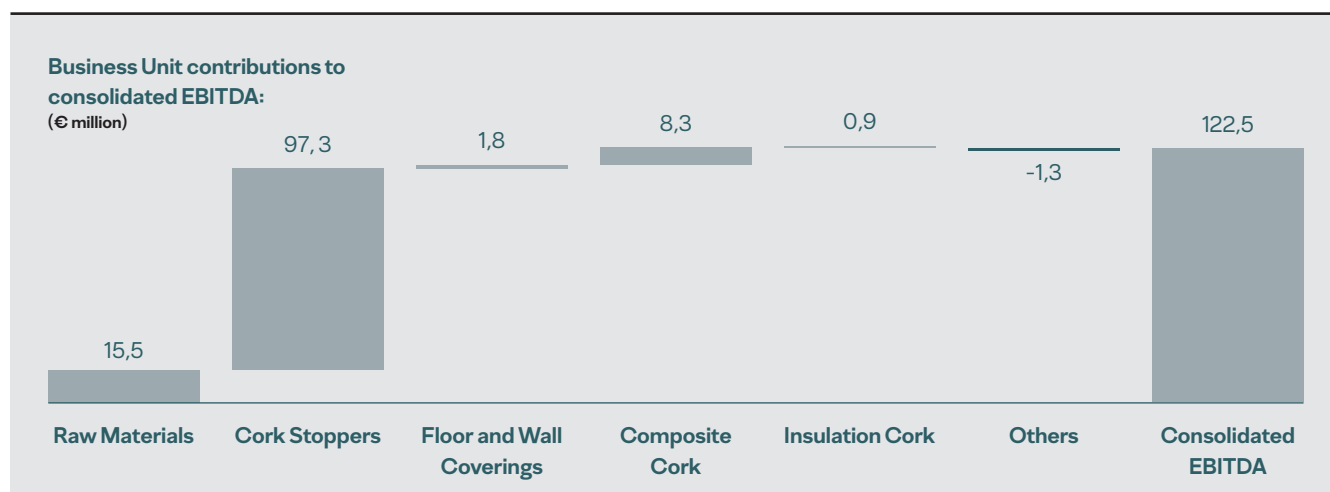
EBIT totalled €86.0 million, a decrease of 4.0% compared with 2019. The 3.9% increase in depreciations contributed to this reduction, as already mentioned.

Non-recurring costs totalled €5.8 million. They included the payment of a special premium to Corticeira Amorim employees totalling €3.1 million to mark the 150th anniversary of the Group's founding and the €2.7 million cost of restructuring measures at the Floor and Wall Coverings, Cork Stoppers and Composite Cork BUs.

The finance function was in line with that of 2019 despite the reduction in average debt. The updating of the agreed value for the acquisition of non-controlling interests in 2019, which was reduced as a result of the decrease in Bourrassé's results, favourable impacted the finance function of 2019, an effect that did not occur in 2020. If this factor is excluded, there would have been a reduction in financial expenses in line with the reduction in average indebtedness.

In regard to associate company earnings, the profits appropriated by Corticeira Amorim in companies in which it does not own a majority of the share capital or voting rights totalled €2.1 million. The reduction in comparison with 2019 was mainly due to the recognition as profit in 2019 of part of the contingent amount receivable from the sale in 2017 of US Floors (€2.9 million). The other most significant associate companies reported differing performances. Corchos de Argentina continued to be penalised by the evolution of the exchange rate and by being subject to the rules of a hyper-inflationary economy. During the year, it was able to ascertain the effect of applying IAS 29 until the end of 2020. The contribution from Trescases fell mainly as a result of the pandemic. Vinolok's contribution to the Group's results increased due to the fact that it contributed only six months of earnings in 2019.

The improvement in the effective tax rate (Income tax/earnings before tax-earnings from associate companies) registered in 2019 continued in 2020 despite an increase to 14.4%. A reversal of tax provisions contributed to this outcome, without resulting in significant cash outflows from Corticeira Amorim. The recognition of investment tax benefits in 2019, the value of which was only determined in 2020, also deserves highlighting. The effect of calculating investment tax benefits (SIFIDE-Tax Incentive System for Business R&D and RFA-Investment Support Tax Regime) in comparison with the reversal of provisions on tax benefits (keeping Corticeira Amorim's recognition policy conditional on future achievement of objectives) had a positive impact on earnings that is expected to continue in the coming years.

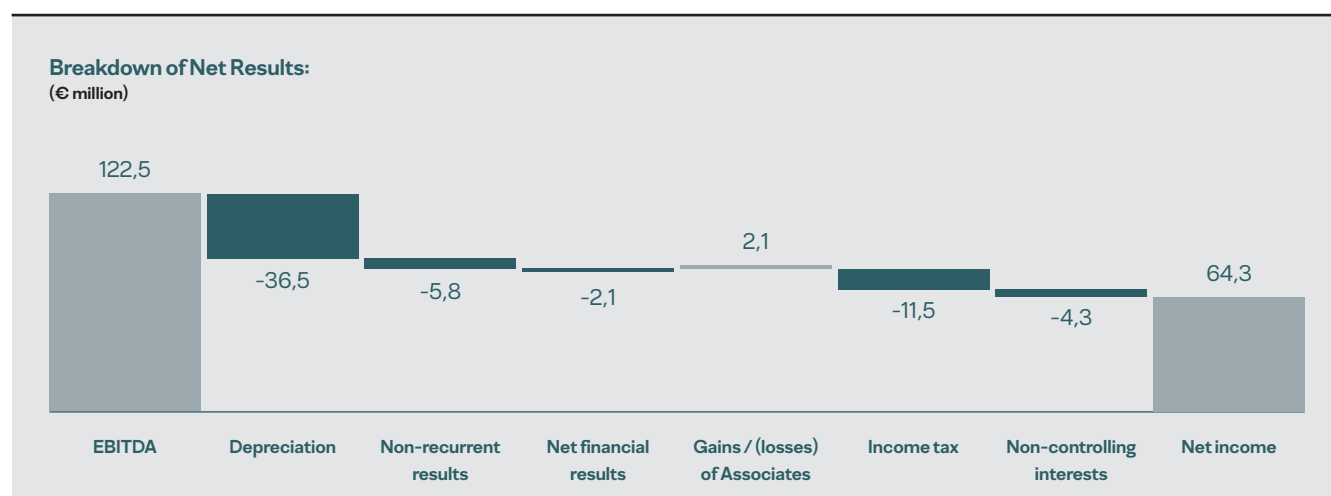


The reduction in non-controlling interests was essentially due to the decrease in the share of the results appropriated by Bourrassé's minority shareholders, as the Group acquired a further 10% of the company in 2020.

After income tax of €11.5 million and the appropriation of €4.3 million in profits from non-controlling interests, Corticeira

Amorim's consolidated net profit totalled €64.3 million, a decrease of 14.2% compared with the €74.9 million recorded in 2019.

Excluding the non-recurring event related to the sale of US Floors and non-recurring costs, net profit would have fallen 4.8%.



## [10] Consolidated Statement of Financial Position

Total assets stood at €1.006 million, an increase of approximately €12 million. As specified in the Bourrassé acquisition agreement, the second tranche of 10% of the company was purchased in 2020, which increased the Group's financial shareholding in Bourrassé from 70% to 80%. Over the next two years, equivalent tranches will be purchased until the Group's holding in Bourrassé reaches 100%. As liability for the acquisition of non-controlling interests was recognised from the moment of acquisition, the main impact in terms of the financial position was a reduction of non-controlling interests against reserves.

The items that contributed most to the increase in assets were cash and cash equivalents (an increase of €48 million due to the increase in the liquidity reserve in the context of the pandemic) and intangible assets (an increase of €5 million, resulting from the increase being higher than the amount of depreciation). The reduction in inventories (-€34 million reflecting reduced cork purchase prices) and customers (€4 million) offset the increases in total assets.

In terms of equity, the €37 million change mainly reflects annual earnings (€64.3 million) and the distribution of dividends (€24.6 million). Non-controlling interests decreased by €3.1 million.

In regard to liabilities, the reduction of €26 million resulted mainly from the reduction relating to suppliers (€22 million) in line with the reduction in the purchase price of cork.

On December 31, 2020, net interest-bearing debt totalled €110.7 million, a reduction of €50.4 million compared with the previous year. The decrease results from a reduction in working capital (-€20.8 million, essentially due to a decrease in inventories offset by the reduction relating to suppliers, which in turn reflected lower cork purchase prices and a reduction in the volume of cork acquired) and the EBITDA generated. Investments (€44.8 million), dividends paid (€24.6 million) and the acquisition of non-controlling interests (€7.1 million, mainly the acquisition of 10% of Bourrassé and 30% of Elfversen) offset the reduction in debt.

In terms of financing, special mention should be made of the issue of €40 million in five-year Green Bonds by private subscription without guarantees. This was the first issue of Green Bonds by Corticeira Amorim and constitutes an important milestone in its sustainability strategy, underlining the Group's continued commitment to environmental, social and governance (ESG) principles and best practices.

The financial autonomy ratio stood at 57.3%, representing an increase on the previous year (54.3%).



# [11] Main Consolidated Indicators

		2019	2020	Yoy	4T 19	4T 20	Qoq
Sales		781,060	740,113	-5.2%	178,434	168,693	-5.5%
Gross Margin — Value		387,378	376,364	-2.8%	92,034	85,599	-7.0%
	1)	49.3%	51.8%	+ 2.5 p.p.	53.7%	53.4%	-0.3 p.p.
Operating Costs — current		297,832	290,399	-2.5%	72,960	67,386	-7.6%
EBITDA current		124,724	122,512	-1.8%	27,918	27,626	-1.0%
EBITDA/Sales		16.0%	16.6%	+ 0.6 p.p.	15.6%	16.4%	+ 0.7 p.p.
EBIT — current		89,547	85,965	-4.0%	19,075	18,213	-4.5%
Non-current results	2)	-1,620	-5,816	n.s.	-581	-4,164	n.s.
Net Income		74,947	64,326	-14.2%	20,538	15,815	-23.0%
Earning per share		0,564	0,484	-14.2%	0,154	0,119	-23.0%
Net Bank Debt		161,091	110,717	-50,374	-	-	-
Net Bank Debt/EBITDA (x)	3)	1,29	0,90	-0,39 x	-	-	-
EBITDA/Net interest (x)	4)	88,2	105,7	17,45 x	79,0	83,1	4,14 x

1) On the value of production

2) Amounts refer to the special premium paid to employees and restructuring costs

3) Considering the current EBITDA of the past four quarters

4) Net interest includes interest paid on loans minus the the interest earned on invested funds (excluding stamp tax and commissions).

# [12] Activities Of Corticeira Amorim's Non-Executive Directors

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

The meetings were organised administratively to ensure that all board members, executive and non-executive, could adequately prepare beforehand, encouraging the active participation of all members in the debate, analysis and tabling of decisions in benefit of the productivity of the meetings and the efficiency of the group. The calendar of ordinary meetings of the Board of Directors for 2020 was agreed at the end of 2019 so that all members could 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] Future Outlook

## 13.1. ECONOMIC BACKGROUND

### 13.1.1. OVERVIEW

The year of 2020 was marked by the COVID-19 pandemic; 2021 will not be any different, even though expectations point to there being a light at the end of the tunnel. In October 2020, the International Monetary Fund characterised the economic outlook for 2021 as “A Long and Difficult Ascent”. In a more optimistic reassessment in January 2021, it opted for the phrase “Policy Support and Vaccines Expected to Lift Activity”. The world economy is forecast to register growth of 5.5% in 2021, a projection revised upwards from the forecast made three months earlier. Overall, the losses of 2020 will not be fully recovered by the end of 2021. Economic activity is expected to be affected by restrictions on mobility, the negative impact on sentiment of the pandemic and its prolonged effect on companies and other economic agents. Reactions are likely to differ between countries and economic sectors, but existing interconnections resulting from globalisation, supply chains and international integration, suggests that no region will be immune to what happens in other regions. The dichotomy between industry and services will continue and, within the services sector, between those services most exposed to confinement restrictions and the others. As a result, the pattern of contraction followed by recovery will differ from economy to economy, making diversification critical. The goal will be to find a path back to normality. On the positive side, a comprehensive and rapid rollout of vaccination programmes will mitigate the public health crisis, reduce mobility restrictions and release the pent-up demand that is estimated to have accumulated during so many months of restrictions. The negative risks that threaten a resurgence of economic activity include mutations in the SARS-CoV-2 virus, obstacles to achieving group immunity and low levels of business confidence. No economy is an island as far as the pandemic is concerned, making global action critical. Apparently excessive valuations of some financial assets and the growing divergence between financial markets and economic fundamentals also pose challenges to the sustainability of economic and social development.

A further large-scale fiscal stimulus programme in the US (and Japan) would be expected to have a positive impact worldwide. Oil prices are expected to rise in 2021, reflecting the projected economic recovery and OPEC+ supply management, but they are likely to remain below the average price level of 2019. Other commodity prices are also likely to increase, especially metal prices, which are expected to rise sharply. International trade is likely to recover, with global volume increasing by about 8%.

Growth in the **eurozone** is expected to reach about 4.2% in 2021 and could return to pre-pandemic levels in the second half of 2022. The outlook is less favourable now than it was in the autumn of 2020 because, however, due to the new surge of coronavirus in Europe and the appearance of more infectious variants of the virus. New restrictions on mobility affected the economy in late 2020 and conditioned the start of the new year. The recovery is expected to occur later and more gradually than previously forecast and is likely to be less uniform across countries and sectors. A comprehensive and effective vaccination plan, already under way, could trigger a marked increase in confidence and a significant increase in demand, given the growing amount of savings that European households

are estimated to have accumulated in 2020. Other positive factors include the approval of a multi-annual Community budget and the NextGenerationEU initiative at the end of 2020, favourable financing conditions and continued measures to support the economy and employment. Much is expected to depend on the degree of consumer confidence. The economies most affected by the public health crisis, and those most dependent on tourism, are likely to take longer to recover. Implementation of the Recovery and Resilience Plan (disbursement of which is expected to begin in the second half of 2021) should provide a sustained boost to the economy and help mitigate the impact of growing insolvencies and long-term unemployment. Negotiations between the EU and the UK led to a Free Trade and Cooperation Agreement being signed in December 2020. It is expected to reduce the costs of Brexit and ease adjustment to the new reality. Extraordinary fiscal support, which proved critical in 2020, is expected to be gradually wound down to an estimated 2.4% of GDP in 2021. The **UK** is expected to grow 4.5% in 2021, more than the projected EU average. The scope and speed of its vaccination programme is currently expected to result in a more favourable outlook for economic growth, which will partly offset the negative impact of adapting to a post-Brexit reality. The fact that the EU-UK agreement does not comprehensively cover services and the possibility of different kinds of export barriers being imposed on the services sector could pose a negative risk to growth in 2021. **Sweden** is expected to grow by about 2.7%, benefiting from the recovery of its main trading partners, while the **Czech Republic** is projected to grow by about 3.2%.

The **US** began 2021 with the transition of power from the Republican Trump administration and to the Democrat Biden administration, a significant event in that it did not follow the usual pattern of two consecutive terms of the same president and because the Democrats won an advantage in both chambers of Congress. The polarisation of society is one of the biggest political, social and economic challenges facing America's citizens and political leadership. The economy has been hit hard by the pandemic and, despite the recovery, the new administration is expected to move forward with a set of ambitious fiscal measures (including the Build Back Better initiative) that are estimated to total the equivalent of 10% of GDP. The debate over the inflationary impact of the package will dominate the economic outlook and affect inflationary expectations as measured by the market, alongside the debate on the change in monetary policy that the Federal Reserve is to introduce in the near future. Economic growth could reach 5.1% in 2021, an upward revision compared with previous projections, signalling a return to pre-pandemic output levels as early as 2021. Domestic consumption should contribute positively to growth, supported by the high level of savings recorded in 2020 and the direct financial aid distributed. The economy of **Japan** is expected to contract in the first months of 2021, reflecting recently imposed mobility restrictions. The economy is expected to expand subsequently, but this will depend to a large extent on whether or not the Olympic Games goes ahead and, if so, on what format it takes. The Japanese economy is projected to grow 3.1%. **Australia** is expected to grow 3.0%.

**Emerging and developing economies** are expected to see growth of about 6.3%, an upwards revision from previous projections. They are expected to benefit from higher commodity prices. **China**, one of the few economies to grow in 2020, is expected to expand by about 8.1%. China's institutional relationship with the US remains undecided following the trade dispute of recent years. A high level of indebtedness is one of the concerns highlighted by economists and recognised by the Chinese authorities. The reduced weight of consumption in GDP and dependence on external demand is another concern. The other emerging economies will tend to evolve in different ways, especially those most dependent on oil or tourism revenues. Social instability over difficult access to vaccination or







increased inequalities pose negative risks. **India** is expected to grow 11.5% in 2021, the highest growth rate among the main world economies. **Mexico** and **Brazil**, economies hit hard by the pandemic, are expected to grow by about 3.6% and 4.3% respectively. **Argentina**, for its part, is expected to grow 4.9%. **South Africa** will benefit from a favourable climate for emerging economies, including higher commodity prices. But it will also face challenges arising from the spread of the epidemic and a potentially inefficient vaccine rollout, as well as structural issues such as unreliable electricity supplies, implementing structural reforms and financing public debt. It is expected to grow 2.8% in 2021. **Russia** is projected to grow by about 3.0%, benefiting from energy price factors and favourable monetary conditions.

Monetary policy will remain highly accommodative in 2021, continuing the policies that were rapidly implemented in response to the pandemic, supporting financial markets and laying the foundation for a subsequent economic recovery. Managing expectations of continuing low interest rates and permanent liquidity injections are policy options that are likely to continue, despite expectations of a return of inflation to the world economy and of divergences between the increasing value of financial assets and the fundamental macroeconomic conditions. In regard to inflation, there may be signs of an upward trend, due partly to the base effect and partly to possible constraints on the supply of raw materials and industrial components, and even potentially on international transport. Inflation is projected to be lower than 2.0% in developed economies and above 4.0% in emerging economies. China could be one of the economies to begin the process of monetary normalisation. Fiscal policy, the other lever used by authorities in 2020, will remain broadly expansionist, including extra support such as the package expected to be proposed and approved in the US.

### 13.1.2. PORTUGAL

Portugal began 2021 by imposing new lockdown measures in the face of a marked worsening of the epidemic. The measures were less restrictive than those imposed in 2020 and the adaptability and resilience of economic agents should alleviate their economic impact. Even so, the first months of 2021 are likely to see a contraction in economic activity due to these limitations and the prospect of a long and gradual reopening of different sectors. Growth prospects are dependent on the spread of the virus, the rollout of the vaccination programme and economic sentiment, but, generally speaking, the outlook is for a favourable evolution of the public health crisis, a recovery in tourism, cultural, entertainment and related activities, especially in the summer, and a rapid resumption of investment. Portugal will benefit from Next Generation EU funds over 2021-2023, from which it is expected to receive an average equivalent of 3.7% of GDP a year. Negative risks include the potential impact of terminating temporary measures to support the economy, such as loan moratoria, that were initially intended to be limited in time, but which have since been prolonged. The large contribution of tourism to GDP and continuing risks to this sector could restrain an economic recovery. The increase in indebtedness and credit risk, as well as bad debt portfolios, will require monitoring. The outlook for the next few months is so uncertain that the range of growth forecasts is unusually wide. Overall, annual growth of 3.9% is projected. GDP is not expected to return to pre-pandemic levels before the end of 2022.

In terms of public accounts, a reduction in the budget deficit is expected following the increase observed in 2020, reflecting the economic recovery and a gradual decrease in government support measures. The current and capital account is expected to show a positive balance in 2021 and the deterioration of the trade balance of

goods and services projected to continue (growth of 9.1% in exports and 8.8% in imports is forecast), due to a gradual recovery in service exports (tourism) being more than offset by European support funds. The labour market has been restricted by temporary measures and an increase in the Inactive population. Reallocating workers will require an expansion of training schemes. Hiring decisions are likely to be limited by underutilised resources and uncertainty about the future. The unemployment rate is expected to rise to about 8.8%. A marginal increase in inflation is projected in 2021, initially due to an increase in energy-related prices and subsequently due to a recovery in service prices. Forecasts point to an inflation rate of 0.3%.

## 13.2. OPERATIONAL ACTIVITIES

### 13.2.1. RAW MATERIALS

The outlook for 2021 is one of great uncertainty, above all because of the COVID-19 pandemic and its impact on the global economic climate.

Results are expected to improve in comparison with 2020 as the BU consolidates efficiency gains generated by projects implemented over the past two years (in the areas of disc manufacture and cork board selection automation) and assuming stable production throughout the year.

In regard to raw material acquisitions, a purchasing campaign in the field in Portugal and Spain is planned to ensure sufficient stocks for operations in 2022 without any alteration in the pace of production.

In 2021, the Raw Materials BU is committed to ensuring that all the discs it supplies to the Cork Stoppers BU will have received the CORKNOVA treatment for decontaminating natural cork discs.

In regard to the Forestry Intervention Project, the BU will take a more active role in cork oak cultivation both through new plantations (moving ahead with the Herdade da Baliza plantation) and through investing in the densification of cork oak areas by intervening directly and encouraging forest owners to plant more cork oaks. Another objective is to become a pioneer in implementation of a sustained value proposal for silviculture using an installed irrigation system capable of expanding the revenue streams available to forestry producers and accelerating their financial returns. In the area of forestry R&D, the goal is to execute the Cork Oak Improvement Plan and gain recognition by the forestry sector as a Centre of Excellence and Knowledge relating to the cork oak and the ecosystem (*Montado*) in which it thrives.

### 13.2.2. CORK STOPPERS

In the belief that a solution to the pandemic will soon be found and implemented, the spiral pattern of growth that characterises the BU and the wine industry of which it is an integral part is expected to resume in 2021.

The strategy for the 2021-2023 period will continue to be based on four pillars of action, focusing on the following priorities:

- Increasing flexibility and responsiveness in regard to a post-pandemic boom;
- Increasing sales to their 2019 level;
- Increasing profitability to an EBITDA-sales ratio of more than 20%;

- Reducing the amount of capital invested in inventories and customers;
- Consolidating the Naturity® and Xpur® processes in 2021;
- Increasing the EBIT of the wood capsule business;
- Improving service levels;
- Implementing operational efficiency measures;
- Reducing ND Tech maintenance costs;
- Developing digitalisation, implementing SAP at Oller, moving on to the next phase in SAP implementation and developing data science (Xpur®, Naturity®, Ndtch);
- Democratising access to information;
- Ensuring the development of the skills that are critical for the business;
- Improving sustainability practices and making the case for the advantages of cork compared with other closures.

(steeping up the search for alternative suppliers outside Asia) and a reduction in the consumption of raw materials imported from China have been put in place to deal with this issue.

At the operational level, efficiency gains from stock management and industrial planning should be consolidated as a result of stricter compliance with industrial standards and the availability of real-time information.

In terms of innovation, the BU will in 2021 launch INOP25, a medium-term programme aimed at developing new flooring solutions for presentation in 2025, in line with the BU's mission and its continued focus on sustainability and guaranteeing the competitiveness of its products.

Despite the uncertainty regarding the possible impact of a third wave of the pandemic in 2021, when people will be able to resume travelling and the economic impact (recession, lower spending, fewer projects), there are positive signs. These include the hopes placed in vaccination programmes and the opportunities arising from changing habits among consumers who are seeking greater comfort in their homes and using digital channels much more. Sustainability is, and will continue to be, a strong argument that differentiates the products of the Floor and Wall Coverings BU products.

### 13.2.3. FLOOR AND WALL COVERINGS

In 2021, the BU expects to consolidate its product portfolio by focusing on the range of products on offer and brand positioning. Its management agenda includes striving for a culture of excellence – based on continuous improvement processes, business profitability and increasing guarantees of product reliability. The use of international standards, based on the methods of the Investors in People programme and the EFQM model, will mark a significant turning point in support for the BU's strategic positioning, as well as the exploration of competitive advantages.

The BU expects sales of manufactured products to grow, based on three product ranges: the new Amorim WISE solutions range aimed at premium market segments; a resumption of growth in sales of the Hydrocork range; and leveraging the Wicanders Start solutions range for mass consumption and new customers.

Positive impacts from prices and consumption quantities are expected in terms of the gross margin. A drop in the prices of cork and other raw materials, whether of domestic supplies or imports from Asia, is expected to have a significant impact on the decrease in consumption. In line with concerns for environmental sustainability, implementing additional circular economy measures and taking advantage of the micro-granulation of manufacturing waste should reduce raw material consumption and lower the cost of waste disposal. There is a clear risk that the transport costs involved in importing components from Asia will increase. This is being monitored and preventive measures put in place to minimise costs, including sourcing alternative supplies and adding an additional charge to sales prices, given that these higher costs will affect a large part of the flooring industry.

Another transport concern relates to escalating sea freight prices, particularly between China and Europe, which increased further at the beginning of 2021. Several factors have contributed to the significant increase in maritime transport costs: a scarcity of containers and ships, domestic operating difficulties at major international seaports and a decrease in ships sailing from China to the rest of the world. Although this pressure is expected to ease, a return to previous cost levels is not expected. Procurement measures

### 13.2.4. COMPOSITE CORK

Taking into account the ongoing pandemic, the BU's priority for 2021 will be a return to the growth and activity levels of previous years, although the degree of uncertainty remains significant.

In addition to business levels in its more traditional markets, which the BU will seek to recover, significant new opportunities have been identified that are expected to make an important contribution to the BU achieving its growth and recovery goals.

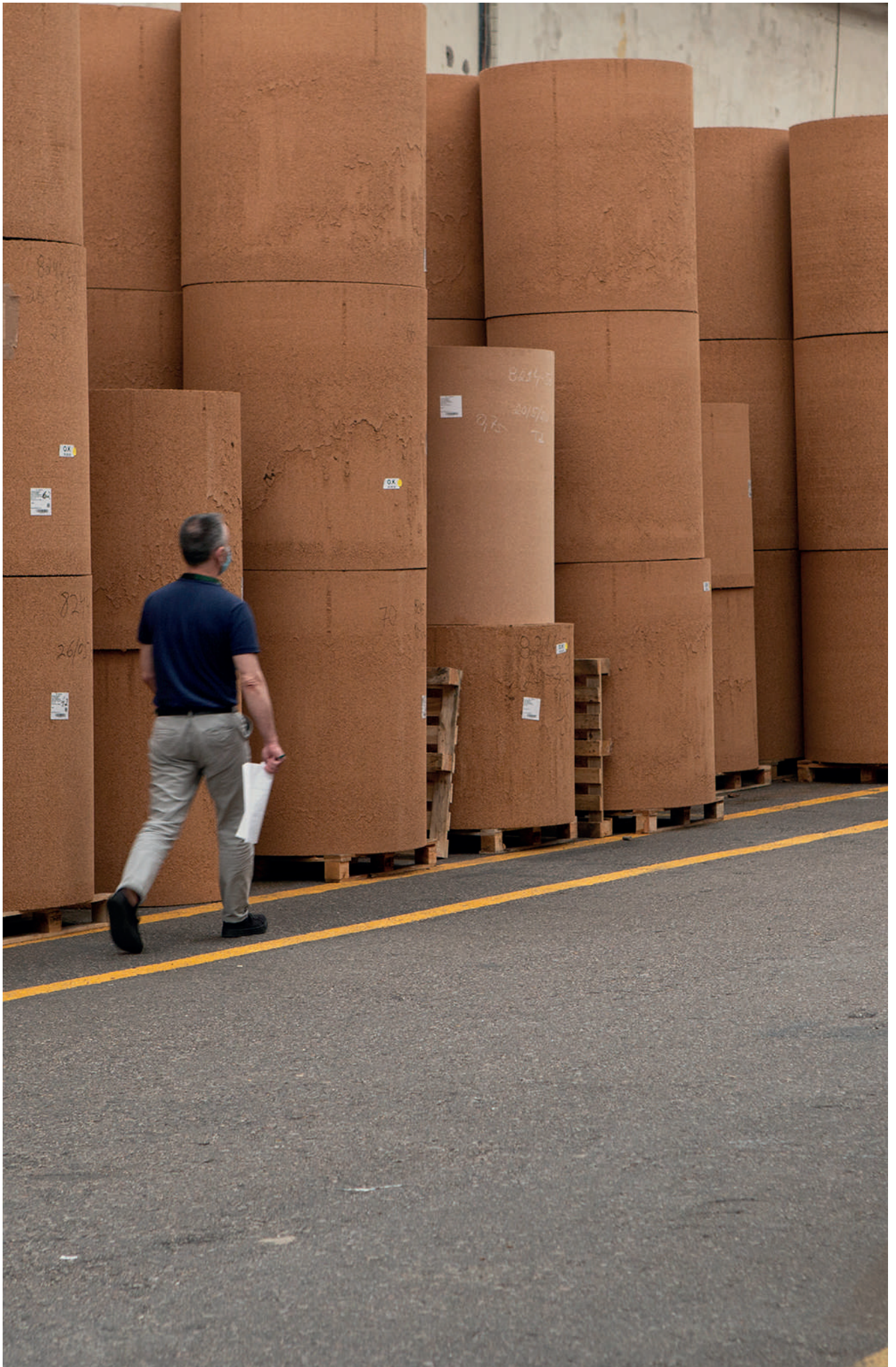
Internally, the BU will continue to build on its critical, innovative spirit regarding finding opportunities for greater efficiency across the organisation, with the aim of returning to pre-pandemic standards, as well as leveraging the new capabilities of information systems, once the respective learning curves have been completed.

The BU has also noted a trend towards cost increases in a significant proportion of its non-cork production factors, as well as signs of increasing freight costs, which are of considerable importance to the business. Current and forecast cost levels could also place additional pressure on performance, which could be offset by an adequate pricing policy.

The BU's innovation strategy in regard to technological products and processes, as well as seeking partnership opportunities to develop markets and applications, will remain important to its goal of increasingly adding value to cork.

A number of initiatives have been identified for implementation in 2021. In terms of the market, which naturally affects the way the BU's teams are organised, it will be a year of increasing the BU's focus and reaffirming priorities. The BU's strategic positioning as a materials supplier in a context of great diversification between segments, geographies and products requires refocusing efforts and aligning priorities with a view to the future and the new opportunities taking shape in areas such as mobility and energy.







### 13.2.5. INSULATION CORK

Despite the global climate of uncertainty stemming from the COVID-19 pandemic, the BU expects 2021 to be a year of recovery in terms of both sales volume and value. The strategic measures implemented over the past few years have equipped the BU to look forward to 2021 with greater confidence in its performance.

It will continue to invest in strengthening customer loyalty in its current markets, as well as in expanding to new geographical regions to increase the potential of its strong argument for the supply of sustainable products in a global market increasingly disposed to use natural products.

### 13.3. CONSOLIDATED RESULTS

The COVID-19 pandemic characterised 2020 and it would be taking a large risk to estimate, at the outset, the impact the virus will have on 2021. The degree of uncertainty regarding 2021 remains high, making it difficult to assess the extent of the direct and indirect impacts that the pandemic will have in the future. Compared with the first quarter of 2020, which was virtually unaffected by the virus, the first three months of 2021 will reflect the significant impact that COVID-19 has had on Corticeira Amorim's activities. In the remaining quarters of 2021, the pace and size of the ongoing vaccination process and the effectiveness of the vaccines, offset by a potential need to implement additional confinement measures, will determine the degree to which the global economy and consumption patterns - and, consequently, Corticeira Amorim's activities - are affected.

Fluctuations in Euro and US dollar exchange rates are another source of uncertainty that could affect Corticeira Amorim's performance prospects in 2021.

In 2021, the impact of consuming cork purchased at lower prices is expected to continue to be reflected in the Group's financial accounts. This impact will tend to be greater as the end of 2021 approaches. In 2020, purchase prices decreased, as they did in 2019, counteracting the effects of previous years when purchase prices increased (by 17% in the 2018 campaign, for example). This factor should alleviate some of the pressure on Corticeira Amorim's results. However, prices in the secondary market will not immediately normalise, making it important to review continually the marketing conditions for products and solutions, and to keep track of operational efficiency internally.

Due to the pandemic, the growth cycle of recurring profits in previous years was interrupted in 2020. However, the 2020 increase in profitability as measured by EBITDA-sales ratios deserves noting.

In Corticeira Amorim's regular activities, higher raw material consumption prices forced the Group to improve its operational efficiency continuously and to search for new markets, diversifying existing solutions to meet the needs of customers. In addition to maintaining these gains, the Group will continue to seek additional improvements.

The pandemic led to changes in the traditional sales channels of the Cork Stoppers BU, which had a significant impact on its product mix. In the event of a return to normality, consumption of still and sparkling wines and spirits is likely to continue decelerating. The Cork Stoppers BU will seek to grow above that lower level, however, by focusing on Naturity® and Xpür®. Significant markets in the spirits remain to be explored, while the limitations of plastic closures open

the way for the natural alternatives marketed by Corticeira Amorim. This BU will continue to focus on sales growth and improving its operational efficiency.

The Composite Cork BU will continue to focus on organic growth, despite the limitations on its scope to increase sales prices. Maintaining sales and profitability levels will be a considerable challenge and will require a great deal of discipline in seeking better yields from grinding operations, given that the market will have a limited capacity to absorb price increases.

After its first year of turnaround, marked by an increase in activity and profitability in EBITDA terms, the Floor and Wall Coverings BU has the requisites for continued growth. Not having to repeat the costs it incurred in 2019 and the results of its industrial renewal project form the basis for forecasting this improvement. An increase in sales would be particularly important, given that the sales team seeks to achieve targets that would guarantee that the BU breaks even.

The Insulation BU surpassed a critical point in 2019 and recorded a highly satisfactory performance in 2020. Production efficiency measures, making the case for sustainability, and sales growth (expanding to new geographical regions if possible) will be its main goals in seeking further growth.



# [14] Business Risk and Uncertainties

Over the course of its 150-year history, Corticeira Amorim has successfully confronted several profound social transformations. The current COVID-19 pandemic is the most recent of these challenges and, as always, the company will seek turn the challenges into opportunities.

The difficulties experienced in 2020 by some of the world's major economies continue to affect the development of economic activity. Corticeira Amorim, like all other economic agents, continues to operate in the uncertain economic climate that is affecting global markets:

**I. The global wine sector** – In 2020, the wine trade was severely affected by the COVID-19 pandemic and its impact on distribution and consumption. The risk to Corticeira Amorim stemmed from several factors: changes in consumption patterns caused by confinement measures as global wine consumption fell 8%-10%. The reduction, however, was asymmetric on two levels: the degree of change in different markets and the different magnitude of changes between the on-trade and the off-trade markets. Sparkling wine, particularly Champagne, was the segment most affected. In fact, premium segments were generally the most impacted, particularly due to a drastic reduction in duty free purchases as well as hotel, restaurant and bar closures. It may take until 2023 for the sector to return to normality. This means that assessing the real impact of the pandemic with greater precision, as well as the time it will take for a full recovery, will only be possible when the health crisis is over. There is a general expectation, however, that the second half of 2021 will be more positive in global terms, with some return to normal consumption patterns, especially if vaccination programmes are rapid.

The impact of COVID-19 increased demand through shopping channels such as click & collect. These, however, tend to favour lower-priced segments and large packaging formats such as bag-in-a-box. In terms of non-traditional wine packaging, sales of aluminium-packed wines increased in 2020, but it remains to be seen whether this format will remain truly competitive after the pandemic. Electronic commerce increased notably, contributing significantly to a slight offsetting of the drop in sales by wine cellars and wine tourism establishments. Direct consumer sales also increased significantly, especially in the US.

Equally pertinent was the decision taken by the Trump administration to impose additional tariffs on some still and sparkling wines and spirits imported from Europe, specifically from countries participating in the Airbus consortium. While the new US administration may reverse this decision, it remained in force in early 2021. The 2020 forest fires in the US also had a significant impact on the availability of premium wines in California, the country's main wine-producing region. The 2020 harvest there will only be bottled in 2022, making it necessary to monitor the impact of the fires on the quality of California's prestigious wines, an important market for top-quality natural cork stoppers.

The US maintained its significant weight in the wine market in 2020, remaining the focus of sales efforts by all export-oriented cellars. Despite the disruptions in 2019 and 2020 caused by the imposition of tariffs on European wine imports, the size of the US market and its clear ability to accommodate premium prices have upheld this market as a key target for boosting the future growth of the wine and

spirits industry. This is positive for the cork stopper industry, given the clear preference of US consumers for this closure option.

China's decision to ban imports from the main Australian wine producers in November 2020 – wines which are now subject to taxes can reach 200% of their sales price – also poses a risk that will have to be taken into consideration until the policy issue is resolved.

There are no significant direct risks to the business resulting from Brexit other than a possible recession in the UK that would affect consumption patterns. The UK is nevertheless expected to remain an important wine import market.

The recent launch of the Naturity® and Xpür® technologies should bring the TCA issue to a close for Amorim stoppers and help consolidate Corticeira Amorim's market shares. Sustainability and environmental performance are also important issues. While the 2008-2009 crisis pushed sustainability issues into the background as a market concern, the 2020 pandemic had the opposite effect, turning a spotlight on ecological issues in forums for wine professionals and consumers. This coincided with the year in which Corticeira Amorim launched a series of life cycle assessment studies that highlighted the positive environmental aspects of Amorim stoppers, further strengthening the company's role as a market leader in improving the sustainability credentials of cork.

**II. The construction sector** – The sharp slowdown in activity in this sector, both in new construction and the renovation of existing buildings, together with the postponement of final consumer purchase decisions, has led to a drop in global demand for products in this sector, including floor and wall coverings and thermal and acoustic insulation.

The Group will continue to counteract this global slowdown by taking advantage of the growth opportunities it has identified, either by strengthening its presence in markets already identified as having a high growth potential, specifically emerging markets, or by increasing its share of more mature markets. These opportunities will be significantly enhanced by the launch of new collections, development of the product portfolio and an expansion of the range of products that the Group produces.

In regard to the flooring market, 2020 was characterised by a certain degree of stability in spite of the pandemic. In some markets, poor performance in March and April was totally or partially offset in the second half of the year. Consumption of parquet flooring in Germany, the largest European flooring market, increased, driven by renovations. On the other hand, despite the increased pace of renovations, the French and Italian markets did not offset the losses registered during the lockdown, resulting in an overall drop in flooring consumption.

Despite future uncertainties regarding the impact of the pandemic, European response mechanisms aimed at economic recovery and vaccination provide positive signals to capitalise on, together with an increase in the rate of renovation of existing buildings and the growing use of solutions that provide homes with greater comfort. This reflects a clear recognition of the role of natural products in combating climate change and limiting CO2 emissions, as well as the role of consumers with a desire to bring nature into their homes. Changes in global growth rates should continue to be minimised by taking advantage of the growth opportunities identified, either by strengthening the Group's presence in existing markets of which it has a deep knowledge or by exploring new markets. These opportunities will be strongly enhanced by the launch of new collections, developing the product portfolio, expanding the range of products produced and adapting them to target markets.

Growing consumer awareness of sustainability concerns is also a significant factor in favour of cork-based coverings and a particularly important driver of sales volume growth in more profitable segments.

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

**I. Exchange rate volatility** – a potential erosion factor for business margins. In the short term, the effects of exchange rate volatility have been counteracted by an active policy of replacing billing currencies – in the current year consolidated sales in non-Euro currencies represented 33.5% of billing to customers outside the Amorim group, and by a hedging policy against exchange rate risk that has been consistently adopted (whether natural hedging or by contracting appropriate financial instruments). Over the long term, Corticeira Amorim has been committed to the development of new products/solutions with greater added value in order to achieve a product mix that will be capable of overcoming these constraints. An organizational model has therefore been adopted that is orientated towards the creation of value for the business – moving up the value chain, and thereby overcoming this risk.

**II. Climate change** – this is a factor that could potentially reduce the availability of the industry's raw material, given that climate change could lead to an imbalance in the ecosystem of the cork oak forest, particularly due to severe droughts, which would hinder the propagation and growth of cork oak trees. This makes it necessary to establish a long-term strategy for creating new cork oak plantations in new geographic regions and using new forms of silviculture.

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

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

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

Upholding and enhancing the value of cork oak ecosystems (*Montado*) is the best way to guarantee their preservation and development. In this sense, it is imperative to find a new value equation for the *Montado* that, in addition to the benefits of manufactured cork products, includes complementary revenue sources, biodiversity and other positive externalities, particularly carbon retention.

In this way the above-mentioned factors provide an opportunity for

differentiation that helps expand the market for cork products.

**III. Developing alternative closures** – In 2020, the downward trend in the use of alternative closures by wine producers continued, especially in the case of plastics, which continued to lose market share in key countries. A significant development during the year was a growing awareness of CO<sub>2</sub> performance in all closures. During 2020, Corticeira Amorim published nine additional reports on the environmental performance of products and began a dissemination program to share the results with more than 9,000 of its customers, further strengthening the role that cork plays in reducing the environmental footprint of the wine trade, a growing priority for both the trade and consumers worldwide.

The growth rate of screwcaps continues to reflect the lack of robustness observed several years ago. This scenario is supported by market studies published by several international companies in recent years, which underline the role played by cork stoppers in the growth and profitability of brands that use cork stoppers in the largest wine markets in the world.

In the US, 72% of the top 100 premium brands are sealed with cork (Nielsen USA, June 2017), and 97% of consumers say that cork is an indicator of high quality wine (Wine Opinions, July 2017). US wine consumers are willing to pay a premium of \$3.87 for a wine sealed with cork. Sales of wines sealed with a cork stopper increased by 43% between 2010-2017, while sales of wines with other types of stoppers grew by 16% (Nielsen USA, June 2017).

In the UK, surveys conducted by Nielsen UK (October 2017) analysed the top 1500 wine brands and concluded that wine bottles sealed with natural cork stoppers sold, on average, at a premium of £1.52 a bottle compared with screwcap sealed wines. For red wines, a bottle sealed with a natural stopper can be sold for an average price of £7.15, compared to £5.26 for a bottle with a screwcap – a price difference of more than 36%. Wines sealed with cork stoppers enjoyed strong annual growth (+6.1%), which was even more expressive in red wines (+11.3%). Surveys carried out by CGA (October 2017) on the UK's 30 largest wine brands showed annual growth of 17% for wines sealed with cork, compared to +9% for those sealed with artificial closures; the data showed that the price of wines with cork stoppers has increased by more than 11% since 2015, compared with +6% for wines with artificial closures. The volume of wines sealed with cork stoppers has increased 48% since 2015, compared with just 10% for wines sealed with artificial closures.

This clear preference for cork stoppers is not restricted to the US and the UK. It is also mirrored in other important wine markets such as China, France, Italy and Spain. In 2021, APCOR will launch a new international campaign to promote cork, focused on the US, France, Italy and China, and is expected to produce updated studies on these trends. This new round of multi-market promotion is also expected to position the sector's cork exports firmly above the one billion mark, following the difficulties of 2019.

Screwcaps continue to be affected by factors such as the phenomenon of wine reduction and a market perception that they belong to low-priced wine segments. In 2020, however, a different issue gained importance: the fact that screwcaps are essentially perceived as single-use plastic stoppers. Since the screwcap lining is the real seal and its plastic can only be used once, the global movement against single-use plastics could also have repercussions for this type of closure.

**IV. The emergence of new materials** – Corticeira Amorim accompanies the technical development of competing materials, with regard to compliance with certifications, regulatory

requirements, formats, price competitiveness and performance. This is only possible in relation to cork through the development of:

- New solutions and composites that play a fundamental role in differentiating cork, and which also make it possible to overcome technological barriers and leverage the advantages of cork;
- New technologies capable of producing composite materials in which cork is a component, using prime or recycled raw materials and formats in demand in the market, both for final consumption and industrial processes.

Corticeira Amorim is convinced that an increasing recognition of the value of cork and its technical and environmental properties will support its growing global affirmation. In this regard, we will continue to disseminate the advantages of cork, taking into account the long-term concerted strategies currently under way, especially at the Composite Cork BU, towards making this vision a reality:

- A circular economy programme aimed at collecting and reusing industrial by-products;
- A flooring R&D programme that combines technology with different installation formats and methods, based on new composites produced from sustainable raw materials;
- A technological development programme that uses new technologies, developing knowledge and new composites from prime raw materials;
- Partnerships and joint ventures with different bodies to leverage and accelerate the growth of previous programmes, both from the perspective of production-related knowledge and validation by the market (Composite Cork BU).

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

## [15] Treasury Stocks

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

## [16] Proposed Appropriation of Profit

Considering that, based on the individual financial statements for the year that ended on December 31, 2020, the Company recorded a net profit for the year of €36,176,565.39 (thirty-six million, one hundred and seventy-six thousand, five hundred and sixty-five euros and thirty-nine cents), the Board of Directors of Corticeira Amorim proposes that the Company's shareholders consider and approve a resolution that the net profit for the year, as stated above, in the amount of €36,176,565.39 (thirty-six million, one hundred and seventy-six thousand, five hundred and sixty-five euros and thirty-nine cents) be appropriated as follows:

- €24,605,000.00 (twenty-four million, six hundred and five thousand euros), corresponding to €0.185 (eighteen and a half euro cents) per share be paid out as dividends;
- €11,571,565.39 (eleven million, five hundred and seventy-one thousand, five hundred and sixty-five euros and thirty-nine cents) to be transferred to free reserves.



# [17] Annual Performance Assessment

As part of the annual assessment of the Company's performance in terms of corporate governance, the Board of Directors recognizes 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, thereby ensuring high levels of performance over the short, medium and long term;
- 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.

This professional, committed and diligent service has ensured the good performance of the Company and it is the conviction of the Board of Directors that it will continue to foster an appropriate performance over the long term, thereby making an important contribution to stakeholders and the community in general, as measured and reported in section 5.3. Economic Performance of the Sustainability Report.

# [18] Statement of Responsibility

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

# [19] Subsequent Events

In the context of the COVID-19 pandemic, Corticeira Amorim's essential priorities have remained unchanged since the outset: a strong commitment to protect the health and safety of employees and a determination to continue serving our customers. The safest practices were adopted, based on a strict Contingency Plan that was implemented in all industrial units and across the Group's extensive distribution network. The plan included a set of broad-spectrum measures, essential to ensuring the permanent well-being of our more than 4,300 employees worldwide, the safe operation of the Group's industrial units and business continuity.

In 2021, the degree of uncertainty remains high. The pace and scope of the ongoing vaccination process, the effectiveness of vaccines, offset by a potential need to implement additional confinement measures, will determine the degree to which the global economy and consumption patterns - and consequently, Corticeira Amorim's activities - are affected.

Between December 31, 2020 and the publication date of this report, there were no other relevant facts that could materially affect the financial position and future results of Corticeira Amorim and the group of subsidiary companies included within the consolidation perimeter.

# [20] Final Words

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

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

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

Mozelos, March 29, 2021

**The Board of Directors**  
of CORTICEIRA AMORIM, S.G.P.S., S.A.



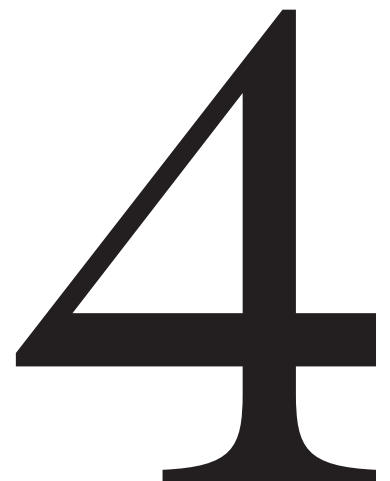




# Corporate Governance Report

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Cork is a “living” material, each piece of cork is unrepeatable, making it unique and eternally surprising.



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, 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).

Law no. 50/2020, of 25 August transposed to the Portuguese legal system Directive (EU) no. 2017/828 on the rights of listed company shareholders as regards long-term engagement, which entailed the repeal of Law no. 28/2009, of 19 June that previously governed the duty to present a remuneration policy and, at the same time, introduced rules in the Portuguese Securities Code regarding i) the acceptance of the remuneration policy for members of the management and supervisory bodies of issuers of shares admitted to trading on a regulated market and (ii) the remuneration report. Bearing in mind that the acceptance of and decision on the remuneration policy, as provided for in the aforementioned Law no. 50/2020, will take place in 2021 and consequently the remuneration report will be presented in 2022; for a better understanding of the remuneration policies and practices adopted by the Company in the year under review, the information previously required by paragraph 3 of Law no. 28/2009 of 19 July (Remuneration Policy) is maintained.

# 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 (%)
<b>Qualifying interests:</b>			
<b>Amorim Investimentos e Participações, S.G.P.S., S.A.</b>	67,830,000	51.000%	51.000%
<b>Great Prime, S.A. – in liquidation</b>	13,725,157	10.320%	10.320%
<b>Amorim, Soc. Gestora de Participações Sociais, S.A.</b>	13,414,387	10.086%	10.086%
<b>Freefloat*</b>	38,030,456	28.594%	28.594%
<b>Total</b>	<b>133,000,000</b>	<b>100.000%</b>	<b>100.000%</b>

\* includes 3,045,823 shares (2.29%) held by fund managed by Santander Asset Management, S.A., S.G.I.I.C. (communication received by the Company on 6 June 2019)

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

There are no restrictions on the transfer of shares.

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

As at 31 December 2019, Corticeira Amorim held no treasury shares and it did not engage in transactions during 2020, reason why as at 31 of December 2020 the Company did not own treasury shares.

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

The Company has not entered into any agreements as described in this paragraph except for the normal “change of ownership” clauses included in certain loan agreements entered into during the normal course of operations and which, on a case-by-case basis, have been analysed and their contractualisation considered appropriate for the Company’s interests.

At 31 December 2020 there were covenants requiring the maintenance of Corticeira Amorim’s controlling interest in contracts regarding loans totalling 65 million euros (31-12-2019: sixty 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. In addition, the Company has significant liquidity reserves, as detailed in the Notes to the consolidated accounts - Note 22; specifically, at 31-12-2020 there were 260.9 million euros in contracted, undrawn credit lines (31-12-2019: 188 million euros).

This circumstance is not likely to impair the free assessment by shareholders of the performance of the members of the Board of Directors.

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

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

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

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

## II. SHAREHOLDINGS AND BONDS HELD

**7. 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.**

Stakeholder	No. of shares	% of share capital with voting rights
<b>Amorim Investimentos e Participações, S.G.P.S., S.A. (a)</b>		
Directly	67,830,000	51.000%
<b>Attributable total</b>	<b>67,830,000</b>	<b>51.000%</b>

(a) The shares with voting rights in Amorim Investimentos e Participações, S.G.P.S., S.A. are wholly owned by three companies, Amorim Holding Financeira, S.G.P.S., S.A. (11.392%), Amorim Holding II, S.G.P.S., S.A. (38.608%) and Amorim - Sociedade Gestora de Participações Sociais, S.A. (50%) without any of them having a controlling stake in the Company, 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 S.G.P.S., S.A. e da 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.

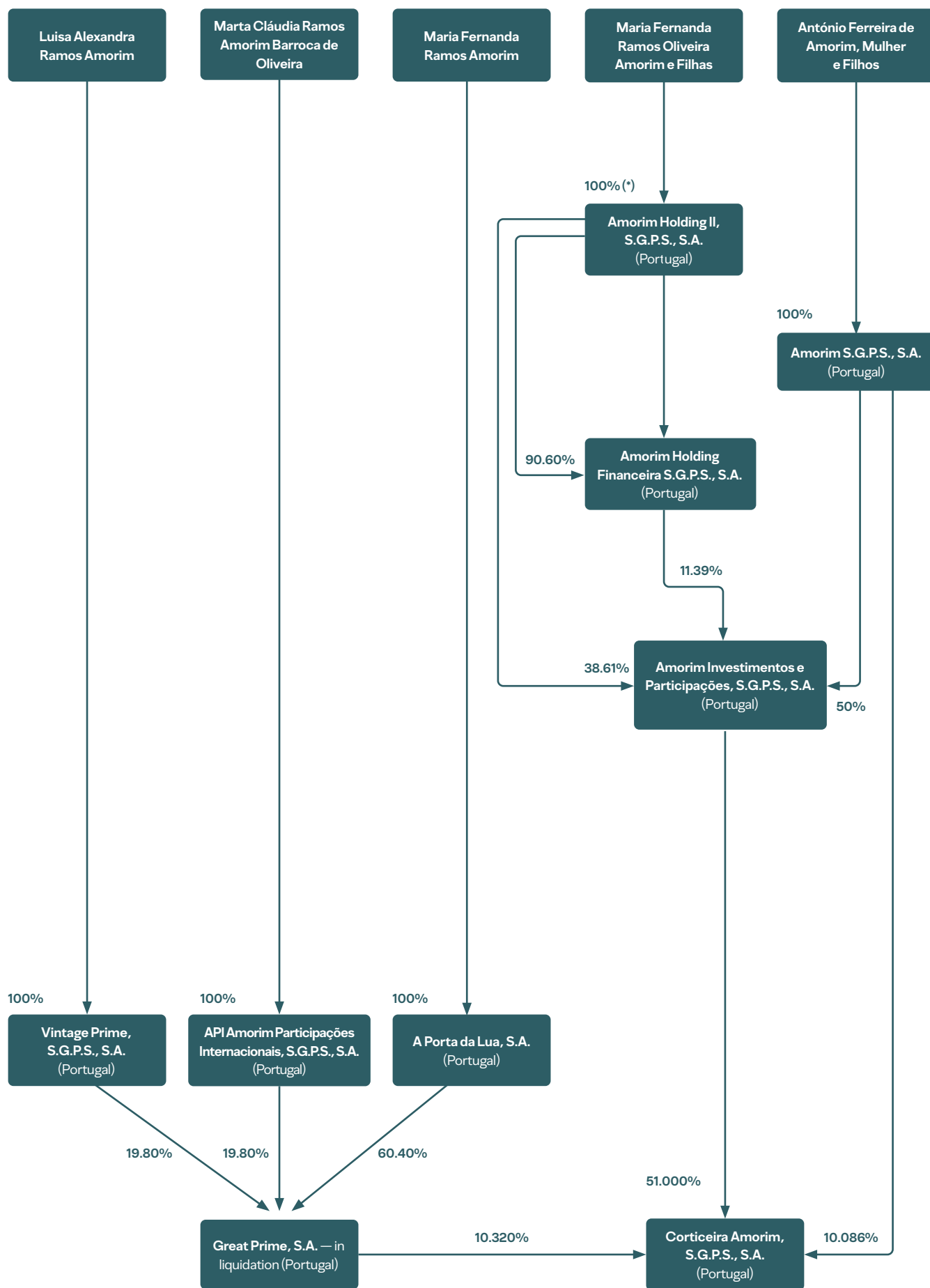
Stakeholder	No. of shares	% of share capital with voting rights
<b>Great Prime S.A. – in liquidation (b)</b>		
Directly	13,725,157	10.320%
<b>Attributable total</b>	<b>13,725,157</b>	<b>10.320%</b>

Stakeholder	No. of shares	% of share capital with voting rights
<b>Maria Fernanda Oliveira Ramos Amorim</b>		
Directly	—	—
Through the shareholder Great Prime, S.A. – em Liquidação (b)	13,725,157	10.320%
<b>Attributable total</b>	<b>13,725,157</b>	<b>10.320%</b>

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

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

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



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



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

a) Corticeira Amorim shares held and/or traded directly by members of the Board of Directors and by members of the Supervisory Board of the Company:

- i. The members of the governing bodies did not trade any shares representing the share capital of the Company during the 2020 financial year. As at 31 December 2020, they did not hold any shares in Corticeira Amorim.

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

- i. During the 2020 financial year, there were no transactions under the terms set out in this note.

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

- i. During the 2020 financial year, there were no changes in ownership under the terms set out in this note.

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

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

The ownership recorded on 31 December 2020, referred to in paragraphs i., ii. and iii. remains unchanged at the issue date of this report.

e) Transactions by Directors:

According to notices received from persons/entities covered by this regulation, it is hereby reported that, in 2020, 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.

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

- i. The company 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. The company Great Prime, S.A. – em Liquidação holds 13,725,157 shares in Corticeira Amorim, representing 10,320% of this Company's share capital and 10,320% of voting rights;
- iii. The company Amorim – Sociedade Gestora de Participações Sociais, S.A. holds 13,414,387 shares of Corticeira Amorim, corresponding to 10.086% of the share capital and 10.086% of the voting rights;

The share ownership referred to in paragraphs i., ii. and iii. refers to 31 December 2020, remaining unchanged at the date of publication of this report.

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

It is the responsibility of Corticeira Amorim's Board of Directors to maintain effective control and guidance over the activities of the Company. It is the highest strategic decision-making body (definition of strategy and main policies; organisation and coordination of the corporate structure; matters of special relevance that, due to their amount, risk, timing or special characteristics, are strategic for the Company and also the body responsible for monitoring the most important and relevant aspects of the activity, 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. As part of its management powers, it defines and ensures the implementation of mechanisms which, in turn, ensure that the entire Corticeira Amorim Group acts in accordance with its objectives, executing the strategic plans and policies approved by the Board of Directors.

These duties include, among others:

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

The Company's Articles of Association<sup>1</sup> give the Board of Directors the following powers: the exercise of all powers of direction, management, administration and representation of the Company; transfer the head office of the Company to any other location permitted by law; create in any part of the national territory or abroad, delegations, agencies, subsidiaries, branches, offices or other forms of representation of the Company; acquire, dispose of or encumber in any way the Company's own shares and debt instruments and any rights, as well as perform the operations on those securities deemed appropriate; acquire, sell, exchange and lease real estate by any acts or contracts as well as encumber them, even if through the pledging of assets; exercise and promote the exercise of rights of the Company in the companies in which it holds interests; acquire, sell, exchange, lease or encumber in any manner movable property; negotiate with credit institutions financing operations; carry out transactions in bank accounts, deposit and withdraw money, issue, accept, sign and endorse cheques, bills of exchange, promissory notes, invoice statements and other negotiable instruments; admit fault, give up or settle any legal action, as well as enter into arbitration and approve the resulting rulings; perform any other duties envisaged herein and in law.

The Board of Directors may delegate powers<sup>2</sup> as follows:

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

The Board of Directors does not delegate powers as regards defining the Company's strategy and main policies; organising and coordinating the corporate structure; deciding on matters that, due to their value, risk, timing or special characteristics/circumstances are considered strategic.

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.

1. The Company's Articles of Association provide that, by unanimous decision of its members, the Board of Directors may pass resolutions about capital increases, once or more times, in accordance with the law, up to EUR 250 million. It is also responsible for deciding on the respective terms, conditions method and length of the subscription and payment period. However, according to the general law such discretion is not currently in force:
  - The last assignment of powers to the Board of Directors was given by the General Meeting of 2 October 2000, with the resolution to amend article 8, paragraph 1, of the Memorandum of Association and consequent public deed of 16 October 2000; Article 8, paragraph 1 of the Memorandum of Association does not indicate the term for the exercise of the powers;
  - Article 456, paragraph 1(b) of the Portuguese Companies' Code states that the Memorandum of Association should establish the period, not exceeding five years, during which the powers may be exercised. It also states that in the absence of any indication, the period shall be five years; paragraph 4 of the same article 456 states that the General Meeting, deciding with the majority required for amendment of the Memorandum of Association, may renew the powers of the Board of Directors;
  - These powers have not been renewed since October 2005.Additional information: no capital increases were issued under the powers given to the Board of Directors in October 2000.
2. Regarding the current term of office (2020-2022), the Board of Directors decided to delegate powers to an Executive Committee as follows:

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

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

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

## 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 sections 89 to 91 of this report.

# [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;
- 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, 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, this gender being female in the first case and male in the second.

As 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<sup>3</sup> is composed of a Chairman and a Secretary, posts occupied by:

**Chairman:** Paulo de Tarso da Cruz Domingues

**Secretary:** Rui Paulo Cardinal Carvalho

Beginning of first term of office: 26 June 2020

End of current term of office (2020–2022): 31 December 2022, remaining in office until a new election pursuant to law.

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

#### **Paulo de Tarso da Cruz Domingues (Chairman):**

Graduated from the Faculty of Law at the Portuguese Catholic University (Porto) in 1987; Master's in Law, from the Faculty of Law of the University of Coimbra, in the area of Corporate Legal Sciences, with the thesis *On Corporate Capital - Concept, Principles and Functions*, in 1997; Doctorate in Law from the Faculty of Law of the University of Porto, in Civil Legal Sciences (in the area of Commercial Law), with the thesis *Variations on Corporate Capital*, in 2009.

Associate Professor at the Faculty of Law of the University of Porto, where he has been teaching Commercial Law since 1998; Director and Chairman of the Scientific Council at the University of Porto's Law Faculty since February 2019.

Guest/visiting professor at several Portuguese and foreign universities.

Participation in several lectures, conferences, seminars, post-graduation courses and master's courses, mainly in the area of Company Law.

Guiding and examining several Master's and PhD theses, in various faculties.

Chairman of the Association of Company Law in Review. Member of the Institute for Business and Labour Law (IDET) at the Faculty of Law of the University of Coimbra; Member of the Centre for Legal and Economic Research (CIE) of the Faculty of Law of the University of Porto; member of the editorial board for the journal *Direito das Sociedades em Revista* (Company Law in Review); Member of the editorial board of *RED - Revista Eletrónica de Direito* (Electronic Journal of Law); member of the editorial board of *Ab Instantia*, a journal produced by the Abreu Advogados Knowledge Institute (IAB) and published by Almedina; member of the editorial board for the Luso-Brazilian Law Journal (RJLB); member of the Portuguese Arbitration Association (APA).

He boasts more than 80 publications and articles, especially on corporate law, including, among others, his collaboration on the manual *Estudos de direito das sociedades* (Studies on company law), by several authors (coordinated by Coutinho de Abreu - 13th edition, Almedina, Coimbra, 2017), and the *Código das Sociedades em Comentário* (Companies Code in Commentary) (vols. I – VII, Almedina, 2010–2017).

Arbitrator and legal adviser.

He is also currently Chairman of the Presiding Board of the General Meeting for the following companies: Abreu & Associados – Sociedade de Advogados, RL and Coimbra Aparthotel, S.A.

Gender: Male | Age: 56

### Rui Paulo Cardinal Carvalho (Secretary):

Graduated with a Bachelor's Degree in Law from the Faculty of Law of the University of Coimbra.

He has been an associate lawyer at Abreu Advogados since 2019. He has participated, as secretary, in various arbitration proceedings.

Gender: Male | Age: 27

3. Until 26 June 2020 (inclusive), the Presiding Board of the General Meeting consisted of Augusto Fernando Correia de Aguiar-Branco (Chairman) and Rita Jorge Rocha e Silva (Secretary), who have held office since 24 May 2014, completed their third term of office on 31 December 2019, and will remain in office until a new election is held pursuant to the law.

### 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 2020. 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.

In 2020, in view of the health crisis experienced around the world, Corticeira Amorim implemented a wide range of measures to

protect and safeguard the health and well-being of its stakeholders, including its shareholders and members of the governing bodies. Therefore, also in line with the CMVM's recommendations, Corticeira Amorim decided, given that there was no statutory provision forbidding it, that the Shareholders' General Meeting of 26 June 2020 would be held exclusively by telematic means, pursuant to Article 377(6)(b) of the Portuguese Companies' Code and that the right to vote would be exercised by prior electronic correspondence, pursuant to Article 384(8) and (9) of the Portuguese Companies' Code and Article 22 of the Portuguese Securities' Code.

Postal ballot forms are available from Corticeira Amorim's registered office (Rua Comendador Américo Ferreira Amorim, no. 380 – 4535-186 Mozelos - Portugal) and from the Company's website ([www.corticeiraamorim.com](http://www.corticeiraamorim.com)). At the request of a shareholder, such postal ballot forms may be provided by e-mail.

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

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

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

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

- 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% 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% 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% 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 Portuguese Institute of Corporate Governance (IPCG) Corporate Governance Act or by other organisations.

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

#### 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.

The appointment and replacement of members of the Board of Directors and of the Supervisory Board also takes into account the Policy of Promoting Diversity in the Company’s Corporate Bodies described in the comment to Recommendation I.2.1. of this report, with the aim of achieving the objectives referred to therein. The actual diversity of its composition (age, gender, qualifications and professional background) is detailed in Section 19 of this report.

#### 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 (2020-2022), 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<sup>4</sup>.

Board of Directors Composition (six effective members):

**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 current term of office (2020-2022): 31 December 2022, 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 current term of office (2020-2022): 31 December 2022, remaining in office until a new election pursuant to law.

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

Date of first appointment to the Board of Directors: 31 July 2009  
End of current term of office (2020-2022): 31 December 2022, remaining in office until a new election pursuant to law.

**Member: Cristina Rios de Amorim Baptista**

Date of first appointment to the Board of Directors: 20 July 2012  
End of current term of office (2020-2022): 31 December 2022, remaining in office until a new election pursuant to law.

**Member: Luisa Alexandra Ramos Amorim**

Date of first appointment to the Board of Directors: 28 March 2003  
Elected as member of the Board of Directors at the General Meeting of Shareholders of 4 April 2013  
End of current term of office (2020-2022): 31 December 2022, remaining in office until a new election pursuant to law.

**Member: Juan Ginesta Viñas**

Date of first appointment to the Board of Directors: 20 July 2012  
End of current term of office (2020-2022): 31 December 2022, remaining in office until a new election pursuant to law.

4. 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.

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

Considering the composition of Corticeira Amorim's **Board of Directors** mentioned in the preceding paragraph (six effective members), this body delegated the executive management to an Executive Committee composed of three members, i.e., in a number equal to the non-executive directors:

**Executive members:**

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

**Non-executive members:**

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

The Board of Directors considers that this delegation of powers is in the interests of the Company, in particular the agility of its decision-making, maintaining a number of non-executive members that it considers appropriate to the functions they perform and the size of the Company. None of the non-executive members are independent.

The size, expertise, and diversity of the Board of Directors, combined with the availability of all the members, which is also reflected in attendance (sections 23 and 29), are appropriate to the size of the Company and the complexity of the risks inherent to its activity, ensuring the full, efficient and diligent exercise of the duties entrusted to this body and to each of its members, whether executive or non-executive.

**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.

Degree of Commerce from the Faculty of Commerce and Social Sciences at the University of Birmingham (1989) and attendance of *The Executive Program in Business Administration: Managing the Enterprise* at the Columbia University Graduate School of Business (1992), *Managerial Skills for International Business* at INSEAD (2001) and the *Executive Program in Strategy and Organization* at the Graduate School of Business Stanford University (2007).

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.

He was a member of the European Round Table of Industrialists - the only Portuguese corporate group to belong to this association (1991-1995). He was also 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. In 2018, he was distinguished by EY as *Entrepreneur of the Year - Portugal*.

He is a member of advisory bodies for business associations and knowledge centres: COTEC Portugal (executive board), Industry Training Association (ATEC) (advisory board), Faculty of Economics and Management at the Portuguese Catholic University (advisory board), the University of Minho's Institute of Science and Innovation for Bio-Sustainability (IB-S) (strategic board) and the Family Business Association (Vice-Chairman of the senior board).

Since 2014 he has been Honorary Consul of the Republic of Bulgaria in Santa Maria da Feira, with jurisdiction in the districts of Porto, Aveiro and Braga.

Gender: Male | Age: 53

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

Graduate in business administration from Portuguese Catholic University.

He has professional experience in the areas of insurance (Ocidental Seguros, 1993), assets investment (Merrill Lynch, 1995) and private banking (Banco Comercial Português, 1996), specialising in financial analysis and private investment.

He served as a non-executive Director of Corticeira Amorim, from March 2003 to September 2005; he then proceeded to carry out executive functions from that date and is currently Vice-Chairman of the Board of Directors.

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

Former executive Director of Barrancarnes (2000-2005).

He is the Honorary Consul of Norway in Porto.

Gender: Male | Age: 50

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

Graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics (1983/1984).

Professional specialisation and complementary training in the areas of Balanced Scorecard, Strategic Management, Management Control, Performance Evaluation and Decision Support Systems.

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. He has been a Corticeira Amorim director since 2009.

He is a regular guest speaker in the specialisation and post-graduate courses in Management Control at Overgest (ISCTE - Lisbon) and participates in presentations on Corticeira Amorim's experience in implementing the Balanced Scorecard.

Gender: Male | Age: 59

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

She graduated in Economics from the Faculty of Economics of the University 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 (from 2006 to March 2013) and of Fundação AEP (from 2009 to April 2013).

She joined the upper management 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, S.G.P.S., S.A. (a position she occupied until the end of 2017), having been named Best Investor Relations Officer at the 2016 IRG Awards (Deloitte). In July 2012, she became a member of the Corticeira Amorim's Board of Directors.

She has been a non-executive member of the Board of Directors of Banco BPI, S.A. since 2017. She also serves on the Bank's Risk Committee (member from 2017-2020, chairperson since December 2020) and the Nomination, Evaluation and Remuneration Committee (member since December 2020).

She has been a member of the General Council of AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado (Portuguese Issuers Association) since 2014 and a member of the Board of the Business Council for Sustainable Development (BCSD) Portugal since 2016.

Gender: Female | Age: 52

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

With a degree in Marketing from ISAG and Hospitality from EHTE and EHTEP, completing several areas of training in Hospitality at the Centre International de Glion, in Marketing from UCI Communication - US and Management at EGP Porto. Director of Amorim – Investimentos e Participações (since 2002), of Quinta Nova – Nossa Senhora do Carmo (since 2006), Amorim Negócios Internacionais (since 2016) and, more recently, Taboadella (since 2018). 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 in the Amorim Group. Worked in management consulting sector at Deloitte & Touche, Porto (1998-2000).

In addition to her business activity, she is the founder and chairperson of the Bagos d'Ouro Association (since 2010), member of the Board of ACIBEV (since 2020) and member of the Executive Board of the Universidade Nova de Lisboa (since 2018).

She was a member of the Board of Directors of the Fundação Museu do Douro (2006-2011).

She is the Honorary Consul of Hungary in Porto.

Gender: Female | Age: 47

**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: 79

	António Rios de Amorim	Nuno Filipe Vilela Barroca de Oliveira	Fernando José Araújo dos Santos Almeida	Cristina Rios de Amorim Baptista	Luisa Alexandra Ramos Amorim	Juan Ginesta Viñas	Pedro Jorge Ferreira de Magalhães Company's Secretary - Male
<b>Post</b>	Chairman	Vice-Chairman	Member	Member	Member	Member	
<b>Executive/Non-Executive</b>	Executive	Executive	Executive	Non-Executive	Non-Executive	Non-Executive	
<b>Gender</b>	Male	Male	Male	Female	Female	Masculino	Male
<b>Economics na Finance</b>			X	X			
<b>Business Management and Administration</b>	X	X	X	X	X	X	X
<b>Commerce and Marketing</b>	X				X	X	
<b>Strategy and Organization</b>	X		X	X			
<b>Risk Management and Compliance</b>			X	X			X
<b>Financial Management</b>	X			X	X		
<b>Business Law</b>							X
IT and Decision Support Systems (including Balance Scorecard and Management Control)			X				
<b>Human Resources, Performance Evaluation</b>	X		X	X			X
<b>Investor Relations</b>	X		X	X			
<b>Sustainability</b>	X	X	X	X	X	X	X
<b>Governance</b>	X		X	X			X
<b>Cork Oak Forest/Natural Capital Management</b>	X			X	X		
<b>Cork</b>	X		X	X	X	X	X
<b>Wine</b>	X				X		
<b>Leisure</b>	X	X		X	X		
<b>Real estate</b>	X	X	X	X	X		
<b>Insurance</b>							
<b>Banking and Asset Management</b>		X		X			
<b>Business Associations</b>	X			X			X
<b>Scientific and Cultural Organizations</b>	X			X			
<b>NGO</b>					X		X

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

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

- António Rios de Amorim, Nuno Filipe Vilela Barroca de Oliveira, Cristina Rios de Amorim Baptista and Luisa Alexandra Ramos Amorim are members of the Board of Directors of Amorim Investimentos e Participações, S.G.P.S., S.A.;
- Luisa Alexandra Ramos Amorim is the Liquidator of the company Great Prime, S.A. – em Liquidação.
- 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 corporate board members currently in office are:

**Presiding Board of the General Meeting**

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



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

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

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

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

**Board of Directors<sup>5</sup>**

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

**Executive Committee**

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

**Supervisory Board**

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

**Statutory Auditor**

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

**Remuneration Committee**

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

**Organisational Structure of the Company**

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

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

The meetings are organised by the Company Secretary, Pedro Jorge Ferreira de Magalhães, who is present at all meetings. Pedro Magalhães has a broad range of academic and professional qualifications<sup>6</sup>, namely in the areas of environmental, social and corporate governance (ESG) and compliance, which add significant value in terms of supporting decision-making by the management body.

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

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

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

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

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

- The progress of the operating activities and the main economic and financial key performance indicators of each Business Unit 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 Business Units. 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.**

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

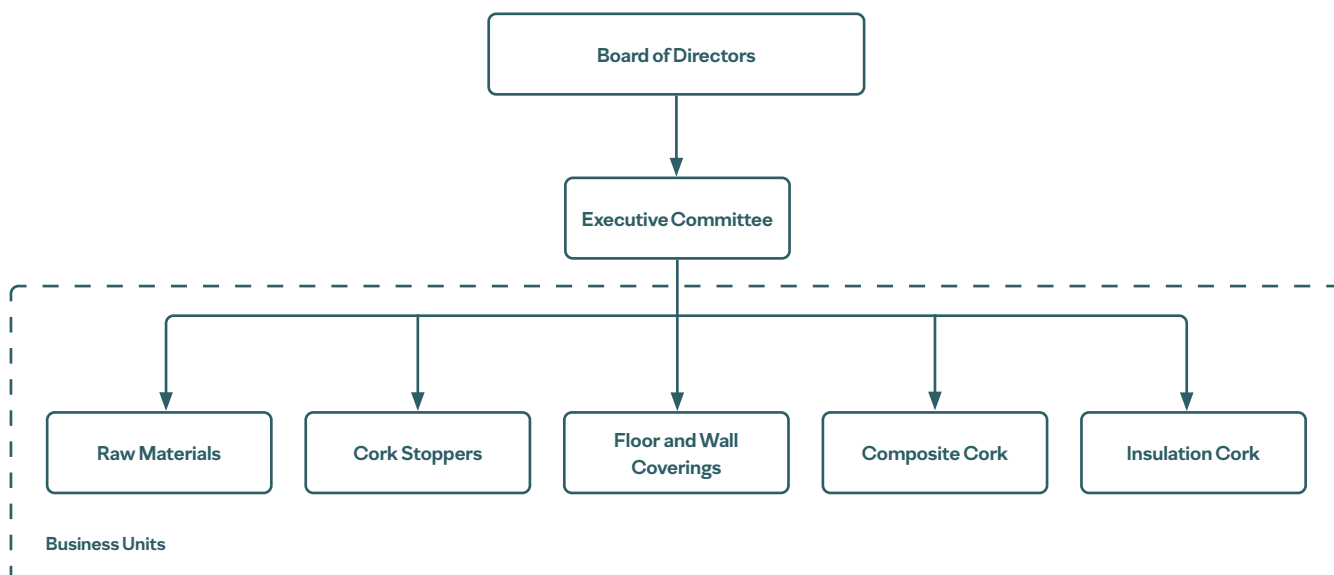
Each Business Unit has a Board of Directors composed of non-executive and executive members. This body is the authority responsible for deciding on all matters deemed relevant.

Each Business Unit 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 Business Units 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 Business Unit. In the case of the Cork Stoppers Business Unit, given the complexity of the business, there are two independent co-CEOs.

The strategic alignment of the whole organisation is enhanced by the use of the balanced scorecard method, both globally in Corticeira Amorim and individually in the Business Units. 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 Business Unit, in close cooperation with the respective Executive Management.

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

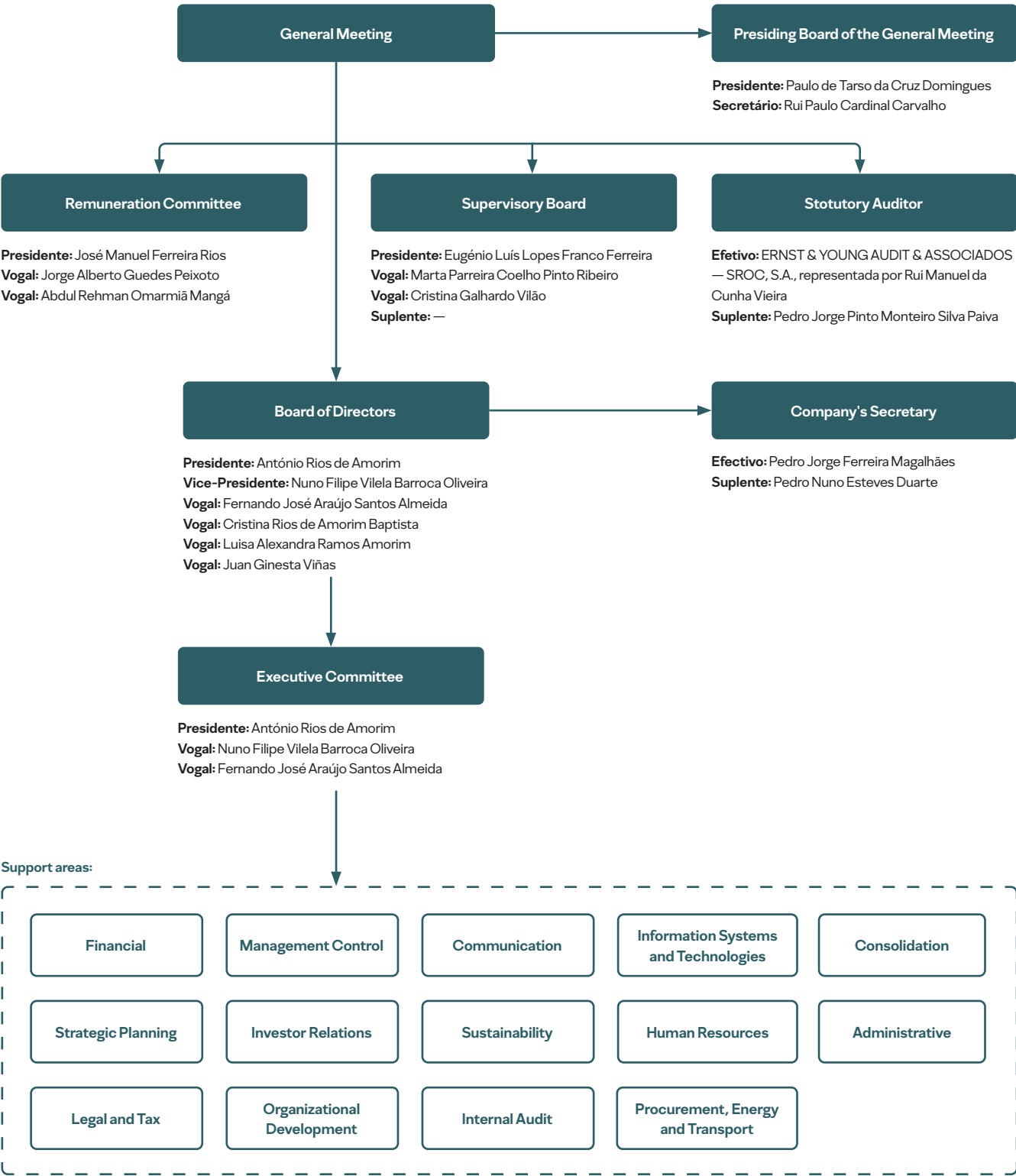
5. The Company's Articles of Association provide for the possibility of the Board of Directors being advised by one to three advisors, to be appointed by it from among persons of recognised merit and experience, with terms of office coinciding with those of the Directors. The advisors to the Board of Directors are people who advise the Board of Directors about the various issues addressed at board meetings, but they don't have the right to vote on resolutions passed at meetings. The Board of Directors elected on 26 June 2020 for the 2020-2022 term did not appoint advisors to the Board of Directors.
6. In addition to being Company Secretary, Pedro Magalhães is the Director of the Corticeira Amorim Legal Department, responsible for coordinating the legal division. He is a company lawyer and legal advisor with responsibility for the various Cork Business Units (Raw Materials, Cork Stoppers, Composite Cork, Floor and Wall Coverings and Insulation Cork), as well as cross-cutting support divisions: finance, IT, communication, procurement (including energy, chemicals and insurance) and transport. He has a Bachelor's Degree in Law (1992, Portuguese Catholic University), a Master's in Law - Legal-Privatistic Sciences (2012, University of Porto, Faculty of Law) and a PhD in Law (2018, Faculty of Law of the University of Porto). External Reviewer of RED – *Revista Eletrónica de Direito* (Electronic Journal of Law) of the Centre for Legal and Economic Research (C.I.J.E), University of Porto, Faculty of Law. He is the author of the book *Corporate Governance and Company Sustainability - Stakeholders Model versus Shareholders Model* (2019, Livraria Almedina). Included in Legal 500's General Counsel Powerlist Iberia: Portugal Teams since 2017. Member of the Portuguese Institute of Corporate Governance (IPGC), founding member of Common Home of Humanity and the Association for the Sustainability of the Planetary System (ZERO).



The **Support Divisions** are responsible for monitoring and coordinating the operation of the Business Units 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 monitored the Strategic Planning, Organisational Development, Information Systems and Technology and Management Control; the remaining areas 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, which 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.

Corticeira Amorim therefore considers that the principles of good business practice form part of the business values safeguarded both by the members of this corporate body and by other employees who support and/or advise it, and for this reason it has set out the Company's Code of Business Ethics and Professional Conduct, available on the Company website.

Although there are no formal written internal regulations, 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 and the above-mentioned Code of Business Ethics and Professional Conduct, which are available on the CMVM website ([www.cmvm.pt](http://www.cmvm.pt)) or the Company website ([www.amorim.com](http://www.amorim.com)), respectively.

### **23. The number of meetings held and the attendance report for each member of the Board of Directors.**

Pursuant to the Articles of Association, the Board of Directors shall meet when and where corporate interest requires. Thirteen meetings of the Board of Directors were held throughout 2020 (2019: 10 meetings), and all the members of the Board in office attended or were represented at the meetings. The individual and global attendance was of 100%.

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

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

As stated in section 67 of this report, there is a Remuneration Committee (term of office of three years, 2020 to 2022), which is responsible for carrying out the assessment referred to in this point, and it effectively did so.

### **25. Predefined criteria for assessing executive directors' performance.**

Pursuant to the statement on the policy for remunerations awarded to the Board of Directors approved at the shareholders' General Meeting of 26 June 2020, as proposed by the Company's Remuneration Committee (Section 69), whenever such is adequate and feasible, such remuneration shall primarily consist of a fixed pay (for executive and non-executive directors) plus a variable pay (for executive directors only) as performance-based premium.

The award of the variable pay component of remuneration referred to in the preceding paragraph shall be a bonus resulting from short-term performance evaluation and from the contribution

of the annual performance to medium / long-term economic, environmental and social sustainability of the Organisation.

The actual amount of the variable pay shall depend on the appraisal to be carried out every year by the Remuneration Committee on the performance of the Board members, examining the contribution of each individual executive director to both the Company's profit in the relevant financial year and compliance with the Company's targets and implementation of the medium / long-term strategies adopted by the Company; the development of the results and the level of compliance with the following strategic objectives: innovation, organisational development and safety, competitiveness, growth, financial soundness and value creation.

The payment of the variable pay component, if any, may be made wholly or in part after determination of the profit (or loss) in respect of a three-year period. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway.

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



## António Rios de Amorim (Chairman):

Company	Position Held
<b>Corticeira Amorim Group</b>	
Amorim Cork, S.A.	Chairman of the Board of Directors
Amorim Cork, S.G.P.S., S.A.	Chairman of the Board of Directors
Amorim Bartop – Investimentos e Participações, S.A.	Chairman of the Board of Directors
Amorim Champcork, S.A.	Chairman of the Board of Directors
Amorim Cork Composites, S.A.	Chairman of the Board of Directors
Amorim Cork Research, Lda.	Director
Amorim Cork Services, Lda.	Director
Amorim Florestal España, S.L.	Chairman of the Board of Directors
Amorim Florestal, S.A.	Chairman of the Board of Directors
Amorim Florestal II, S.A.	Chairman of the Board of Directors
Amorim Florestal III, S.A.	Chairman of the Board of Directors
Amorim Industrial Solutions – Imobiliária, S.A.	Chairman of the Board of Directors
Amorim Cork Insulation, S.A.	Chairman of the Board of Directors
Amorim Natural Cork, S.A.	Chairman of the Board of Directors
Amorim Cork Flooring, S.A.	Chairman of the Board of Directors
Amorim Top Series, S.A.	Chairman of the Board of Directors
Chapius, S.L.	Chairman of the Board of Directors
Comatral – Compagnie Marocaine de Transformation du Liège, S.A.	Chairman of the Board of Directors 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, S.G.P.S., 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
Olimpiadas Barcelona 92, S.L.	Chairman of the Board of Directors
SIBL – Société Industrielle Bois Liège, S.A.R.L.	Director
Société Nouvelle des Bouchons Trescasses, S.A.	Director
Vinolock, A.S.	Director
<b>Other companies</b>	
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Serviços e Gestão, S.A.	Chairman of the Board of Directors
Amorim – Sociedade Gestora de Participações Sociais, S.A.	Member of the Board of Directors
Amorim – Viagens e Turismo, Lda.	Director
Amorim Desenvolvimento – Investimentos e Serviços, S.A.	Chairman of the Board of Directors
Amorim Global Investors, S.G.P.S., S.A.	Chairman of the Board of Directors
Lantal Têxtil, S.A.	Member of the Board of Directors
Montinho das Ferrarias de Baixo – Sociedade Agroflorestal, S.A.	Sole Director
Montinho, S.G.P.S., S.A.	Sole Director
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Director
Pimpolho, S.G.P.S., S.A.	Sole Director
QM1609 – Investimentos Imobiliários, S.A.	Chairman of the Board of Directors
Quinta do Monte 2020, S.G.P.S., S.A.	Sole Director
Quinta Nova de Nossa Senhora do Carmo, S.A.	Member of the Board of Directors
Taboadella, S.A.	Member of the Board of Directors

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

Company	Position Held
<b>Corticeira Amorim Group</b>	
Amorim Cork, S.A.	Vice-Chairman of the Board of Directors
Amorim Cork, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Cork Composites, S.A.	Member of the Board of Directors
Corecochic – Corking Shoes Investments, Lda	Director
Amorim Florestal, S.A.	Member of the Board of Directors
Amorim Florestal II, S.A.	Member of the Board of Directors
Amorim Florestal III, S.A.	Member of the Board of Directors
Amorim Industrial Solutions – Imobiliária, S.A.	Member of the Board of Directors
Amorim Cork Insulation, S.A.	Member of the Board of Directors
Amorim Natural Cork, S.A.	Member of the Board of Directors
Amorim Cork Flooring, S.A.	Member of the Board of Directors
Amorim Cork Ventures, Lda.	Director
Cosabe – Companhia Silvo-Agrícola da Beira, S.A.	Member of the Board of Directors
Ecochic Portuguesas – Footwear and Fashion Products, Lda.	Director
<b>Other companies</b>	
Ahorro Corporación Financiera h, SL	Advisor
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Board of Directors
Amaroka, Lda.	Director
Atitlan Real Estates Porto Imóveis, S.A.	Member of the Board of Directors
Atitlan Porto Investments, S.A.	Member of the Board of Directors
API – Amorim Participações Internacionais, S.G.P.S., S.A.	Member of the Board of Directors
Casa das Heras – Empreendimentos Turísticos, S.A.	Member of the Board of Directors
Imobis – Empreendimentos Imobiliários Amorim, S.A.	Member of the Board of Directors
Mosteiro de Grijó – Empreendimentos Turísticos e Imobiliários, S.A.	Member of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Director
Paisagem de Alqueva, S.A.	Member of the Board of Directors
Quinta Nova de Nossa Senhora do Carmo, S.A.	Member of the Board of Directors
Taboadella, S.A.	Member of the Board of Directors

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

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

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

Company	Position Held
<b>Other companies</b>	
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Amorim – Sociedade Gestora de Participações Sociais, S.A.	Non-Executive Member of the Board of Directors
Banco BPI, S.A.	Non-Executive Member of the Board of Directors
<b>Other institutions</b>	
BCSD Portugal – BCSD – Business Council for Sustainable Development	Member of the Board
AEM - Association of Listed Companies	Member of the General Board, representing Corticeira Amorim, S.G.P.S., S.A.

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

Company	Position Held
<b>Other companies</b>	
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Serviços e Gestão, S.A.	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, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Negócios Internacionais, S.A.	Chairman of the Board of Directors
Amorim Negócios II, S.G.P.S., S.A.	Chairman of the Board of Directors
Bucozal – Investimentos Imobiliários e Turísticos, Lda.	Director
Dreaming Fix, Lda.	Director
Época Global, S.G.P.S., S.A.	Chairman of the Board of Directors
Folha da Fonte – Agropecuária, Lda.	Director
Great Prime, S.A. – Em Liquidação	Liquidator
Herdade Aldeia de Cima do Mendro – Sociedade Comercial, Agrícola e Turística, Lda.	Director
LUNES – Investimentos, S.A.	Chairman of the Board of Directors
Mercado Prime – S.G.P.S., S.A.	Chairman of the Board of Directors
Mercado Urbano – Gestão de Imobiliária, S.A.	Chairman of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Director
Quinta Nova de Nossa Senhora do Carmo, S.A.	Chairman of the Board of Directors
Vintage Prime, S.G.P.S., S.A.	Member of the Board of Directors
Taboadella, S.A.	Chairman of the Board of Directors
<b>Other institutions</b>	
Associação Bagos D'Ouro – IPSS	Chairman of the Board
ACIBEV	Member of the Board
Universidade Nova de Lisboa	Member of the General Board

**Juan Ginesta Viñas (Member):**

Company	Position Held
<b>Corticeira Amorim Group</b>	
Trefinos, S.A.	Chairman of the Board of Directors
<b>Other companies</b>	
Les Finques, S.A.	Sole Director

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

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

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

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

### 28. Composition of the Executive Committee.

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

<b>Chairman:</b>	António Rios de Amorim
<b>Member:</b>	Nuno Filipe Vilela Barroca de Oliveira
<b>Member:</b>	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 2020 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;
- The 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's 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 15 times during 2020 (2019: 11), attendance was 100% (in overall 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<sup>7</sup>.

As at 31 December 2020, the composition of the Supervisory Board was as follows:

###### Chairman: Eugénio Luís Lopes Franco Ferreira

Date of first appointment as Member of the Supervisory Board: 24 March 2014

Date of first re-election as Member of the Supervisory Board: 07 April 2017

Date of second re-election as Member of the Supervisory Board: 26 June 2020 (term of office: 2020-2022)

On 23 December 2020, following the termination of Manuel Carvalho Fernandes’s office, and pursuant to Article 4(3) of this body’s Regulations, he was selected as Chairman of the Supervisory Board

End of current term of office: 31 December 2022, remaining in office until a new election pursuant to law.

###### Member: Marta Parreira Coelho Pinto Ribeiro

Date of appointment as Alternate to the Supervisory Board: 12 April 2019

Date of first appointment as Incumbent Member of the Supervisory Board: 18 June 2019

Date of first re-election as Member of the Supervisory Board: 26 June 2020 (term of office 2020-2022)

End of current term of office: 31 December 2022, remaining in office until a new election pursuant to law.

###### Member: Maria Cristina Galhardo Vilão

Date of appointment as Alternate to the Supervisory Board: 26 June 2020 (term of office 2020-2022)

Date of appointment as Incumbent Member of the Supervisory Board: 23 December 2020, following the termination of Manuel Carvalho Fernandes’s duties

End of current term of office: 31 December 2022, remaining in office until a new election pursuant to law.

At the issue date of this report, all members making up the Supervisory Board, or who did so in 2020, are independent.

The Policy for the Promotion of Diversity described in the comments on Recommendation I.2.1. of this report applies to the Supervisory Board, with the objectives set out therein. The actual diversity of its composition (age, gender, qualifications and professional background) is detailed in Section 33 of this report.

The size, expertise, and diversity of the Supervisory Board, combined with the availability of all the members, are appropriate to the size of the Company and the complexity of the risks inherent to its activity, ensuring the full, efficient and diligent exercise of the duties entrusted to this body.

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7. Until 23 December 2020 (termination of office date), the position of Chairman of the Supervisory Board was held by Manuel Carvalho Fernandes.  
Date of first appointment as Chairman of the Supervisory Board: 24 March 2014  
Date of first re-election as Chairman of the Supervisory Board: 07 April 2017  
Date of second re-election as Chairman of the Supervisory Board: 26 June 2020

##### 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 the 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.

###### Eugénio Luís Lopes Franco Ferreira (Chairman):

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 (IPCG). In 2016, he voluntarily cancelled his enrolment in the *Ordem dos Revisores Oficiais de Contas* (Statutory Auditors’ Association) and the *Ordem dos Contabilistas Certificados* (Chartered Accountants’ Association). Professional experience: is, since 2009, a Consultant as an independent contractor; from 1977 to 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 Statutory Auditor; at different times he performed various internal functions at PW / PwC, namely (i) the head of the Porto office (1989-1998); (ii) territorial responsibility for the technical audit function and risk management (Technical Partner and Risk Management Partner); (iii) responsibility for administrative functions, financial and internal IT (Finance & Operations Partner); (iv) in charge of the Audit Department; (v) member of the Executive Committee (Territory Leadership Team); between 1966 and 1976: initiated activity in a small company in the automotive sector, interrupted between 1971 and 1974 for the fulfilment of military service. Management positions held in the last five years: manager of VMR&MR, Lda., since 2019.  
Gender: Male | Age: 70

###### Marta Parreira Coelho Pinto Ribeiro (Member)

Marta graduated with a Bachelor’s Degree in Economics and a Master’s Degree in Economics from the University of Porto, Faculty of Economics and holds a PhD degree in Economics (specialisation in Behavioural Economics) from the London School of Economics

and Political Science (LSE), 2004. Since 2004, she has been a staff member of LSE. From 2004 to 2014, she was responsible for the subject of Negotiation, turning it into a reference subject at LSE. Since 2017, she is a staff member of Oxford University, Saïd Business School, at the Negotiation for Executives course. In this course, she holds a teaching role, as well as coaching executives. In terms of research, Marta is essentially devoted to the study of over-optimism and over-confidence of economic agents and the implications of such deviations in economic decision-making (namely decisions related to entrepreneurship). Her research topics are central themes in the field of Behavioural Economics as evidenced by the reference to her work by the Nobel Prize in Economics, Daniel Kahneman, in his book "Thinking Fast and Slow". In addition to her teaching and research roles, she has played, and still does, an advisory role. Among other advisory roles, namely in the area of negotiation, she participated in studies on price reform in the pharmaceutical industry in Portugal and studies on regional economic development. In order to develop her communication skills, she took a course in this area in September 2019. She has been regularly invited by Oxford University to give presentations on negotiation styles. Gender: Female | Age: 51.

#### **Maria Cristina Galhardo Vilão (Member):**

She graduated in Law from the Faculty of Law of the University of Lisbon and has a Master's Degree (LL.M) from McGill University, Montreal, Canada.

Her professional career has been focused on law practise, working in the areas of finance, capital markets and business consultancy, among other law fields.

After an initial period as legal and economic adviser to the Macau Government, which was followed by a Master's degree from McGill University (Canada), she practised law at the law firm Barros, Sobral, G. Gomes & Associados, with offices in Portugal, Brazil and London, where she worked mainly in the capital markets, finance and corporate areas, with a strong international focus. She was temporarily seconded to Clifford Chance in London, where she gained first-hand experience of working in a global law firm. In 1997, she joined Belarmino Martins & Associados, a correspondent firm of Price Waterhouse, which led to her joining Oliveira, Martins, Moura, Esteves e Associados, a member of Landwell, correspondent law firms of PricewaterhouseCoopers. During this period, she came into close contact with auditors and clients in the financial and banking field, as well as in corporate consultancy. In 2000, together with Manuel Anselmo Torres, she founded the Galhardo Vilão Torres (GVT) law firm, which specialises in tax, financial and corporate law. Since then, she has worked as a partner at GVT, where she coordinates and assists clients in the technological, industrial, real estate, hotel and distribution sectors. She also provides advice to individual clients in specific cases, particularly involving property. Her work continues to be highly international, with most of her clients being foreign or Portuguese and involved in multinational activities.

Gender: Female | Age: 56.

#### **b) Functioning**

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

The Bylaws of the Supervisory Board of the Company can be viewed at [www.amorim.com](http://www.amorim.com) – Investors section.

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

The Supervisory Board meets whenever called by the Chairman or by any other two members of the Supervisory Board, and at least

every quarter, pursuant to article 10 of the rules of procedure of that body. The Supervisory Board met seven times during 2020 (2019: 5), with an overall and individual attendance of 100%.

##### **36. The availability of each member of the Supervisory Board, indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of these Boards.**

#### **Eugénio Luís Lopes Franco Ferreira (Chairman):**

Company	Position Held
<b>Other companies</b>	
<b>VMR&amp;MR – Transportes de Passageiros e Atividades Turísticas, Lda.</b>	Manager

He acts professionally as a self-employed consultant.

#### **Marta Parreira Coelho Pinto Ribeiro (Member):**

She has a PhD degree in Economics from the London School of Economics and Political Science (LSE), 2004, where she has been a staff member ever since; since 2017, she has also been a staff member of Oxford University, Saïd Business School, at the Negotiation for Executives course. In addition to teaching and coaching roles, she also dedicates herself to research and an advisory role.

She doesn't hold any other company positions in other companies, be it in or out of the Corticeira Amorim Group.

#### **Maria Cristina Galhardo Vilão (Member):**

Company	Position Held
<b>Other companies</b>	
<b>Galhardo Vilão, Torres, Sociedade de Advogados</b>	Partner and Director
<b>Investoc, S.G.P.S., S.A.</b>	Chairman of the General Meeting
<b>Osório de Castro, Investimentos Imobiliários, S.A.</b>	Chairman of the General Meeting
<b>Hotel Santa Marta, S.A.</b>	Chairman of the General Meeting
<b>Inspira Santos, S.A.</b>	Chairman of the General Meeting
<b>Hexagenm S.A.</b>	Chairman of the General Meeting

#### **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, the independent review of the annual sustainability report and life cycle study services and/or analysis of the carbon footprint of various products and services in order to evaluate Corticeira Amorim's environmental, social and economic impacts.

### 38. Other duties of the Supervisory Body.

The Supervisory Board is responsible, under the law and respective Bylaws (can be viewed at [www.amorim.com](http://www.amorim.com), Investors section):

- 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 60 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 30 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 no. 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 15 days of the date on which it received the referred accounting documents;
  - Issue in its report and opinion a statement that, relating to the annual directors' report, the annual accounts, and other accounting documents required by law or CMVM Regulations, to the best of its knowledge, the information was prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and profit/loss of the Company and the companies included in the consolidation perimeter, and that the management report faithfully describes the evolution of the business, the Company's performance and position and of the companies included in the consolidation perimeter, and it contains a description of the principal risks and uncertainties that they face;
  - Supervise the process of preparation and disclosure of financial information and submit recommendations or proposals to ensure its integrity;
  - Select the auditors to propose to the General Assembly and justifiably recommend the preference for one of them;
  - Monitor the statutory audit of the individual and consolidated annual accounts, in particular the implementation of the same, taking into account any
- Oversee the management of the Company;
  - Monitor compliance with the law and articles of association;
  - Check the correctness of the accounting records and documents supporting those records;
  - Check when deemed convenient and in the manner considered adequate, the extent of cash and stocks of any kind of goods or assets owned by the Company or received as collateral, deposit or otherwise;
  - Check the accuracy of the financial statements;
  - Check whether the accounting policies and valuation criteria adopted by the Company lead to a correct assessment of the assets and profits;
  - Prepare an annual report on its supervisory action and give an opinion on the report, accounts and proposals submitted by management;
  - Convene the General Meeting when the Chairman of that Presiding Board does not and should do so;
  - Monitor the effectiveness of the risk management system, internal control system and internal audit system, if any;
  - Receive reports of irregularities presented by shareholders, Company employees or others, giving them due treatment;
  - Analyse the reports of irregularities received, requesting from the Company's other corporate bodies and structures the necessary explanations for the reported situations;
  - Suggest, following the analysis referred to in the preceding paragraph, measures to safeguard from the occurrence of such irregularities and give knowledge of them to the Board of Directors and/or to the internal or external entities that each situation warrants, while always guaranteeing the non-disclosure of the identity of those reporting such situation, unless they expressly do not wish such;
  - Outsource for the provision of expert services to assist one or more of its members in the exercise of their duties; the hiring and remuneration of experts must take into account the importance of the entrusted matters and the financial situation of the Company; the scope and conditions of the provision of services to be hired must be communicated in advance to the Board of Directors;

findings and conclusions of the Portuguese Securities Market Commission;

- Verify and monitor the independence of the Statutory Auditor pursuant to the law, including the obtaining of formal written confirmations of the statutory auditor provided in Articles 63 and 78 of the Statute of the Statutory Auditors Association and in particular, verify the appropriateness and approve the rendering of services other than audit services;
- Check that the published report on the corporate governance structure and practices includes the provisions referred to in article 245-A of the Portuguese Securities' Code.

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

#### IV. STATUTORY AUDITOR

##### 39. Details of the statutory auditor and the partner representing it.

The Statutory Auditor shall consist of one member and one alternate member, any one of which may be a statutory auditor or statutory auditor firm.

The Shareholders' General Meeting, held on 26 June 2020, re-elected for the current term of office (2020-2022):

**Statutory Auditor:** ERNST & YOUNG AUDIT & ASSOCIADOS – SROC, S.A., represented by Rui Manuel da Cunha Vieira

**Alternate:** Pedro Jorge Pinto Monteiro da Silva e Paiva

Date of first re-election: 07 April 2017 (term of office 2017-2019)

End of current term of office: 31 December 2022, 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 (term of office 2017-2019) and re-elected on 26 June 2020 (current term of office 2020-2022). The financial year 2020 was its fourth 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 other companies that are in a control or group relationship with it, to deliver audit and statutory audit services and other services subject to prior examination and approval by the Supervisory Board, such as the review of interim financial information and other reliability assurance services.

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.**

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

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

Type of Service	Audit and certification of accounts	The review of interim financial information and other reliability assurance and services	Tax advice	Other services	Total
<b>EY SROC</b>					
Corticeira Amorim	29,000	19,000	0	0	48,000
Group companies	157,600	2,500	0	38,250	198,350
<b>Companies of EY's network</b>					
Corticeira Amorim	0	0	0	0	0
Group companies	72,800	4,000	0	0	76,800
<b>TOTAL</b>	<b>259,400</b>	<b>25,500</b>	<b>0</b>	<b>38,250</b>	<b>323,150</b>
Corticeira Amorim	29,000	19,000	0	0	48,000
Group companies	230,400	6,500	0	38,250	275,150
<b>TOTAL</b>	<b>259,400</b>	<b>25,500</b>	<b>0</b>	<b>38,250</b>	<b>323,150</b>
	<b>80%</b>	<b>8%</b>	<b>0%</b>	<b>12%</b>	<b>100%</b>

Values in euros

The Review of interim financial information and other reliability assurance services column covers the limited audit of the consolidated financial statements for the six-month period ended 30 June 2020 and the independent audit of the sustainability report, certification of expenses included within the scope of subsidised research and development projects and other certifications within the scope of subsidised investment projects.

The Other services column includes life cycle studies and/or analysis of the carbon footprint of various products from the Business Unit Cork Stoppers.

# [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.

Corticeira Amorim has a Code of Business Ethics and Professional Conduct, available at: <https://www.amorim.com/en/investors/corporate-governance/corporate-regulation-and-policies/>, which formalises the set of rules and guidelines that should guide the Group's and its employees' decisions and daily actions, both in internal relationships (with other employees) as well as external ones with other business partners (investors, customers, suppliers of goods and services, public and private institutions, local communities and society at large).

Violations of the Code by employees (including members of corporate bodies, directors and workers) of the Organisation must be immediately rectified and all practices contrary to the Code must cease without delay. Regardless of any other liability the transgressor may incur, infractions will be sanctioned in accordance with labour laws and regulations, as well as other legal provisions that must be enforced. In accordance with the law, disciplinary sanctions may include termination of the employment relationship.

The Board of Directors ensures the Code is applied and, whenever necessary, (i) establishes interpretation criteria, sending conclusions to the Supervisory Board and the Legal Department and such interpretations may be disclosed by the same means as the Code; (ii) adopts any appropriate guidelines and procedures to develop the Code.

The Supervisory Board is the governing body responsible for receiving and following up on any reports of irregularities, thereby also ensuring that the Code is applied.

The Internal Audit Department includes in its annual plan of activities the collection of information on incidents and/or violations of the Code of Business Ethics and Professional Conduct, producing an annual report on the subject, which will be submitted to the Supervisory Board for evaluation and approval. Once approved by the Supervisory Board, it will be communicated to the Board of Directors.

All individuals bound by the Code of Business Ethics and Professional Conduct will comply with and contribute to

compliance with this Code and its associated regulations, policies, and principles. To this end, a Procedure for Reporting Irregularities has been established that allows both employees bound by the Code and other interested parties to confidentially report any violation of the principles contained in this Code without fear of reprisals. This procedure is attached to the Code and published on Company's Intranet and Corticeira Amorim's corporate website so that all involved have access to it.

As mentioned above, it is the responsibility of the Supervisory Board, in accordance with its respective Regulations (available at: <https://www.amorim.com/en/investors/corporate-governance/corporate-regulation-and-policies/>) to receive reports of irregularities presented by shareholders, Company employees or others, giving them due treatment.

Such reports shall be addressed to:

#### **Conselho Fiscal da Corticeira Amorim, S.G.P.S., S.A.**

Address - Registered office of the Company: Rua Comendador Americo Ferreira de Amorim, n.º 380 – Apartado 20  
4536-902 MOZELOS  
Telephone: 22 747 54 00  
E-mail: [conselhofiscal.casgps@amorim.com](mailto:conselhofiscal.casgps@amorim.com)

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

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

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

Corticeira Amorim believes that there are a number of measures, i.e. (i) the assignment of such responsibilities to the Supervisory Board – a body composed entirely of independent members, thus ensuring the impartial handling and consideration of irregularities reported to the Company; (ii) the non-imposition of the use of a specific format for such reports and the fact that the whistle-blower may use the channels it deems most suitable to make the report; and (iii) the obligation to ensure protection of personal data (scrupulously following the instructions given by whistle-blowers regarding confidentiality) that safeguard the rights of both whistle-blowers and other staff members involved, while ensuring that the reporting process remains simple, and contribute effectively to promoting the impartial investigation and clarification of the situations reported.

### III. INTERNAL CONTROL AND RISK MANAGEMENT

#### 50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems.

Responsibility for internal audit and the implementation of internal control systems lies with the Board of Directors. There is a transversal support area in this respect – Internal Audit, whose monitoring is the responsibility of the Executive Committee, in liaison with the Supervisory Board.

#### 51. Details, even including organisational structure, of hierarchical and/or functional dependency in relation to other boards or committees of the Company.

As mentioned in section 50 above.

#### 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, being responsible for defining the risk strategy and policies, as well as the parameters for assessing acceptable risk, in liaison with the Supervisory Board.

At the operating level and due to the specific characteristics of Corticeira Amorim's activity, three areas of particularly critical importance are identified, which are analysed and strategically managed by the Executive Committee: market risk, business risk (including exchange rate risk) and the raw material component (cork).

Robust internal control systems are in place, namely management control and budget control, monitored through the balanced scorecard methodology.

Therefore, given the specificities of Corticeira Amorim's framework and business model – in particular (i) the development of an essentially stable business; (ii) the know-how and skills accumulated over 150 years of activity, continuously enhanced through innovation, development and training programmes; (iii) diversification in terms of products, currencies, markets, the vast portfolio of clients (iv) the effective management and monitoring of the business' critical factors by the Board of Directors and other functions related to the management of these factors; (v) the robust control systems implemented and (vi) the dual corporate supervision (Supervisory Board and Statutory Auditor) allow us to conclude that Corticeira Amorim's internal control is structured and sized appropriately for its activity.

#### 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 Business Unit, an autonomous unit with professional and independent management. This allows us 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 Business Units – 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 Business Units – 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 Business Unit 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 Business Unit.

##### 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 Chapter 6 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 Business Units. It is structured as follows:

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

The financial organisational structure is coordinated as follows:

- Daily and weekly reports and fortnightly debates on financial markets and economic developments that may have an impact on the companies' business;
- Regular (monthly) reports on globally agreed conditions;
- Quarterly meetings of finance managers with a view to reviewing the current specific state of affairs and defining measures to be implemented;
- On the basis of reports submitted to the Board of Directors, the most important aspects of the financial operations (debt, investments, liabilities) shall be discussed.

### Cyber risk:

The rapid development of the information society and the resulting competitive advantages for all has led to a growing adoption of information and communication technologies across the entire structure of Corticeira Amorim, including crucial areas such as operations, logistics throughout the production chain, asset management and the development of human resources.

Given this critical nature, network and information security, as a way of guaranteeing the protection and defence of critical infrastructures, is a strategic priority.

Corticeira Amorim is exposed to the risk of digital attacks, namely:

- Systems, networks and operational technology programmes, with potential impacts on the development of the business, whether in terms of production and the associated supply and distribution chain, or in terms of the protection of specific assets (e.g. intellectual property);
- Information technology, which could result in damage or loss resulting from intentional attacks originating from sources external and internal to the Group.

Corticeira Amorim has a specialised team to systematically address these risks with a view to their prevention. In view of growing information security concerns, in 2019 the Executive Board put a programme in place that addresses needs in this area. With the support of an external partner specialised in this area, a diagnosis of the situation was made and a multi-annual intervention plan was drawn up that focuses on the following areas:

- Transformation activities: review and/or implementation of policies and procedures, governance model, techniques, etc.;
- Recurrent activities: such as periodic evaluation with internal and external pentesting, phishing tests, employee training, and awareness and motivation campaigns supported by a communication plan.

On an ongoing basis, the global framework is assessed with regard to new threats, technological evolution and new methodologies, opening up new lines of action whenever necessary, both in the field of transformation activities and recurrent activities.

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 and strategic planning department, the management control department and the internal audit department play an essential role in this regard.

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

The system of internal control, risk management and detection/prevention of irregularities currently implemented in the Company stems from an in-depth and continuous process of improvement and adaptation of internal reflection in the Company, involving both the Board of Directors, in particular its Executive Committee, and the different support areas - in particular the area of Organisational Development and Strategic Planning - or the support of external specialised consultants, where appropriate.

Also noteworthy is the Internal Audit area, whose work has significant impact on reducing the organisation's operational risks and detection/prevention of irregularities and non-conformities. The main tasks are to assess and review internal control systems with a view to optimising resources and safeguarding assets as well as monitoring activities carried out in order to provide the management bodies with a reasonable degree of certainty that business goals will be achieved.

The reporting system implemented in the Company - either at regular intervals or on demand of the Board of Directors, the Executive Committee or officers responsible for the Management - includes both measurement and objective evaluation of such risks which - after being discussed by the Board of Directors or the Executive Committee - will, if appropriate, give rise to the determination of additional or corrective measures whose implementation and impact will be followed up by the governing body that approved such measures.

The growing complexity of the business environment triggers off a close monitoring of the systems implemented in the Company. Such monitoring includes contributions and opinions from both the Supervisory Board and the Statutory Auditor and this leads to the adoption of more effective procedures when it is deemed advisable.



Under the Bylaws of the Supervisory Board, it is this Board's responsibility to monitor the effectiveness of the risk management system, the internal control system and the internal auditing system.

**55. Core details on the internal control and risk management systems implemented in the Company regarding the procedure for reporting financial information (Article 245-A/1/m).**

In regard to the **preparation and disclosure of financial information - including consolidated**, the Company promotes close cooperation among all those involved in the process to ensure that the production, processing and dissemination of information is adequate and accurate, namely that:

- Its implementation, preparation, and processing complies with all applicable legal requirements and best practices in terms of transparency, relevance and reliability;
- The information has been properly checked both internally and by the appropriate supervisory bodies;
- The information has been approved by the appropriate governing body;
- Its public disclosure complies with all relevant legal requirements and recommendations, specifically those of the CMVM and is made in the following order: first, via the data dissemination system of the Portuguese Securities Market Commission ([www.cmvm.pt](http://www.cmvm.pt)); second, via the Company's website ([www.corticeiraamorim.com](http://www.corticeiraamorim.com)); third, by means of a long list of Portuguese and foreign media contacts; and fourth, to Corticeira Amorim's staff and to shareholders, investors, analysts and other stakeholders, whose contacts are stored in a database.

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

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

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

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

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

## IV. INVESTOR ASSISTANCE

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

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

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

**Role:**

The Investor Relations Officer of Corticeira Amorim has the following responsibilities:

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

The following **activities carried out in 2020** 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;
- Conducting conference calls and video conferences with investors;
- Participation in conferences, both in Portugal and in the main European financial centres, mainly by virtual means.

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

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 Company's name, public 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;
- 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](mailto:corticeira.amorim@amorim.com).

**57. Investor Relations Officer.**

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

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

The response rate to requests for information is 100%. The reply is provided, on average, within 24 hours (working days), except for highly complex cases (average response time of five working days) that require consultation with external resources to the Company and are, therefore, dependent on the deadlines for the reply from such resources. These cases accounted for less than 5% of total requests for information in 2020. 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.amorim.com](http://www.amorim.com) about its corporate structure, business activity and the development of its business.

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

Information available at <https://www.amorim.com/en/investors/corporate-governance/governance-model/>.

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

Information on the Articles of Association, Supervisory Board Rules of Procedure, Code of Business Ethics and Professional Conduct (including the Procedure for Reporting Irregularities) available at: <https://www.amorim.com/en/investors/corporate-governance/corporate-regulation-and-policies/>.

**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.**

Information on the members of the governing bodies, the Investor Relations Officer and the Investor Relations Office, their duties and how to access them - available at <https://www.amorim.com/en/investors/corporate-governance/board-members/>.

**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.**

Results and accounts available at:  
<https://www.amorim.com/en/investors/financial-information/annual-report/>;  
<https://www.amorim.com/en/investors/financial-information/other-financial-reports/>;

Half-yearly calendar of company events, available at:  
<https://www.amorim.com/en/investors/financial-calendar/>.

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/investors/general-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/investors/general-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.**

The Annual General Meeting opted to appoint a Remuneration Committee, taking into consideration 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 define remuneration policies for the members of the governing bodies that foster, over the medium and long term, the alignment of their respective 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 Chairman.

The Shareholders' General Meeting, held on 26 June 2020, re-elected the following members for the current term of office (2020-2022):

<b>Chairman:</b>	José Manuel Ferreira Rios
<b>Member:</b>	Jorge Alberto Guedes Peixoto
<b>Member:</b>	Abdul Rehman Omarmiã Mangá

End of current term of office: 31 December 2022, 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 2020 (2019: five). The global attendance rate was 100%.

It is the responsibility of this Committee to present the Remuneration Policy to be submitted to the Shareholders' General Meeting regarding the remuneration to be paid to members of the corporate bodies (Presiding Board of the General Meeting, Board of Directors, Supervisory Board and Statutory Auditor). It is also responsible for deciding on the remuneration (fixed and/or variable) 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 (although none of them are on the Company's the Board of Directors). It is generally believed – particularly by the Annual General Meeting which elected the Committee members – that they have adequate technical skills, practical experience, judgement and ethics to enable them to fully protect the interests entrusted to them.

#### **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 practices and their knowledge in terms of best remuneration practices and labour law.

#### **Professional qualifications of each member of the Remuneration Committee and other significant curricular information:**

##### **José Manuel Ferreira Rios (Chairman):**

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

Currently also holds the titles of Chairman of the Presiding Board of the General Meeting of the Portuguese Cork Association (APCOR), member of the Supervisory Committee of the Cork Technology Centre (CINCORK) and member of the Board of Trustees of Fundação AEP.

Gender: Male | Age: 71

##### **Jorge Alberto Guedes Peixoto (Member):**

Graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics. Started working in 1969, as an accountant. He has worked at the Amorim Group since 1970, as an accountant, CFO, general Business Unit 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: 69

##### **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, S.A., 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, S.G.P.S., SA.

Gender: Male | Age: 72

### **III. REMUNERATION STRUCTURE**

#### **69. Description of the remuneration policy of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June.**

Under the proposal submitted by the Company's Remuneration Committee, the shareholders' General Meeting held on 26 June 2020 approved the following remuneration policy:

1. The remuneration of the **group chairing the General Meeting** 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. In line with market practice and the duties and responsibilities inherent in the position held by the **members of the Supervisory Board** as well as their technical and professional knowledge and skills required for carrying out the supervisory functions, these members shall be paid exclusively a fixed remuneration payable in 12 instalments per year;
3. 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;
4. The **members of the Board of Directors** shall be paid adequate remuneration taking into account:
  - The individual remuneration package agreed upon between the Company and each Director;
  - Observance of the principles of internal equity and external competitiveness, taking into account relevant information disclosed by the main Portuguese economic groups on their remuneration policies and practices;
  - Whenever such is adequate and feasible, such remuneration shall primarily consist of a fixed pay (for executive and non-executive directors) plus a variable pay (for executive directors only) as performance-based premium;
  - The award of the variable pay component of remuneration referred to in the preceding paragraph shall be a bonus resulting from short term performance evaluation and from the contribution of the annual performance to medium / long term economic, environmental and social sustainability of the Organisation;
  - The actual amount of the variable pay shall depend on the appraisal to be carried out every year by the Remuneration Committee on the performance of the Board members, examining the contribution of each individual executive director to both the Company's profit in the relevant financial year and compliance with the Company's targets and implementation of the medium/long-term strategies adopted by the Company; the development of the results



and the level of compliance with the following strategic objectives: innovation, sustainability, organisational development and safety, competitiveness, growth, financial soundness and value creation;

- The payment of the variable pay component, if any, may be made wholly or in part after determination of the profit (or loss) in respect of a three-year period. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway;
  - The members of the Board of Directors are prohibited from concluding contracts with the Company or with its subsidiaries and/or companies in which it holds an interest, which may mitigate the risk inherent to the variability of the remuneration as determined by the Company.
5. It is the Company's policy to assign the following duties to the members of its governing bodies:
- The allotment of shares and/or options to acquire shares or based on share price variation; or
  - Any retirement benefit scheme to members of the governing bodies.

**70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the Board of Directors with the Company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking.**

The remuneration policy approved by the General Meeting and described in section 69 is fully adopted.

**71. Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component.**

The remuneration policy approved by the General Meeting and described in section 69 is fully adopted. The executive members of the Board of Directors earn a variable remuneration component which depends on the evaluation of their performance, in particular the respective contribution either to the profit obtained in the financial year in question or to achieving goals and implementing the strategies defined by the Company for the medium/long term: the evolution of results and the level of achievement of the strategic objectives of innovation, sustainability, organisational development and security, competitiveness, growth, financial solidity and value creation.

**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 any variable component.

**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 26 June 2020 the remuneration policy for the members of the Board of Directors. This proposal, which was approved, expressly stated that the remuneration policy does not include the award of the benefits referred to in this note.

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 2020 financial year, all the members of the Board of Directors earned remunerations from Corticeira Amorim amounting to EUR 563,368.50:

- The executive members earned fixed remunerations amounting to EUR 552,653.50 (António Rios de Amorim: EUR 239,284.50; Nuno Filipe Vilela Barroca de Oliveira: EUR 169,284.50; Fernando José de Araújo dos Santos Almeida: EUR 144,084.50) and variables which amounted to EUR 10,715.00 (António Rios de Amorim: EUR 1,000.00; Nuno Filipe Vilela Barroca de Oliveira:

EUR 1,000.00; Fernando José de Araújo dos Santos Almeida: EUR 8,715.00).

- 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 2020 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.**

In 2020, the variable component of remuneration for the members of the Board corresponded to:

- An exceptional bonus of 1,000.00/manager, which was also awarded to all employees hired up to 1 June 2020 in national and international companies fully owned by the Corticeira Amorim Group. This bonus was awarded in view of the fact that in 2020 the Group celebrated its 150th anniversary, during a difficult year with extremely tough conditions due to the COVID-19 pandemic, although the Group continued to perform very well;
- A performance bonus calculated according to the degree of compliance with the Company's strategic targets, goals and initiatives and its three-year priority action plan and annual variations. Of note for this purpose were, among others, the analysis of the development of the results and the level of compliance with the following strategic objectives: innovation, sustainability, financial soundness, value creation, competitiveness and growth.

The amounts paid to the members of the Board of Directors pursuant to this note are detailed in section 77. Compared to previous years, they are considerably lower taking into account that, under the objectives defined for 2019, at least 90% of the proposed targets have not been achieved.

**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 2020.

**81. Details of the annual remuneration paid, as a whole and individually, to the members of the Company's supervisory board for the purposes of Law No. 28/2009 of 19 June.**

The members of the **Supervisory Board** earned as a whole remuneration amounting to EUR 36,000.00 (Manuel Carvalho Fernandes: EUR 12,000.00; Marta Parreira Coelho Pinto Ribeiro: EUR 9,600; Eugénio Luís Lopes Franco Ferreira: EUR 9,600.00 euros; Maria Cristina Galhardo Vilão: EUR 4,800.00). Under the remuneration policy set out herein, the members of the Supervisory Board did not earn any variable remuneration.

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

The Chairman and the Secretary of the Board Presiding the General Meeting earned total remuneration amounting to EUR 5,000 and EUR 1,500.00, respectively.

**V. AGREEMENTS WITH REMUNERATION IMPLICATIONS**

**83. The envisaged contractual restraints for compensation payable for the unfair dismissal of Directors and the relevance thereof to the remunerations' variable component.**

No contractual restraints are envisaged in accordance with this section.

**84. Reference to the existence and description, with details of the sums involved, of agreements between the Company and members of the Board of Directors and managers, pursuant to Article 248-B/3 of the Securities' Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid. (Article 245-A/1/I).**

There are no agreements according to the terms set out in this section. No agreements providing for the payment of compensations to the Company's directors and officers (other than where required by law) have been entered into by and between the Company and its Directors or Officers.

**VI. SHARE AWARD AND/OR STOCK OPTION PLANS**

**85. Details of the plan and the number of persons included therein.**

No share award or stock option plans exist in the Company.

**86. Characteristics of the plan (award conditions, non-transfer of share clauses, criteria on share pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares or options to be awarded, the existence of incentives to purchase and/or exercise options).**

Pursuant to the remuneration policy approved at the General Meeting and as described in section 85, there are no share award or stock option plans in the Company.

The Company believes that if plans of this type are to be implemented, the General Meeting should consider the characteristics of the plans to adopt, as well as their achievement in each financial year.

**87. Option rights to acquire shares (stock options) granted to Company workers and employees.**

Option rights of this type do not exist in the Company.

**88. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by said employees (Article 245-A/1/e).**

Control mechanisms of this type do not exist in the Company.

# [E.] Related Party Transactions

Executive Committee required for the transactions referred to in point i) of the preceding paragraph will not be necessary when they apply to ongoing contracts, or renewals in terms substantially similar to the contract previously in force.

## I. CONTROL MECHANISMS AND PROCEDURES

### 89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties.

When not expressly prohibited by law<sup>8</sup>, related party transactions comply with the Regulation on Transactions with Related Parties (formalised on 1 August 2014; revised on 7 December 2020 in light of the entry into force of Law No. 50/2020 of 25 August); available at:

<https://www.amorim.com/en/investors/corporate-governance/corporate-regulation-and-policies/>.

The assessment to be carried out under the authorisation procedures and prior opinion applicable to Related Parties transactions must take into account, among other relevant aspects depending on the specific case, the principle of equal treatment of shareholders and other stakeholders, the pursuit of the interests of the Company, and the impact, materiality, nature and justification of each transaction.

As a rule, transactions concluded between the Company and any Subsidiary or Related Party must be conducted within the scope of the Company's or Subsidiary's current activity and under normal market conditions; transactions that do not meet these requirements are subject to a decision by the Board of Directors or the Executive Committee, preceded by an opinion from the Supervisory Board.

Within the scope of the internal control mechanisms for transactions with Related Parties, the following procedures and criteria, considered adequate to guarantee the transparency of the decision-making process and the determination of the transactions subject to disclosure, are in place:

- a. By the end of the month following the end of each quarter, the Board of Directors or the Executive Committee, shall verify and inform the Supervisory Board of the value and nature of the transactions carried out in the previous quarter with each Related Party, specifying those that have been subject to specific approval by any of those bodies;
- b. The carrying out of Related Parties transactions shall be submitted for a prior opinion to the Supervisory Board followed by a specific decision by the Board of Directors and/or the Executive Committee 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;
  - ii. Transactions with a significant impact on the business activity of the Company 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.
- c. The prior opinion of the Supervisory Board as well as the specific decision of the Board of Directors and/or the

For the purposes of assessing the transaction in question and issuing the Supervisory Board's opinion, the Board of Directors or the Executive Committee, as part of the respective delegation of powers, shall provide that body with the necessary information and a reasoned justification.

The assessment to be carried out under the authorisation procedures and prior opinion applicable to Related Parties transactions must take into account, among other relevant aspects depending on the specific case, the principle of equal treatment of shareholders and other stakeholders, the pursuit of the interests of the Company, and the impact, materiality, nature and justification of each transaction.

Pursuant to the law, the Company's Articles of Association and the Regulation on Transactions with Related Parties, for assessed transactions subject to prior opinion by the Supervisory Board and/or approval by the Board of Directors and/or the Executive Committee, the members of these bodies who are, for the specific or planned transaction, Related Parties must provide all information and clarifications with a view to the full understanding of the relevant transaction, although they are not allowed to participate in the decision and/or the respective vote.

Related Party Transactions carried out either by the Company or by any of its Subsidiaries (i) whose value is equal to or greater than 2.5% of the Company's consolidated assets or (ii) are not carried out as part of normal business or under normal market conditions, must be disclosed publicly, no later than the time they are carried out. Such disclosure should include the identification of the related party and the nature of that relationship, the date and amount of the transaction, the rationale for the transaction and the direction of the Supervisory Board's opinion.

These procedures do not apply to:

- Transactions carried out between the Company and its Subsidiaries, where no Party Related to the Company has an interest in that Subsidiary;
- Transactions related to the directors' remuneration, or to certain elements of that remuneration;
- Transactions proposed to all shareholders under the same terms, where equal treatment for all shareholders and protection of the Company's interests are ensured.
- The value of these transactions is disclosed annually in the Consolidated Annual Report and Accounts of Corticeira Amorim (section 92 herein).

#### 8. Article 397 - Business with the Company, of the Portuguese Companies' Code provides, with binding force, that:

1. The Company is prohibited from granting loans or credit to directors, making payments on their behalf, providing guarantees for obligations contracted by them and granting them advances on remuneration exceeding one month.
2. Contracts concluded between the Company and its directors, directly or through an intermediary, shall be null and void if they have not been previously authorised by decision of the board of directors, the interested party not having a vote, and following a favourable decision by the supervisory board.
3. The provisions of the preceding subsections shall extend to acts or contracts entered into with companies that are in a group or control relationship with the Company of which the contracting party is a director.
4. In its annual report, the board of directors shall specify any authorisations it has granted under subsection 2 and the supervisory board's report shall mention the opinions given on such authorisations.
5. The provisions of subsections 2, 3 and 4 shall not apply where the act is part of the Company's own business and no special advantage is granted to the contracting director.

# Part II

## Corporate Governance Assessment

### **90. Details of transactions that were subject to control in the referred year.**

During the year under review, no transactions took place which, in accordance with the procedures described above, required a prior opinion from the Supervisory Board followed by a specific resolution by the Board of Directors and/or the Executive Committee.

The procedure by which the Board of Directors or the Executive Committee verifies and submits, each quarter, the value and nature of transactions with Related Parties to the Supervisory Board, is in place.

### **91. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the Company and the holders of qualifying interests or entity-relationships with the former, as envisaged in Article 20 of the Securities' Code.**

As set out in section 89 above.

## **II. DATA ON BUSINESS DEALS**

### **92. Details of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24, or alternatively a copy of said data.**

The transactions of Corticeira Amorim with related parties are, in general, due to the provision of services by the subsidiaries of Amorim – Investimentos e Participações, S.G.P.S., S.A., (Amorim Serviços e Gestão, S.A., Amorim Viagens e Turismo, Lda., OSI – Sistemas Informáticos e Electrotécnicos, Lda.). The total of services provided by these companies to the companies of Corticeira Amorim was EUR 11.862 million (2019: EUR 11.107 million). The transactions in the opposite direction amounted to EUR 101 thousand (2019: EUR 91 thousand).

The sales of Quinta Nova de Nossa Senhora do Carmo, S.A. and Taboadella, S.A., subsidiaries of Amorim – Investimentos e Participações, S.G.P.S., S.A., to the companies of the universe of Corticeira Amorim totalled EUR 30 thousand (2019: EUR 46 thousand). The transactions in the opposite direction amounted to EUR 34 thousand (2019: EUR 318 thousand).

Purchases of reproduction cork during the year from companies owned by the major indirect shareholders of Corticeira Amorim amounted to EUR 1,339 thousand (2019: EUR 444 thousand) corresponding to less than 2% of total purchases of the cork raw material.



# [1.] Details of the Corporate Governance Code Implemented

In matters of corporate governance Corticeira Amorim is governed by: (i) current Portuguese legislation, in particular the Portuguese Companies' Code, Portuguese Securities' Code and the regulations issued by the Portuguese Securities Market Commission (CMVM), which may all be accessed on the CMVM's website: [www.cmvm.pt](http://www.cmvm.pt); (ii) its own articles of association, which are available on the Company's website <https://www.amorim.com/en/investors/corporate-governance/corporate-regulation-and-policies/>. It also embraces the Corporate Governance Code issued by the Portuguese Institute of Corporate Governance (IPCG), 2018 edition with the 2020 revision, and, although it is only a recommendatory framework, it is an important reference point of good practice, which is also available at [www.cgov.pt](http://www.cgov.pt).

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

# [2.] Analysis of compliance with the Corporate Governance Code Implemented

## CHAPTER I — GENERAL

### I.1. Company Relations with Investors and Information

**I.1.1. The Company must establish mechanisms that adequately and precisely ensure the production, treatment and timely disclosure of information to its corporate bodies, shareholders, investors and other stakeholders, financial analysts and the market in general.**

Complies. Sections 55, 56, 57 and 58.

### I.2. Diversity in the composition and functioning of corporate bodies.

**I.2.1. Companies must establish criteria and requirements related to the profile of new members of the corporate bodies appropriate to the function to be performed. In addition to individual attributes (such as competence, independence, integrity, availability and experience), these profiles should consider diversity requirements, particularly to gender, which can contribute to improving the performance of the body and to the balance in its composition.**

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

Corticeira Amorim adopts policies and practices aimed at promoting diversity in governing bodies <https://www.amorim.com/en/investors/corporate-governance/board-members/>.

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

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

- Promote diversity in the composition of the respective body;
- Enhance the performance of each member and, jointly, of each body;

- Stimulate comprehensive, balanced and innovative analysis and consequently allow informed and agile decision-making and control processes;
- Contribute to the increase of innovation and self-renewal of the Company, for its sustainable development and creation of value for the shareholders and other stakeholders in the long term.

Corticeira Amorim thus recognises the need to continuously promote diversity in its corporate bodies, particularly in the Board of Directors and the Supervisory Board, particularly in the following areas:

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

The result of the adoption of these policies is reflected in the composition of the members of their governing bodies, in particular those who are particularly covered by this recommendation.

**I.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 - published in full on the Company's website, and detailed minutes of the respective meetings must be drawn up.**

**Complies partially.**

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

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

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

**I.2.3. The internal rules of management and supervisory bodies and their internal committees must be fully disclosed on the website.**

**Adopted with respect to 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.

**I.2.3. The composition and 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).**

The information can be found at:

<https://www.amorim.com/en/investors/corporate-governance/board-members/>.

**I.2.4. The Company's internal rules must provide for the existence and operation of mechanisms for the detection and prevention of irregularities and 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 - shall also be adopted when this is requested.**

**Complies. Section 49 and Section III - Internal Control and Risk Management of Chapter C - Internal Organisation, in particular section 54.**

**I.3. Relations between the Company bodies**

**I.3.1. The Articles of Association or other equivalent means adopted by the Company must establish mechanisms to ensure that, within the limits of applicable legislation, the members of the management and supervisory bodies are permanently assured access to all information and employees of the Company for performance evaluation, the status and the prospects for the development of the Company including, in particular, the minutes, supporting documents for the decisions taken, notices and archives of meetings of the executive management body, without prejudice to access to any other documents or persons who may be asked to provide explanations.**

**Does not formally comply.** Although not provided for in the Articles of Association or other equivalent means, access to all the information and other elements referred to in this recommendation is fully and permanently ensured. **Sections 21, 29 and 38.**

**I.3.2. Each body and committee of the Company must ensure, in a timely and adequate manner, the flow of information, starting with the respective notices and minutes, necessary for the performance of the legal and statutory powers of each of the remaining bodies and committees.**

**Complies. Sections 21, 29 and 38.**

**I.4. Conflicts of Interest**

**I.4.1. Through internal rules or equivalent means, members of management and supervisory bodies and internal committees are obliged to inform the respective body or committee whenever there are facts that may constitute or cause a conflict between their interests and those of the Company.**

**Complies. Sections 21 and 29 and pursuant to Article 3 of the Related Party Transactions Regulation.**

(<https://www.amorim.com/en/investors/corporate-governance/corporate-regulation-and-policies/>).

With regard to the Supervisory Board, it should be noted that at Corticeira Amorim, this body is composed exclusively of independent members who are, therefore, not associated with any

specific interest group within the Company, nor are they under any circumstances likely to affect impartiality of analysis or decision-making.

**I.4.2. Procedures must be adopted to ensure that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and clarifications requested by the body, the committee or its members.**

**Complies.** Sections 21 and 29 and pursuant to Article 3 of the Related Party Transactions Regulation.  
(<https://www.amorim.com/en/investors/corporate-governance/corporate-regulation-and-policies/>).

## **I.5. Related party transactions**

**I.5.1. The management body should disclose, in the governance report or by other publicly available means, the internal verification procedure for transactions with related parties.**

**Complies.** Sections 38, 89, 90 and 91.

**I.5.2. The management body should report to the supervisory body on the results of the internal verification procedure for related party transactions, including transactions under review, at least every six months.**

**Complies.** The businesses covered by Recommendation I.5.1. are communicated to the Supervisory Board on a quarterly basis. The value of these transactions is disclosed annually in the Corporate Governance Report (section 92).

## **CHAPTER II — SHAREHOLDERS AND GENERAL MEETING**

**II.1. The Company must not set an excessively large number of shares necessary to confer the right to a vote, and should state in the governance report its option whenever it implies a deviation from the principle that each share corresponds to one vote.**

**Complies.** Section 12.

**II.2. The Company shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.**

**Adopted a practice that is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests. Section 14.**

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

- Restriction or withdrawal of pre-emption rights in share capital increases – the Company's Articles of Association require that the Annual General Meeting be attended by shareholders accounting for at least 50% 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 – it is necessary that shareholders accounting for at least 20% of the share capital 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 statutory rules on 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 the Company – such resolution requires the approval of shareholders representing at least 85% 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, it is considered 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 shall implement adequate means for shareholders to participate in the General Meeting remotely, in a manner commensurate with its size.**

**Adopted a practice that is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests.** The Articles of Association of Corticeira Amorim do not allow taking part in the shareholders' General Meeting by telematic means.

As mentioned in the preceding paragraph, Corticeira Amorim favours the attendance in person of the shareholder at the General Meetings for the reasons given. The very high levels of shareholder participation indicate that this is also the favoured method of shareholders in their interaction with the Company and with the members of their governing bodies.

Therefore, taking this reality as a basis and taking into account the complexity associated with holding general meetings by telematic means (in particular material resources and technical means, control system and verification of shareholder status) as well as the risks of computer tampering and the associated costs for both parties to avoid these risks, Corticeira Amorim believes that it is appropriate to maintain current practice with regard to holding and participating in shareholders' General Meetings.

This position and understanding does not preclude that, considering the specific framework for scheduling/holding the General Meeting, remote participation by shareholders is not possible. This was the case in 2020, due to the health crisis that severely impacted the world, Europe and, in particular, Portugal. This pandemic even led to the declaration of a state of emergency in Portugal and a set of measures was implemented in response to the pandemic, including reducing contact between people to the absolute minimum and restricting or even prohibiting internal and cross-border travel.

In view of these circumstances, Corticeira Amorim also implemented a contingency plan to protect all its stakeholders, including safeguarding the health and well-being of its shareholders.

Thus, the Annual General Meeting was held exclusively through telematic means and, to ensure the most ample conditions for conducting an informed vote, shareholders' right to vote and to information at the General Meeting could be exercised by electronic mail.

#### **II.4. The Company must also implement adequate means to exercise the right to vote remotely, including by mail and electronic means.**

**Adopted a practice that is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests. Section 12.**

Voting by mail (postal ballot) is permitted. The votes, addressed to the Chairman of the Board of the General Meeting, must be received at the Company's headquarters on or before 6.00 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 Presiding Board decides that the technical requirements for voting by electronic means are met, such information shall be included in the Notice calling the meeting.

For Corticeira Amorim, the shareholders' General Meeting is an event of special relevance to the Company and its shareholders, as a privileged forum for communication between the Company (via the members of its statutory bodies) and its shareholders, encouraging transparency, joint reflection, the exchange of ideas and arguments and the alignment of interests. Thus, the high active participation of Corticeira Amorim's shareholders in the General Meetings motivates the Company to maintain the current system of participation and voting (in person and vote by mail) ensuring, on the one hand, the participation of all those who cannot or do not intend to participate in person and, on the other hand, enhancing the traditional participation in person which largely exceeds 80% of the total shares issued.

In addition, it is considered that (i) for the shareholder, the complexity associated with secure electronic voting is disproportionate to the vote by mail, which also allows for non-presential participation, which can even be revoked by the presence of the shareholder; (ii) both for the shareholder and for the Company, the resulting costs are materially relevant.

As mentioned in the previous section, this position and understanding does not preclude that, considering the specific framework for scheduling/holding the General Meeting, remote voting is not possible. This was the case in 2020. For the reasons already mentioned, to ensure the most ample conditions for conducting an informed vote, shareholders' right to vote and to information at the general meeting could be exercised by electronic mail.

#### **II.5. The Company's Articles of Association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or jointly with other shareholders, shall also foresee for a resolution by the General**

**Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.**

**Not applicable. Section 5 and 13.**

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

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

**Complies.** The Company has not entered into any agreements that determine payments or the assumption of charges by the Company in the event of a change of control or change in the composition of the Board of Directors, except for the normal "change of ownership" clauses included in certain financing agreements entered into in the ordinary financing of operations and which, on a case-by-case basis, have been analysed and their acceptance considered the most appropriate for the Company's interests. The existence of a large liquidity reserve (credit lines contracted and not used (see Section 4) allows that, even if such a clause were to be exercised, the Company would still be able to timely finance itself and/or service its debt.

Therefore, (i) as this is standard market practice which, among other things, seeks to ensure that financing can be obtained on terms that are more advantageous to the Company; (ii) as financing means are guaranteed that are immediately available in the event of the exercise of these clauses; (iii) as this information is disclosed annually in the Company's accounts, it is considered that the contracting/maintenance of these clauses is not likely to jeopardise the free transferability of shares nor impair the free appraisal by shareholders of the performance of members of the Board of Directors.

No measures have been implemented specifically targeting the effects described in this recommendation. **Sections 4 and 84.**

### **CHAPTER III — NON-EXECUTIVE MANAGEMENT AND SUPERVISION**

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

**Adopted a practice that is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests.** There are no independent directors, which prevents the adoption of the practice in the precise terms in which it is advocated.

However, it is considered that the objectives are fully taken care of (i) by the careful and collegial performance of the Board of Directors, both in its monthly meetings where all relevant issues for Company are discussed with the presence of its chairman (attendance record: 100%); (ii) the implemented system ensures, on the one hand, the



timely reporting of the Executive Committee to all members of the Board of Directors and, on the other hand, the preparation of meetings of the Board of Directors, scheduling them in advance and circulating the agenda of the same and respective supporting documents with the necessary advance for study and questions; (iii) the evaluation is done collegially, by all the members that make up the Board of Directors.

**III.2. The number of non-executive members of the management body as well as the number of members of the supervisory board and the number of members of the committee for financial matters should be appropriate to the size of the Company and the complexity of the risks inherent in its activity, but sufficient to efficiently ensure the tasks entrusted to them, and the formulation of this suitability assessment must be included in the governance report.**

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. Adopted a practice that is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests. Section 18.

Although the number of non-executive directors is equal to the number of executive directors, they are considered to perform their responsibilities fully and efficiently – as described in a separate chapter of the Director's Report "Activity by non-executive members of the Board of Directors of Corticeira Amorim" – and it may also block any resolution of the Board of Directors.

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

(i) Having exercised for more than twelve years, on a continuous or interim basis, roles in any corporate body;

(ii) Having been a worker of the company or company with which it is in a control or group relationship in the last three years;

(iii) Having, in the past three years, provided services or established a significant business relationship with the company or company with which it is in a control or group relationship, whether directly or as a shareholder, director, manager or leader of a legal person;

(iv) Being the beneficiary of remuneration paid by the company or company with which it is in a control or group relationship, beyond the remuneration resulting from the exercise of the role of director;

(v) Living in a common-law union or being the spouse, relative or similar relationship in a straight line and up to the 3rd degree, inclusive, in a collateral line, of directors of the company, of directors of legal persons directly or indirectly holding qualifying holdings, or of directors of natural persons directly or indirectly holding qualifying holdings;

(vi) Being the holder of a qualifying holding or representative of a

shareholder having qualifying holdings.

**Does not comply. Adopted a practice that is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests.** Sections 18 and 20.

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

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

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

Not applicable.

**III.6. In compliance with the powers conferred upon it by law, the supervisory body shall evaluate and issue its decision on the strategic guidelines and risk policy prior to final approval by the management body.**

Adopted a practice that is considered equivalent to the proposal in this recommendation.

Defining strategic guidelines and risk policy, as referred to in section 52, is the responsibility of the Board of Directors. Although there is no formal evaluation and prior opinion from the Supervisory Board with respect to their approval, it is a matter the Supervisory Board must be aware of and it may at any time request clarifications, make suggestions or request information on their implementation.

**III.7. Companies shall have specialised committees for corporate governance, appointments and performance evaluation that are either separate or combined. In the event the remuneration committee provided for in Article 399 of the Portuguese Companies' Code has been created, and this is not prohibited by law, this recommendation may be complied with by granting this committee powers in the aforementioned matters.**

Complies partially. The performance and remuneration assessment is the responsibility of the Remuneration Committee, elected by the shareholders (section 66).

There is no committee specialised in corporate governance or appointments, matters that, given the size of the Company and the fact that the Board of Directors has expertise in the same areas, are dealt with by the Board of Directors and/or Executive Committee.

## 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.**

Adopted a practice that is considered equivalent to the proposal in

this recommendation, i.e. to safeguard the same interests.

Although there are no internal rules formalised in the terms foreseen in this recommendation: (i) the Company's Articles of Association limit the powers of the Executive Committee to executing the decisions of the Board of Directors and to the day-to-day running of the company, including, inherently, administrative matters; (ii) there is a formal delegation of Board of Director duties to the Executive Committee which, together with the legislation in force, establish the performance scheme for the members of the Executive Committee, and (iii) 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. In the annual report, the management body explains how the defined strategy and main policies seek to ensure the long-term success of the Company and what the main resulting contributions are to the community at large.**

Complies. Chapter 17. Annual Performance Assessment of the Consolidated Management Report and Section 5.3. Economic Performance of the Sustainability Report.

## 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.2 Remunerations

**V.2.1. The Company must establish a remuneration committee, whose composition ensures its independence from management, which may be the remuneration committee designated under Article 399 of the Portuguese Companies' Code.**

Partially adopted. Sections 66, 67 and 68.

**V.2.2. Powers to set remuneration shall lie with the Remuneration Committee or the General Meeting, acting on a proposal from said Committee.**

Complies. Sections 66, 67 and 68.

**V.2.3. For each term of office, the remuneration committee or**

**the general meeting, on a proposal from said committee, shall also approve the maximum amount of all compensation to be paid to the member of any corporate body or committee due to the respective termination of office, and said situation and amounts shall be disclosed in the governance report or remuneration report.**

Complies.

Payments arising from the termination of office of members of any of the Company's bodies or committees are those stipulated in the general law, in the absence of specific agreements that may allow the payment of other compensation; In the event of a termination of office before the end of the respective mandate, the Remuneration Committee is responsible for assessing and approving the compensation and its amount.

**V.2.4. In order to provide information or clarification to the shareholders, the chairman or, in his/her absence, another member of the remuneration committee, shall be present at the annual general meeting and any other meetings if the respective agenda includes matters concerning the remuneration of the members of the corporate bodies and committees, or if such presence has been requested by shareholders.**

Complies.

It is standard practice for the Remuneration Committee to be present or represented at the General Meetings. The Chairperson of this Committee was present at the shareholders' General Meeting of 26 June 2020, both on his/her own behalf and on behalf of the other members of the Committee.

**V.2.5. 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.**

Complies. Section 67.

**V.2.6. 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.2.7. 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.2.8. A significant part of the variable component must be partially deferred over time for a period of not less than three years, associating it, necessarily, with confirmation of the sustainability of said performance, in the terms defined in the internal rules.**

Partially adopted. Sections 69 and 72.

Payment of the variable component of remuneration, if any, may be made, in whole or in part, after the clearing of the accounts for the financial year corresponding to the entire term of office. Since the

term of office is three years, such deferral may not be for a period of more than three years.

**V.2.9. 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.2.10. 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. Appointments

**V.3.1. 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 a statement of the adequacy of the candidates for the role, namely through their knowledge and academic and professional curriculum, indicating their academic and professional competences, their professional career and relevant positions held or in currently being held, which show the adequacy of the profile, knowledge and curriculum of each candidate for the role in the Company.

**V.3.2. 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.**

**Adopted a practice that is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests.**

Given the organisation of the Company's activity (i) in specialised Business Units, with integrated but autonomous activities, which respond to markets, challenges and promote non-homogeneous strategies, and also (ii) the size of the Company, the function of monitoring and supporting the appointment of managers is carried out by the Human Resources Department of the respective Business Unit or by the Human Resources Department of Corticeira Amorim (holding company).

**V.3.3. This committee includes a majority of independent non-executive members.**

Not applicable. There is no Appointments Committee.

**V.3.4. 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.**

**Adopted a practice that is considered equivalent to the proposal in this recommendation, i.e. to safeguard the same interests.**

Although there is no Appointments Committee as stated in V.3.2., in Corticeira Amorim the Human Resources Departments act in accordance to a set of internally established procedures that advocate and enable:

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

## CHAPTER VI — INTERNAL CONTROL

**VI.1. The management body must discuss and approve the Company's strategic plan and risk policy, including the establishment of limits as regards risk assumption.**

Complies. Sections 52 and 54.

**VI.2. The supervisory body must be internally organised, implementing periodic control mechanisms and procedures to ensure that the risks effectively incurred by the Company are consistent with the objectives set by the management body.**

Complies.

The reporting and periodic control mechanisms implemented allow the Supervisory Board to monitor these matters; the control systems implemented by the Company, considered robust by the Supervisory Board, ensure that the risks incurred are consistent with the objectives set, particularly in the areas considered most critical, where there are perfectly established/implemented monitoring/control and mitigation plans (for instance, the forest intervention programme aimed at ensuring the availability of the raw material cork, or exchange rate developments). In addition, there is a robust culture of budget management control (which also serves as a scoreboard for evaluating the performance of the Group's upper management).

**VI.3. The internal control system, comprising the risk management, compliance and internal audit functions, shall be structured in terms that are appropriate to the size of the Company and the complexity of the risks inherent to its activity. The supervisory body shall evaluate it and, within the scope of its powers to supervise the efficiency of this system, propose any adjustments that may be deemed necessary.**

Complies. Sections 52, 53 and 54.

**VI.4. The supervisory body shall give its opinion on the work plans and resources concerning the internal control system services, including the risk management, compliance and internal audit functions, and may propose any necessary adjustments.**

Complies. Sections 38 and 50-52.

As can be seen in the sections mentioned above, the internal control system implemented at Corticeira Amorim relies on significant and productive interaction with the Supervisory Board, which, at any time, may request clarifications or propose adjustments that it considers necessary.

**VI.5. The supervisory body shall receive reports drawn up by the internal control services, including the risk management, compliance and internal audit functions, at least with respect to matters concerning accountability, the identification or resolution of conflicts of interest and the detection of potential irregularities.**

**Complies partially.** On a quarterly basis, the following is reported to the Supervisory Board in a specific report for this purpose: the analyses carried out at the internal control level, with respective conclusions and action plans implemented/under implementation in order to mitigate any detected non-compliance.

**VI.6. The Company must establish a risk management function 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.

**Complies.** Section 54.

**VI.7. The Company shall establish procedures for the supervision, periodic assessment and adjustment of the internal control system, including an annual assessment of the degree of internal compliance with the system, as well as the possibility of amending the previously defined risk framework.**

**Complies.** Section 54.

## CHAPTER VII — FINANCIAL INFORMATION

### VII.1 Financial information

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

**Complies.** Section 38.

### VII.2 Statutory audit and supervision

**VII.2.1. The supervisory body shall, by means of internal regulations, define supervisory procedures to ensure the independence of the Statutory Auditor, in accordance with the applicable general rules.**

**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' General Meeting.

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

**Complies.** Section 38.

Mozelos, 29 March 2021

The Board of Directors  
of CORTICEIRA AMORIM, S.G.P.S., S.A





In 2020, we celebrated our 150th anniversary. We unveiled a new corporate identity, renew and intensified our communication, seeking to involve all our stakeholders in special moments to celebrate and share our values, culture and pride in the successes that we have achieved together.





# Sustainability Report

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Cork, a rare harmony that  
meets the needs of people  
and nature.

5



# Message from the Director of Sustainability





## MESSAGE

Dear stakeholder,

2020 will be remembered as the year of the Covid-19 pandemic, which rapidly evolved from a public health emergency to an economic and social crisis. In addition to the major challenges and concerns imposed on society in general, the pandemic also provided the opportunity to develop new plans to reverse current weaknesses and build a more sustainable future.

In this context, Corticeira Amorim demonstrated its ability to adjust its processes quickly, highlighting the entire organisation's willingness to collaborate and rebuild a more resilient and sustainable world - in line with the achievements that have marked the company's 150 years of history, which were celebrated in 2020.

During 2020, we remembered the past and celebrated the pillars that have underpinned our 150 years of business activity and value creation: History, Renewal and the Future; Cork, Sustainability and Innovation; People, Family and Community, Education and Values. Several planned initiatives had to be postponed, others were reformulated. But, as in so many other moments in our history, we remained resilient and aligned our overall actions with our mission: to add value to cork, in a competitive, distinctive and innovative way, in perfect harmony with nature.

In 2020, we reviewed our sustainability strategy, established quantitative targets for the next strategic cycle, in line with the objectives defined in 2018 and aligned with the United Nations Sustainable Development Goals. We improved the way that we communicate with our stakeholders, in particular through the launch of a renewed website. We updated the set of rules and guidelines for the decisions and daily activities of Corticeira Amorim's employees, formalised in the Code of Business Ethics and Professional Conduct, and extended the external certification of our environmental management and social responsibility systems.

In the cork oak forest, we planted the first 251 hectares of irrigated forest. But our ambition is much greater. We want to improve our knowledge and be a centre of excellence for research and development of the cork oak forest. We want to promote the cork oak forest and the associated ecosystem services. We want to support forestry producers, in particular by sharing knowledge.

To help combat climate change, we seek to accelerate the transition to a circular bioeconomy. Despite our remarkable 100% use of cork, we continue to work on improving the efficiency of using cork, throughout the production process, developing new applications and adopting new technologies and even more efficient processes. In our business processes, we favour operations that do not increase CO<sub>2</sub> emissions and that reinforce the use of renewable energy, which will translate into an investment of more than €10 million over the next four years.

The objectives shared by Corticeira Amorim and its stakeholders include increasing the sustainability of materials, the circularity of processes, the reduction of CO<sub>2</sub> emissions, and reducing waste and pollution. We are increasingly aware of the unique credentials of our products and solutions, in particular, our high environmental performance. We focus not only on the impact of our business activity, but also on the impact on the value chain. As a result, we concluded 12 life cycle / carbon footprint analyses in 2020, that provided relevant and quantified information on the environmental contribution of cork products and offer Corticeira Amorim's approximately 27,000 national and international customers with solutions to reduce the carbon footprint of their own products.

In terms of the social pillar, we concluded one cycle and set the tone for the next. We aim to ensure that our training initiatives reach all employees and that by 2024 there will be no work accidents. We have renewed our associated occupational safety and health investments over recent years, that has enabled us to halve the frequency of work accidents over the last three years in Portugal. We believe that diversified environments are more creative and innovative environments, where employees develop a greater sense of belonging and achievement, and have therefore defined a Gender Equality Plan with priority areas of intervention over the coming years, with associated objectives.

Over the past 150 years we have been creating close and trusting relationships with several partners. In this context, among others, in 2020 we joined the 50 Sustainability & Climate Leaders initiative, which promotes the ambition among the international business community, to lead and act in favour of a more sustainable world and fight climate change. We also became members of act4nature Portugal, which mobilises companies for the protection, promotion and restoration of biodiversity. We subscribed to the Portuguese Manifesto to "take advantage of the crisis to launch a new paradigm of sustainable development".

2020 was especially challenging for all of us, testing our capacity, our skills and our courage to face the Covid-19 pandemic, in a world in constant and radical change. We achieved this - collectively - with resilience, responsibility and solidarity. We protect our Employees and stakeholders, we maintained our operations and, overall, our performance was exemplary.

I would like to conclude with a word of special appreciation for our People: of past and present, all those who have travelled this long journey of commitment and involvement. Corticeira Amorim today is the result of the work and dedication of thousands of people who have worked with us, as we recalled in the book "Traços de Gente" that we dedicated to our employees in 2020, to mark our 150th anniversary:

"They are 'Traços de Gente' (Traces of People) which contains life stories and pays tribute to all the women and men who have shared good and bad times, successes and failures with us, and have always stood by us and given their best. The stories of these employees reflect different eras, business cycles, cultures and also beliefs, feelings and emotions. They represent an undeniable social wealth and a human dimension that has marked our identity."

Warm regards,

**Cristina Rios de Amorim**  
Board Member and Sustainability Director



## ABOUT THIS REPORT

Corticeira Amorim places great emphasis on strengthening its vision and its commitment to sustainability through various initiatives and strategies. Good practices of regular reporting, in place since 2006, promote transparency and encourage the adoption of sustainability principles, both in the value chain and amongst its main stakeholders.

This Sustainability Report, included in the Consolidated Annual Report, reflects Corticeira Amorim's commitment and approach to sustainability issues, and has been prepared in accordance with the guidelines of the Global Reporting Initiative (GRI), the GRI Standards, for the Core level, whilst satisfying the legal requirements introduced by Portugal's Decree-Law no. 89/2017 of July 28. Pursuant to Article 508-G of the Commercial Companies Code, it is a Non-Financial Consolidated Statement of Corticeira Amorim, S.G.P.S., S.A..

Given that Corticeira Amorim is a group of companies and in view of the difficulty in implementing sustainability systems in smaller companies, the scope of the report does not include all of the companies of the Corticeira Amorim Group. This report accounts for 89% (2019: 90%) of the industrial units which employ 82% (2019:

82%) of all the company's employees and corresponds to 83% (2019: 82%) of consolidated sales.

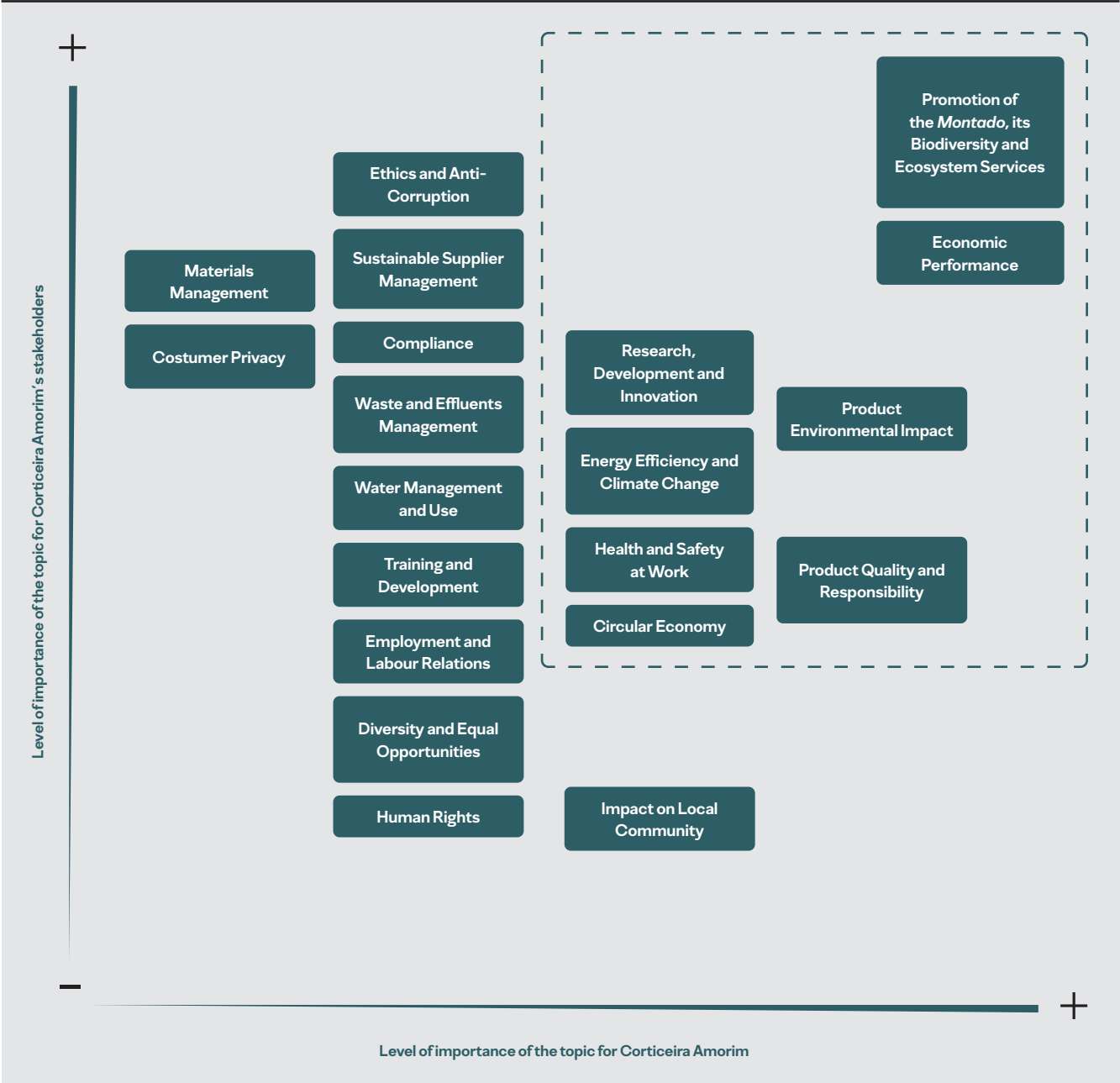
The information contained in this report has been audited by Ernst & Young Audit & Associados, SROC, SA.

This document is available at <https://www.amorim.com/en/sustainability/reports/> and further clarifications may be requested from Corticeira Amorim, using the contact form available at: <https://www.amorim.com/en/contacts/>.

MATERIALITY MATRIX

Corticeira Amorim's key material topics are highlighted throughout the report:

Promotion of the *montado* (*Cork oak forest*), its Biodiversity and Ecosystem Services; Economic Performance, Research, Development and Innovation; Energy Efficiency and Climate Change; Health and Safety at Work; Circular Economy and Product Environmental Impact (including Product Quality and Responsibility)





# 2020

## Key Facts

### 01. CORTICEIRA AMORIM

Business model	Business Units	World presence
<ul style="list-style-type: none"> <li>• #1 in the world for cork processing</li> <li>• 150 years of history</li> <li>• 5 Business Units</li> </ul>	<ul style="list-style-type: none"> <li>• 1,150,000 m<sup>2</sup> of cork yards</li> <li>• 5,300,000,000 stoppers per year</li> <li>• 10,000,000 m<sup>2</sup>/ano year of installed capacity</li> <li>• 221,500 blocks and 42,500 cylinders/year</li> <li>• 60,000 m<sup>3</sup> of insulation cork/year</li> </ul>	<ul style="list-style-type: none"> <li>• 28 countries where it has operations</li> <li>• 28 industrial units</li> <li>• 51 distribution companies</li> <li>• 12 joint ventures</li> </ul>

### 02. LONG-TERM VALUE

Corticeira Amorim	Cork oak forest
<ul style="list-style-type: none"> <li>• &gt;€ 740,000,000 consolidated sales</li> <li>• € 9,800,000 average investment in R &amp; D + I</li> <li>• 4,357 employees</li> <li>• 27,000 customers in more than 100 countries</li> <li>• € 40,000,000 of green bonds (2020-2025)</li> <li>• 2.17 production multiplier in Portuguese economy</li> <li>• € 1,175,000,000 / year total net value added to society when considering ecosystem services induced by the activity (&gt; 7x direct value)</li> </ul>	<ul style="list-style-type: none"> <li>• &gt;2,100,000 ha in the Western Mediterranean basin</li> <li>• 200 years average lifespan of a cork oak tree</li> <li>• 100,000 people depend on the cork oak forest</li> <li>• &gt; 1,300 €/ha/ano year average value estimated of the ecosystem services associated with a cork oak forest properly managed</li> <li>• 1/36 biodiversity hotspots</li> <li>• -73t CO<sub>2</sub>/1t cork produced</li> <li>• Barrier against forest fires</li> <li>• Regulates the hydrological balance</li> <li>• Protects the soil and decreases the risk of desertification</li> </ul>

### 03. GOVERNANCE OF SUSTAINABILITY

Strategy	Responsible conduct	Stakeholders	Value chain
<ul style="list-style-type: none"> <li>• 12/17 SDGs aligned with the corporate strategy</li> <li>• 23 Main goals</li> <li>• 9 Targets by 2024</li> </ul>	<ul style="list-style-type: none"> <li>• 2020 - year of reformulation of the Code of Business Ethics and Professional Conduct</li> <li>• ZERO reported irregularities</li> </ul>	<ul style="list-style-type: none"> <li>• 2018 – most recent stakeholder consultation</li> <li>• 8 main stakeholder groups</li> <li>• 97% consider the information provided in the Sustainability Report to be good or very good</li> <li>• 89% agree that the Group presents a clear vision of its economic, social and environmental responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• 100% non-cork suppliers covered with a supplier evaluation programme</li> </ul>

### 04. ENVIRONMENTAL PILLAR

Preserving the cork oak forest	Reducing environmental impact	Applying the circular economy	Developing green products
<ul style="list-style-type: none"> <li>• 251 ha of forestry estates with interventions</li> <li>• 29 establishments with FSC® chain of custody certifications</li> <li>• 94% cork and cork products from controlled sources</li> </ul>	<ul style="list-style-type: none"> <li>• 83% renewable energy</li> <li>• 66% of energy from biomass (controlled)</li> <li>• 3.4% energy efficiency</li> <li>• 71,374 t of CO<sub>2</sub> avoided</li> </ul>	<ul style="list-style-type: none"> <li>• 100% use of cork</li> <li>• &gt; 80% renewable materials</li> <li>• &gt; 85% renewable and recycled materials</li> <li>• 736 t recycled cork</li> <li>• 90% waste recovery rate (non-cork)</li> </ul>	<ul style="list-style-type: none"> <li>• 1st choice for customers who want better quality and contribute to climate regulation</li> <li>• 100% floors and coverings with indoor air quality certification, whether TÜV-PROFICERT, french certification for VOC (A+) or GREENGUARD, and contributions to sustainable construction certifications, LEED / BREEAM</li> <li>• &gt; 500 applications developed for various sectors of activity, allying innovation and circular economy practices</li> <li>• 0% of additives in insulation products that are simultaneously 100% natural, recyclable, reusable and long-lasting</li> </ul>

### 05. SOCIAL PILLAR

Promote well-being	Ensuring health and safety	Community
<ul style="list-style-type: none"> <li>• 100% employees covered by collective bargaining contracts in Portugal</li> <li>• 24% women workers</li> <li>• 72% of working population in Portugal</li> <li>• 42 years average age of employees</li> </ul>	<ul style="list-style-type: none"> <li>• -49% variation in the work accident frequency index in Portugal (2018-2020)</li> </ul>	<ul style="list-style-type: none"> <li>• 1,828 students involved in environmental education programmes</li> <li>• 1,200,000 trees planted in partnership since 2008</li> <li>• 979 design and architecture projects analysed since 2011</li> </ul>

# [1] Corticeira Amorim






Corticeira Amorim is one of the biggest, most entrepreneurial and dynamic multinationals of Portuguese origin. Its activity in the cork business date back to 1870 and today it is the world leader of the sector. Operating under the maxim “not just one market, not just one client, not just one currency, not just one product”, the company has been growing and reinventing itself, by introducing new products and entering new markets.

## 1.1. BUSINESS MODEL

Corticeira Amorim's operational activity is structured across five Business Units. The business model is based on good management practices and is founded on an integrated and vertical process that uses circular economy principles in order to minimise waste created. Cork, which lies at the heart of Corticeira Amorim's operations, derives from several forestry producers with whom the company maintains a close relationship and promotes good forest management practices, thereby ensuring the continued production of a high-quality raw material.

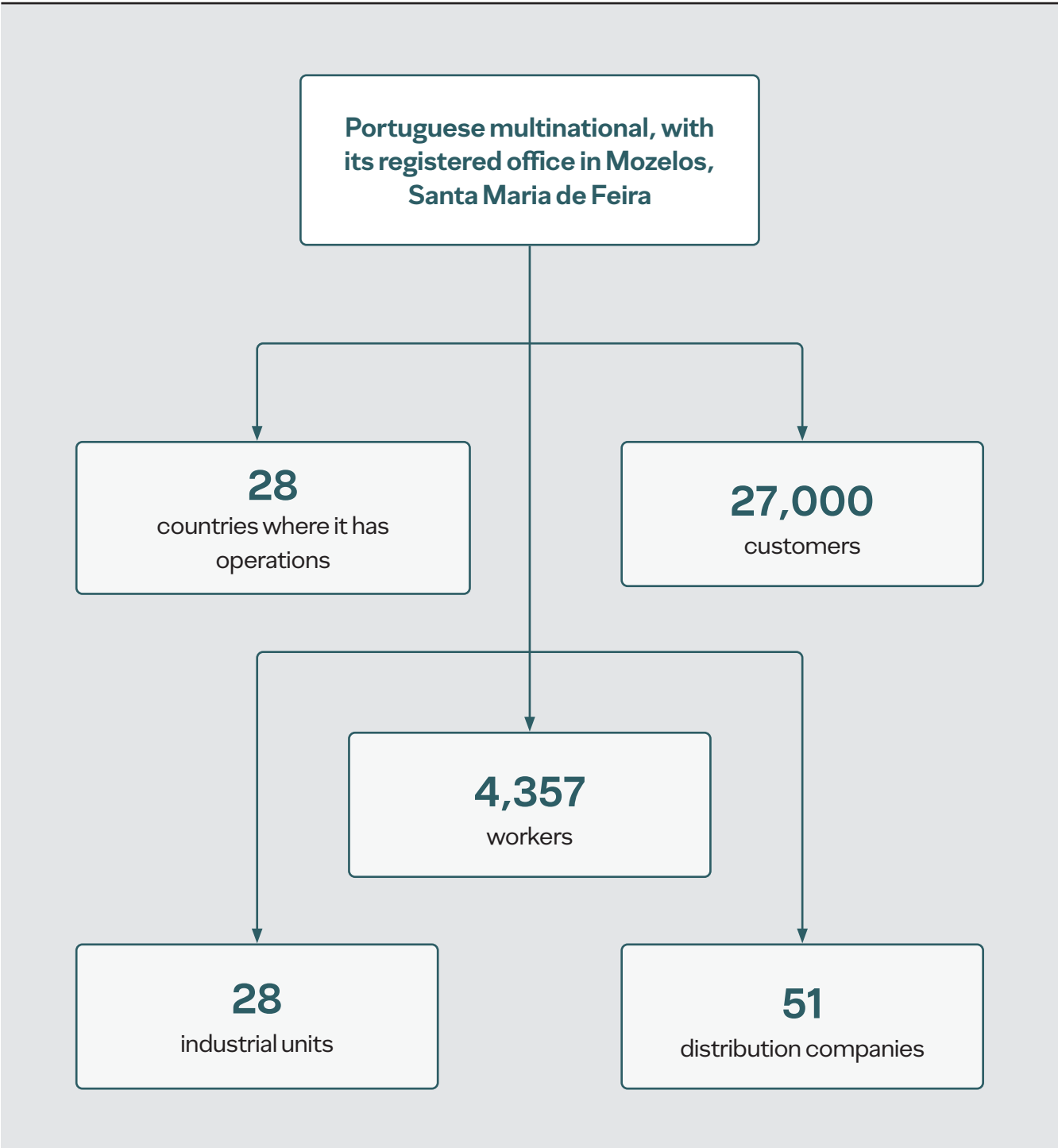
## 1.2. BUSINESS UNITS

The Corticeira Amorim Group has a broad portfolio of cork-based products for different markets and applications. This raw material, which assumes tremendous importance for the company, has been the focus of continued research, development and innovation (R&D+I) investment, in order to promote the use of all its natural properties and to diversify Corticeira Amorim's portfolio. Through its business units, and anticipating market trends, the company has surpassed the expectations of some of the world's most demanding industries.

	BUSINESS UNIT	MAIN FOCUS	KEY ACHIEVEMENTS
	<b>Raw Materials BU</b> Responsible for overall and integrated management of the company's value chain, it plays a key role in promoting synergies between the various units to ensure optimisation of the supply of raw materials.	Cork Stoppers BU, Floor & Wall Coverings BU, Composite Cork BU and Cork Insulation BU.	1,150,000 m <sup>2</sup> cork yards
	<b>Cork Stoppers BU</b> World leader in the production and supply of cork stoppers, this BU has its own distribution network, which places it in a unique position to provide the ideal stopper for any wine segment, anywhere in the world.	Cork stoppers for still and sparkling wines and spirits.	5,300,000,000 stoppers per year
	<b>Floor &amp; Wall Coverings BU</b> Operating in more than 70 countries, it offers a range of high-quality and versatile flooring solutions with comfort and sustainability credentials, which promote higher quality of life, through the provision of greater acoustic and thermal insulation.	Wall and floor coverings.	10,000,000 m <sup>2</sup> /year of installed capacity
	<b>Composite Cork BU</b> Innovation is the driving force of this Business Unit that proposes to redesign the world in a sustainable manner, reusing and reinventing materials with applications in a wide array of different areas.	Aerospace, mobility, energy, seals and gaskets, construction, sports surfaces, flooring, consumer goods, furniture and footwear.	221,500 blocks and 42,000 cylinders/year
	<b>Insulation Cork BU</b> Dedicated to the production of 100% natural insulation materials that offer exceptional technical performance, this BU manufactures products that combine virtually unlimited durability, low embodied energy, and an A+ indoor air quality rating with excellent simultaneous thermal, acoustic and anti-vibration insulation properties.	Sustainable construction and interior design.	60,000 m <sup>3</sup> of insulation cork/year

1.3. WORLD PRESENCE

With its registered office in Portugal, the Corticeira Amorim Group has operations in five continents, through the activities which it develops including production, distribution or joint ventures, and also market agents. The company's shares are listed on Euronext Lisbon.



# [2] Long-term Value

1870  
AMORIM  
2020

150 years of history

The history of Corticeira Amorim dates back to 1870, when António Alves Amorim established a small cork stopper manufacturing workshop, with a strategic location in Vila Nova de Gaia, used to bottle Port wine that was shipped around the world. Corticeira Amorim is today one of Portugal's biggest exporters, and assumes a very relevant role in the Portuguese economy and also in terms of ensuring good management of the cork oak forest, including preservation of the three fundamental aspects associated with it:

- Environmental - The Mediterranean forest that has unique biodiversity;
- Economic - The profitability of cork guarantees that these forest areas are not replaced by non-native species; and
- Social - The creation of work throughout the value chain.

Guided by a vision of sustained growth, the Corticeira Amorim Group has diversified its business activity in sectors and geographic areas that have high growth potential. In the 1960s, the company began its vertical integration of the cork processing business and internationalised its business activity in a more structured way.

Upholding the maxim “not a single market, not a single customer, not a single currency, not a single product”, Corticeira Amorim has surpassed geographical boundaries and constraints, taking risks and introducing cork to the world.

One of the pillars of the company's leadership is innovation. Another is its commitment to sustainable development. Corticeira Amorim published its first Sustainability Report in 2007, publicly reporting its practices in 2006. This was the first sustainability report published by any company in the cork industry, and marked the beginning of regular, systematic and structured communication of the Group's policies and practices, in terms of its environmental and social impacts.

1935

Close relationship with production of the raw material

In the early 1930s, Portugal, despite being the fact that it was the world's biggest cork producer, only transformed about 5% of the raw material and the market was dominated by foreign companies. In 1935, Corticeira Amorim began to counter this trend, when it leased a small warehouse next to the country's principal cork oak forest area, in Abrantes.

From 1953, the group reinforced its strategy of verticalisation, diversification and internationalisation of its business, continuing to increase its production capacity and consolidating its leadership position in the manufacture of cork-based products. In 1972, it established its first production unit outside Portugal, in Morocco, with the main objective of increasing production and certifying quality. This expansion was followed by diversification into other fields of cork production.

In the 1960s, Portugal assumes itself as a leader in the transformation of cork. There was a change in the productive fabric of the Portuguese cork sector. Half of the exported raw material was already processed industrially in the country. During this decade, the district of Aveiro, where Corticeira Amorim's headquarters is located, became the cork stopper capital of the country.

Corticeira Amorim's current impact on the Portuguese economy was measured by EY with reference to the year 2018, showing that the company's indirect impacts are significant, doubling the levels of the direct impacts. Also considering induced effects, the multiplier effect of Corticeira Amorim's production on the Portuguese economy is 2.17, and is only surpassed by the production multiplier of the energy and transport services sectors. The main indirect impacts of Corticeira Amorim occur in the cork industry and forestry sector. In regional terms, analysis of total impacts reveals that Corticeira Amorim is especially relevant in Santa Maria da Feira, Ponte de Sor and Coruche. Corticeira Amorim is estimated to be responsible for 39% of exports from the municipality of Santa Maria da Feira, where the company has its headquarters and has most of its operations, and for 51% of the employment generated in the forestry sector in Ponte de Sor and Coruche, where the company purchases a large proportion of the raw material, cork.

2.17%  
production multiplier in Portuguese economy

93%  
exports to more than 100 countries

75%  
goods and services purchased in Portugal

51%  
impact in the employment of forestry sector in Ponte de Sor and Coruche

39%  
contribution to total exports from the municipality of Santa Maria da Feira

1938

Looking after the well-being of people

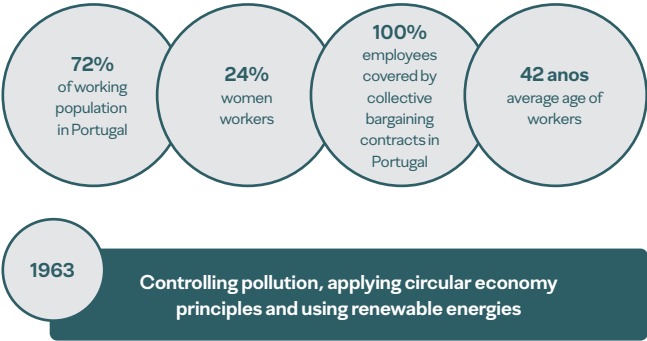
Corticeira Amorim's social vocation was evident from a very early stage. It opened its first workers' canteen in 1938, had physicians in its main industrial units from the 1930s onwards and, in the 1960s, was a pioneer in creating a residential neighbourhood for its employees. The company has a long tradition of taking care of its employees, assuming significant internal social responsibility.

The company's growth, development and professionalisation did not diminish its proximity to people and a personalised approach to each employee. Practices were adjusted over time, but Corticeira Amorim always upheld its priorities in supporting its employees in the fields of health and education. In addition to providing a school allowance for children and an allowance for its employees, it also provided merit scholarships for their children. It also provided health support, enabling employees to benefit from the curative medicine service provided by the company, based on health screenings and protocols signed with health providers in this field.



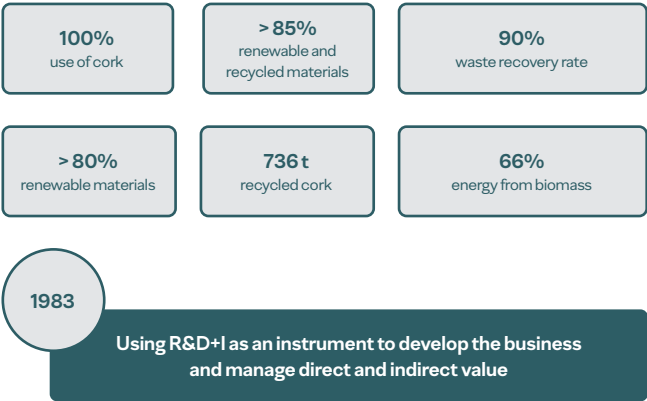
Corticeira Amorim has always cultivated a climate of rigour and respect for duties at work, but also for its employees' rights, and equal opportunities for all. It has sought to cultivate long-lasting relationships of trust, generating a culture of commitment and involvement. The company recognises the importance of the link to its local Community and seeks to ensure that its efforts related to social responsibility in this context are shared and recognised by its employees.

Above all, the company strives to draw close to people, enabling each employee to formulate a request, issue an opinion, request support, with the certainty that the company will listen to them and, as far as possible, will support them.



Since 1963, Corticeira Amorim has based its production process on the principle of 100% use of cork. This means optimising the use and consumption of cork throughout the production cycle. The production process incorporates even the smallest cork granules, which cannot be used in the product, as an important energy source. Whenever possible, the Group also uses recycled materials from other industries, thereby contributing to saving the planet's natural resources and reducing problems associated to their elimination. Various cork collection and recycling initiatives are also supported across the five continents. Although no trees are cut down to produce cork, some of these programmes, in particular the Green Cork programme in Portugal, favour reforestation initiatives for autochthonous trees, including cork oak trees.

In 2020, 100% of cork was used in the production process, more than 80% of the materials consumed by the company are renewable (more than 85%, if recycled products are also considered), 90% of all non-cork waste was sent for recovery, 66% of the energy used derived from biomass (essentially cork powder) and 736 tonnes of cork were recycled at the end of its life. Since 2008, revenues from cork recycling programmes have made it possible to plant more than 1,200,000 autochthonous trees in Portugal.



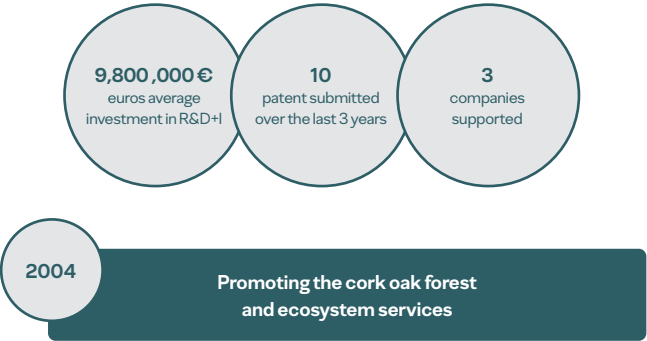
In the 1980s, the cork industries were raising their quality standards due to the increasing use of cork in demanding industries - such as the automotive, transport, aeronautics and aerospace industries.

As a consequence, Corticeira Amorim created Labcork, in order to improve quality control and production efficiency.

Currently, Corticeira Amorim has a state-of-the-art R & D + I unit, integrated in each of its Business Units, and an area to support transversal innovation. The group also launched Amorim Cork Ventures, in 2014, which has played a significant role in promoting innovation in the sector, as an incubator for cork-related companies, through which Corticeira Amorim seeks out and provides support for innovative ideas and businesses. More recently, Amorim Cork Composites installed the i.cork factory, a pilot innovation factory that is entirely dedicated to the research and development of new products that value cork.

One of Corticeira Amorim's main competitive advantages is its continuous investment in innovation. R & D + I is a vital instrument for long-term development of the business and for generation of greater added value. It responds to the challenge of creating new cork-based solutions, improving the efficiency of Business Units and training employees. Additionally, it facilitates complementary impacts on topics such as entrepreneurship, the innovation ecosystem and knowledge transfer, the circular economy and environmental sustainability.

Currently, investment in R & D + I is around €9.8 million per year. Over the last three years, Corticeira Amorim has applied for 10 patents, and is currently supporting the development of three companies through Amorim Cork Ventures.



The promotion of the cork oak forest has always assumed major importance for Corticeira Amorim's strategy. Several initiatives have been developed with forestry owners to ensure the continuity of the provision of services from the associated ecosystems, including the provision of cork, climate regulation, prevention of forest fires, hydrological regulation and soil protection, and maintaining habitats and biodiversity.

In 2004, Corticeira Amorim became the first cork company to receive a FSC® chain of custody certification. Today, it continues to focus on product development in accordance with FSC® principles. In 2020, approximately 29 units of Corticeira Amorim (industrial and / or distribution) have chain of custody certification, in accordance with FSC® regulations.

Between 2008 and 2015, Corticeira Amorim was responsible for providing a free technical advisory service to forestry owners responsible for more than 20,000 hectares of cork oak forests in Portugal. The objective of the advisory service was to identify and promote the adoption of best management practices and to promote biodiversity. The launch of this service coincided with the adhesion of Corticeira Amorim to the European Commission's Business and Biodiversity initiative, through a protocol established with the Instituto da Conservação da Natureza e das Florestas (ICNF) and two non-governmental organisations (NGOs): the World Wildlife Fund (WWF) and Quercus – Associação Nacional de Conservação da Natureza. In the same period, Corticeira Amorim was also responsible for the institution and attribution of what has become the most prestigious award ever awarded in the cork sector: the prize for research Valuing and Sustainability of the Cork Oak and Associated Biodiversity, attributed to forestry producers with excellent management practices.

More than 10 years ago, Corticeira Amorim began to study the value of ecosystem services. In 2020, it disclosed the results of a new study entitled “The value of cork oak montado ecosystem services”, which takes into account more current approaches and increased knowledge. This independent study, carried out by EY, concluded that the ecosystem services of a well-managed cork oak forest has an average value above 1,300 euros / ha / year.

Since 2013, a set of measures and actions has been underway, within a structured long-term programme, called the Forestry Intervention Project (PIF), which includes applied forestry research and development (R&D), a cork oak improvement programme and a forestry management office and has partnerships with forestry producers, research institutions and local authorities. The PIF's objective is the preservation and sustainable development of the cork oak forest. This project marks the beginning of Corticeira Amorim's direct investment in two forestry estates with cork oak trees: Herdade da Baliza and Herdade da Venda Nova. When completed, the installation will cover a total area of 1,451 hectares of cork oak trees with improved drip installation.



In 2008, Corticeira Amorim published a study that compared the environmental impact of cork stoppers with that of aluminium capsules and plastic closures. This study, conducted in 2007 by PricewaterhouseCoopers (PwC), was conducted in accordance with the environmental management standards ISO 14040 and ISO 14044 and showed that, regarding the emission of greenhouse gases, even without considering the carbon sequestration of the cork oak forest, the CO<sub>2</sub> emissions associated with the production of natural cork stoppers are lower than those recorded by the production of plastic and aluminium closures, by about 10 times and 24 times, respectively.

Over the past two years, EY has developed several studies for Corticeira Amorim with a view to assessing the company's environmental, social and economic impacts. As part of the Group's sustainability strategy, these studies also made it possible to calculate



the environmental footprints of its main products, and concluded, without exception, that they have a negative carbon balance when considering the carbon sequestration of cork oak forests and the emissions associated with production of product.








Product studies were carried out between 2018 and 2020, focusing on the different stages of the life cycle, using a cradle to gate approach, in particular: forestry activities; cork preparation, including forestry transport, production, finishing and packaging. The assessment also included additional information on the carbon sequestration of the cork oak forest.

Over the years, Corticeira Amorim has successfully sought to maintain a solid balance sheet and an adequate and balanced capital structure. In 2020, despite the contraction in business activity, the company recorded positive evolution, with net debt being cut by €50 million to €111 million and net debt / EBITDA ratio has fallen to 0.9 (2019: 1.3). It was possible to achieve the recorded improvements without undermining investments in fixed assets, payment of dividends or completion of acquisitions.

In 2020, Corticeira Amorim launched its first issue of green bonds<sup>9</sup>, in an operation that represented an important milestone in its sustainability strategy and has reaffirmed its continued commitment to the application of ESG principles and best practices (Environmental, Social, Governance).

This €40 million issue of green bonds is aligned with the conditions established by the Green Bond Principles published by the ICMA (International Capital Market Association) and obtained a positive Second Party Opinion (SPO) from the ratings company, ESG, and the specialised independent research firm, Sustainability. The goal is to refinance a diversified set of green investments made in 2017, 2018, 2019 and in the first half of 2020 by eight companies of the five Business Units of the Corticeira Amorim group, in particular Amorim Champcork, Amorim Cork, Amorim Cork Composites, Amorim Cork Flooring, Amorim Cork Insulation, Amorim Florestal, Amorim Florestal III, Amorim Subertech, and Amorim Top Series:

9. Issued on December 3, 2020. More information can be found here: <https://www.amorim.com/en/investors/market-information/>.

Eligibility categories for green projects	Investment (thousand euros)	SDG	Corticeira Amorim's Targets
Environmentally sustainable management of living natural resources and land use	6,854		<ul style="list-style-type: none"> <li>• Strengthen efforts to protect and safeguard cultural and natural heritage;</li> <li>• Promote the implementation of sustainable forest management and mobilise resources;</li> </ul>
Renewable, low carbon, eco-efficient and/or circular economy adapted products, production technologies and processes	27,144	   	<ul style="list-style-type: none"> <li>• Improve the efficiency of global resources, thereby achieving sustainable management;</li> <li>• Upgrade infrastructure and rehabilitate industries to make them sustainable;</li> <li>• Strengthen resilience and adaptability to climate-related risks.</li> </ul>
Waste management and resource efficiency	6,801		<ul style="list-style-type: none"> <li>• Improve the efficiency of global resources, thereby achieving sustainable management;</li> <li>• Substantially reduce the generation of waste through reducing, recycling and reusing materials.</li> </ul>
Renewable energy and waste to energy	3,874		<ul style="list-style-type: none"> <li>• Increase the use of renewable energy.</li> </ul>
<b>Total</b>	<b>44,673</b>		

In accordance with the Green Bond Principles, Corticeira Amorim will provide an annual update on the activity related to its issuance of green bonds. In these updates, Corticeira Amorim will seek to provide information on the allocation of revenues, as well as relevant impact metrics, including a more detailed description of the refinanced activities and an impact report, based on the proposed metrics described in the table below. However, this information is dependent on obtaining an understanding of the relevant impact and may therefore change over time.

The information will be made available to the public through Corticeira Amorim's institutional website ([www.amorim.com](http://www.amorim.com)).

Category	Key performance indicator
Environmentally sustainable management of living natural resources and land use	Plantations of cork oak forests directly intervened (hectares)
Renewable, low carbon, eco-efficient and/or circular economy adapted products, production technologies and processes	Revenue of renewable, low carbon and/or eco-label and/or low carbon and/or eco-efficient and/or circular economy products (euros)
Waste management and resource efficiency	Industrial waste recovery (ton)
Renewable energy and waste to energy	Greenhouse gas (GHG) emissions avoided (tCO <sub>2</sub> eq)

# [3] Sustainability Governance

Issues related to sustainability have the potential to impact business performance, whether through regulation, stakeholder perception or by directly affecting the health and well-being of stakeholders. Corticeira Amorim seeks to understand these issues, mitigate their impact and respond to the main challenges in the markets where it operates.

## 3.1. MANAGEMENT STRATEGY AND MODEL

All Corticeira Amorim employees are responsible for contributing to the achievement of the defined priorities, either through the defence and observance of the principles of good governance, also included in the company’s Code of Ethics and Professional Conduct, or through direct duties related to sustainability issues. Corticeira Amorim’s Board of Directors is responsible for promoting ESG topics in the business, as well as approving strategic objectives, strategic initiatives and priority actions. António Rios de Amorim, Chairman and CEO of Corticeira Amorim, has the supreme responsibility for monitoring the ESG strategy. The Executive Committee is responsible for supervising

the governance of sustainability issues and for integrating ESG issues into the business. At least twice a year, the Executive Committee meets to discuss the approach to ESG topics, and define goals, performance targets and reviews the reporting.

Management of ESG themes on a daily basis is coordinated by a member of the management team, who is integrated within the coordination team at the corporate level together with other support areas such as human resources, legal, supplies, energy and transport, relationship with the market and is responsible for ensuring the sustainability of the five Business Units. Each Business Unit has its own executive responsible for sustainability, who reports directly to the CEO of the Business Unit. Among other tasks, these executives are responsible for suggesting and implementing initiatives and actions necessary to meet the defined objectives, monitor and report performance.

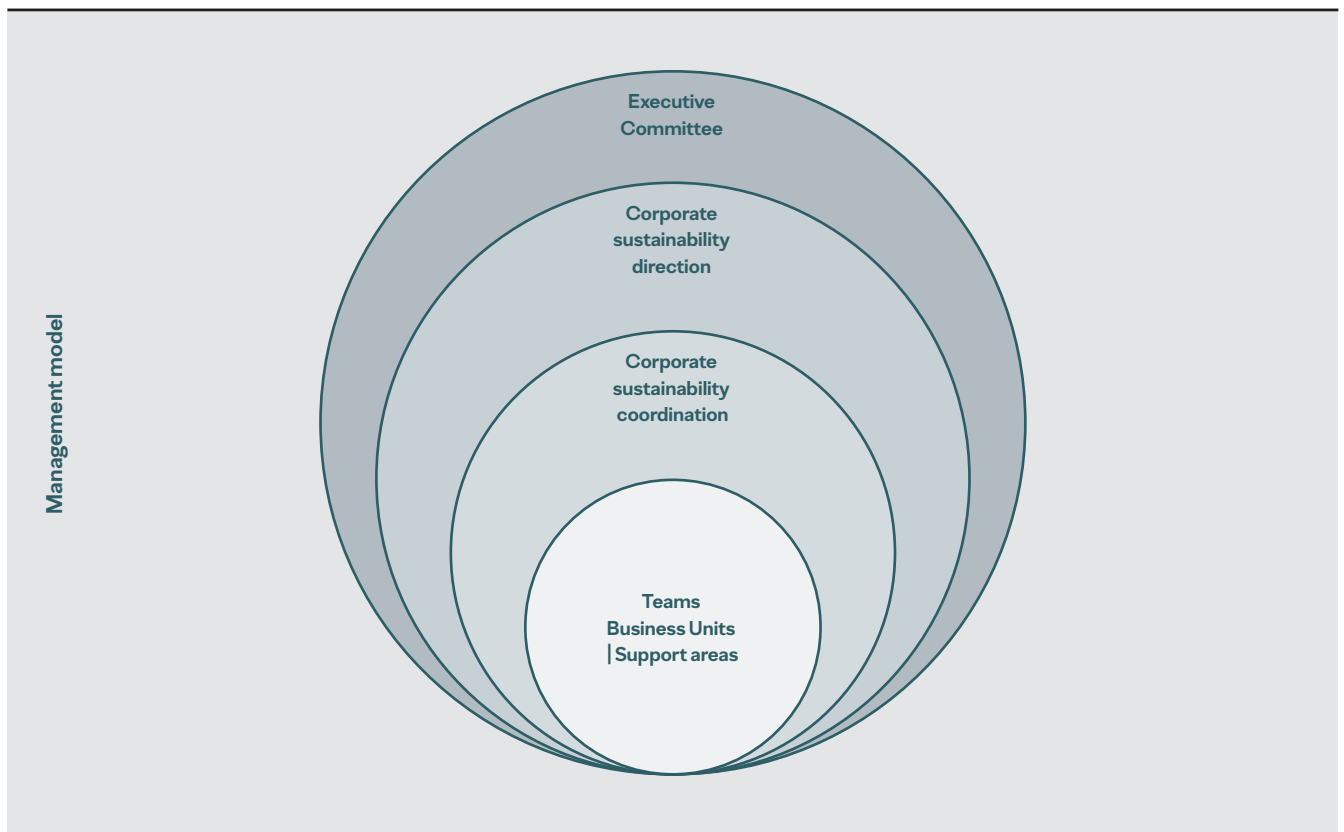
In order to receive feedback from third parties on the Group’s performance, Corticeira Amorim conducts stakeholder consultations, the last of which took place in 2018. Corticeira Amorim considers that all its stakeholders are fundamental in terms of identification of strategic priorities. As a result, sustainability management takes into account their concerns and expectations regarding matters that should be monitored and communicated.

Best Raw Materials Sustainability — Europe 2020

Corticeira Amorim was the winner in the “Best Raw Materials Sustainability - Europe 2020” category of the Capital Finance International (CFI.co) awards. The renowned English magazine highlighted the company's pioneering attitude towards sustainable development, underlining its commitment to the conservation of cork oak forests. At the same time, the award highlighted Corticeira Amorim's driving force for internal and external innovation, helping to discover new uses, utilisations and markets for cork.







### 3.2. TARGETS AND ALIGNMENT WITH SDGS















In 2018, Corticeira Amorim reviewed its sustainable development strategy using a materiality analysis, in order to promote alignment with the expectations and feedback of its stakeholders. In line with its sustainability strategy, the Group identified the Sustainable Development Goals (SDG)

that are most related to material issues, selecting performance indicators and targets for each relevant SDG. In this context, 12 SDGs were identified as priorities for Corticeira Amorim's sustainable development strategy. It should be noted that SDG 17 is transversal to all the other goals and, therefore, is aligned with all the sustainability strategies defined and represented in the following chart.



In 2020, Corticeira Amorim established quantitative targets for the period 2021-2024, applied to the Group's operations in Portugal that are integrated within the sustainability report, as follows:

## Targets 2021-2024

Material aspect	Objective	Performance*	Target*
Promotion of the cork oak forest 	Preserve the cork oak forest and ecosystem services by increasing knowledge, mobilising resources and proposing initiatives		+ 3,000 ha cork oak forest interventions by 2024 **
Climate change 	Reduce the environmental impact of operations by adopting renewable, affordable and efficient solutions	  	-1% water consumption intensity/year +2% energy efficiency/year ≥ 2/3 energy consumed from controlled renewable sources /year
Circular economy 	Apply the principles of circular economy through the reduction of waste, extend the life of materials and regeneration of natural systems	 	-5% weight of virgin non-renewable materials consumed /year ≥ 90% waste recovery rate (non-cork) /year
Health and safety at work 	Ensure the safety of employees in the workplace and access to quality health conditions		ZERO accidents by 2024
Training and development 	Promote training, welfare and personal and professional development for all	 	95% employees accessing training by 2024 25% women in management positions by 2024








\* Boundaries: operations in Portugal

\*\* Portugal and Spain



### 3.3. VOLUNTARY COMMITMENTS

The Corticeira Amorim Group actively participates in discussion meetings with national and international entities on sustainable development of the geographical regions in which they operate. In various cases, the Group's representatives form part of these initiatives and associations, in order to ensure a meaningful and proactive impact. Of the numerous associations, it is worth highlighting the following:

Associations	Description
 <p>APCOR <a href="http://www.apcor.pt">http://www.apcor.pt</a></p>	A business association in the cork industry that represents, promotes, publishes and researches the Portuguese cork industry.
 <p>BCSD <a href="https://www.bcsdportugal.org/">https://www.bcsdportugal.org/</a></p>	A business association with broad sectoral representation in Portugal, that is a member of the WBCSD - World Business Council for Sustainable Development, the biggest international organisation working in the area of sustainable development.
 <p>CENTRO HABITAT <a href="http://www.centrohabitat.net/pt">http://www.centrohabitat.net/pt</a></p>	A group of companies, municipalities, research and development centres, business associations and other entities that are committed to sustainability as a standard for innovation and competitiveness.
 <p>SMART WASTE PORTUGAL <a href="http://www.smartwasteportugal.com/pt/">http://www.smartwasteportugal.com/pt/</a></p>	An association whose objective is to contribute to the production and dissemination of knowledge in the area of waste, to drive actions that value cooperation between entities operating in the waste industry, to promote and support the activities and projects of its members that contribute to the pursuit of the association's objectives.
 <p>PTV <a href="http://www.ptvino.com/en/">http://www.ptvino.com/en/</a></p>	A platform for all entities involved in research, technological development and innovation in the Spanish wine industry.
 <p>IB-S UNIVERSIDADE DO MINHO <a href="http://ib-s.uminho.pt/">http://ib-s.uminho.pt/</a></p>	Research unit of the University of Minho, dedicated to the sustainability of the built and natural environment.
 <p>ACT4NATURE PORTUGAL <a href="https://www.bcsdportugal.org/act4nature-portugal">https://www.bcsdportugal.org/act4nature-portugal</a></p>	Business initiative promoted by BCSD Portugal in which adhering companies assume common and individual commitments for the conservation of biodiversity and ecosystem services.
 <p>CHARTER OF PRINCIPLES OF THE PORTO PROTOCOL <a href="https://climatechange-porto.com/porto-protocol/">https://climatechange-porto.com/porto-protocol/</a></p>	International foundation, with hundreds of members spread across the wine value chain and around the world, whose mission is to build a network of agents who will foster change and viable solutions, with the aim of making the wine industry's response to the climate emergency more collaborative, swift and robust.
 <p>CHARTER OF PRINCIPLES OF BCSD PORTUGAL <a href="https://www.bcsdportugal.org/en/wp-content/uploads/2019/02/Carta_Principios_BCSDPortugal_ENG.pdf">https://www.bcsdportugal.org/en/wp-content/uploads/2019/02/Carta_Principios_BCSDPortugal_ENG.pdf</a></p>	Initiative promoted by BCSD Portugal that establishes the fundamental sustainability commitments that the subscribing companies voluntarily adopt for themselves and that they seek to extend to their value chain, within the sphere of their influence.



50 Sustainability & Climate Leaders

Corticeira Amorim is one of the 50 companies that are part of the 50 Sustainability & Climate Leaders campaign. The project, which aims to promote the exchange of ideas on how to achieve greater sustainability, by focusing on recent technological solutions, favouring ground-breaking innovation and fostering socially responsible leadership, is promoted by the TBD Media Group. With content distributed by the Bloomberg group, the initiative brings together a wide range of organisations that are leading in the fight against climate change globally. Sustainability, technology and innovation were the drivers that led the choice of participants of the 50 Sustainability & Climate Leaders programme, which also includes business leaders from sectors such as pharmaceuticals, petrochemicals and financial services.

Companies for sustainable development

Corticeira Amorim is one of 64 companies that signed the manifesto promoted by BCSD Portugal "Take advantage of the crisis to launch a new paradigm of sustainable development". With the goal of helping Portugal to build a more sustainable development model, the manifesto, launched in 2020, is driven by the awareness amongst companies that society is at a turning point, in which "our future has never been so dependent on our capacity as a society to move from words to actions in the transformation of our development model". The signatory companies declared their ambition to contribute to the construction of a development model based on five fundamental principles: promoting sustainable and inclusive development, promoting growth, seeking efficiency, strengthening resilience and strengthening corporate citizenship.

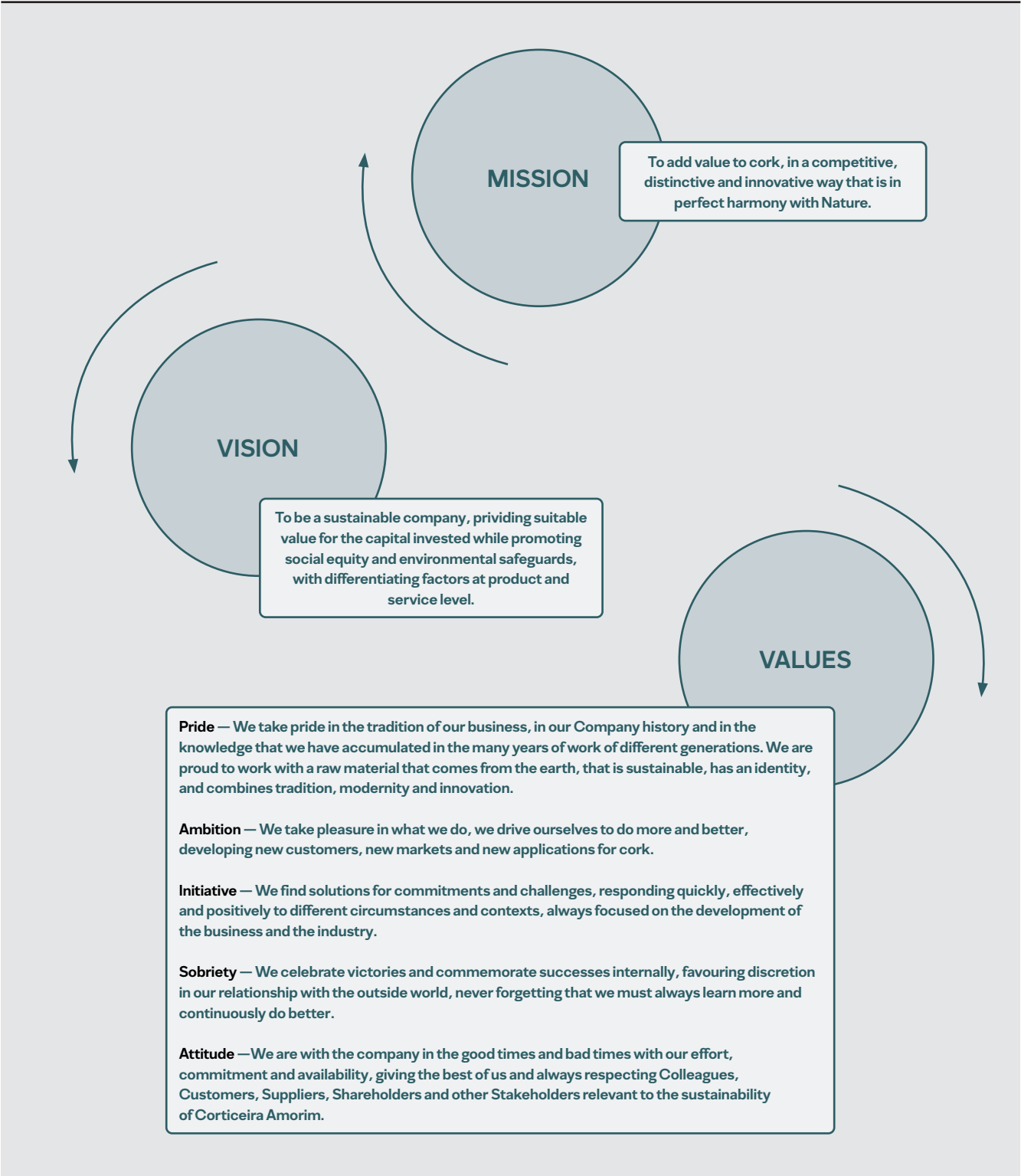




3.4. RESPONSIBLE CONDUCT

Corticeira Amorim pursues its business activity in an ethical, integral and transparent manner, providing results that reflect its management vision, the efficiency of its processes, continuous innovation, professionalism and competence of its team, the competitiveness of its offer and its reputation in the market.

Corticeira Amorim assumes a set of voluntary commitments in matters of ethics and environmental and social responsibility, through the development and implementation of policies and principles by which it governs its activity. Aware of the risks to which its activity is subject and the interests of its stakeholders, while convinced of the effectiveness of its risk prevention and control strategy, Corticeira Amorim regularly analyses these issues, fostering reflection and improvement thereof.

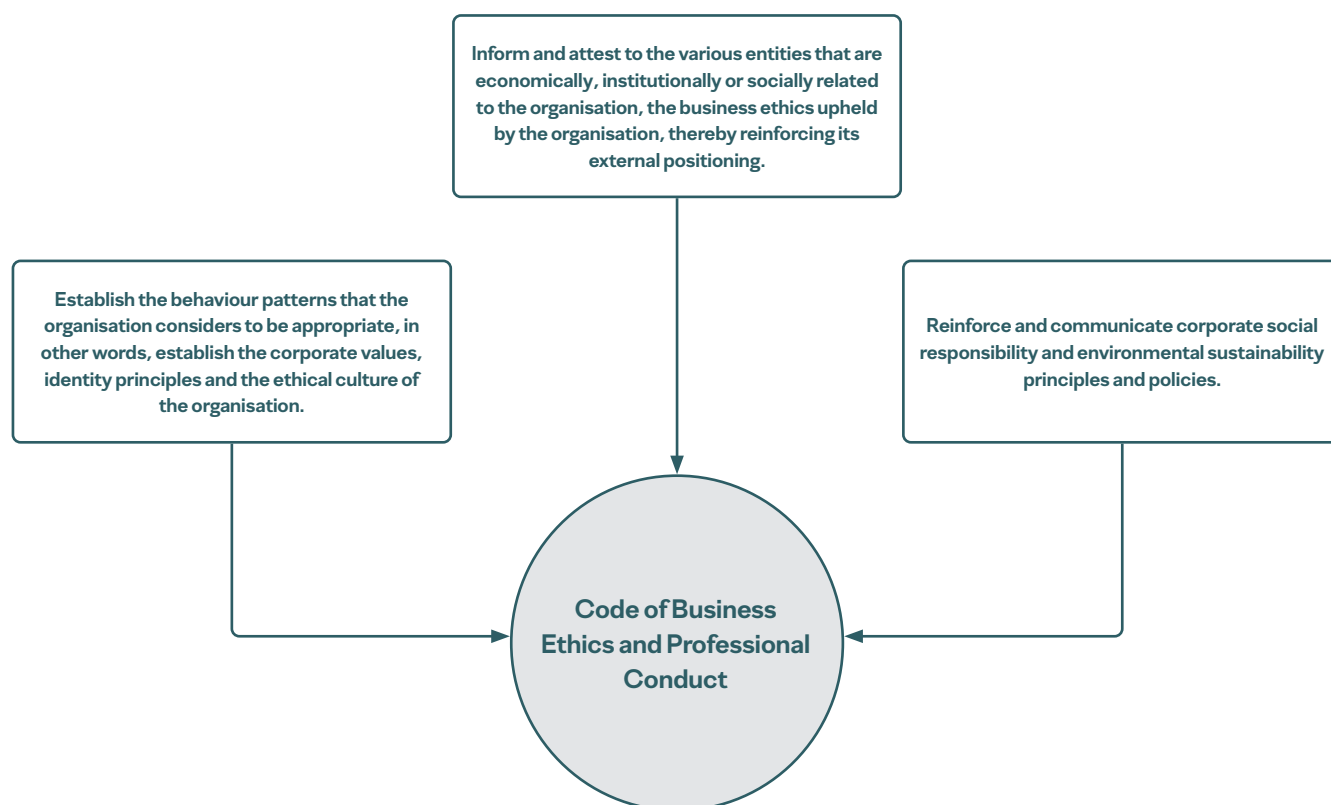


## Code of business ethics and professional conduct

Corticeira Amorim aims to behave in an appropriate and ethical manner in all its relations with its customers, employees, investors, suppliers of goods and services, public and private institutions, local communities and society in general.

For this purpose, the company has formalised a set of rules and guidelines related to upholding the appropriate behaviour of all its employees, whether in the context of Corticeira Amorim, or in its relations with external entities, which are expressly required to respect or adhere to the stipulated principles.

In 2020, Corticeira Amorim reformulated its Code of Business Ethics and Professional Conduct (Code) applicable in the group of companies over which Corticeira Amorim exercises a controlling relationship, regardless of whether the respective headquarters are located in Portugal or in another country, and which is therefore translated into several languages.



The Code currently in force establishes the following principles and commitments:

General principles:	Commitments linked to respect for persons
<ul style="list-style-type: none"> <li>Respect for the law, including, <i>inter alia</i>, fundamental international conventions to uphold free competition and to prevent money laundering);</li> <li>Transparency and trust, including confidentiality, privacy and protection of personal data;</li> <li>Honesty and integrity, including the rejection of corruption and bribery, as well as regulation of conflicts of interest, the use of privileged information, the use of assets (in particular information technologies), social networks and external communication, corporate image, copyright and industrial property rights and political neutrality.</li> </ul>	<ul style="list-style-type: none"> <li>Respect for human and labour rights;</li> <li>Decent, safe, healthy and balanced working conditions;</li> <li>Free employment: not accepting, within the organisation, or in its supply chain, forced, slave or involuntary labour;</li> <li>Child labour: do not employ child or forced labour, or any other form of exploitation of children or adolescents and exercise careful control over its suppliers;</li> <li>Workplace harassment: harassment, discrimination, coercion, abuse, violence or exploitation at work will not be tolerated;</li> <li>Protection of health, hygiene and safety in the workplace;</li> <li>Employment contracts, working time and pay comply with the international rules of the International Labour Organisation (ILO) and the national legislation in force;</li> <li>Freedom of association and the right to collective bargaining;</li> <li>Diversity, inclusion and non-discrimination, based on ethnic or social origin, gender, sexual orientation, age, creed, marital status, physical characteristics or disability, religious convictions, political orientation, opinion, family situation, social class, place of birth or trade union membership;</li> <li>Principle of equal treatment and opportunities, as well as promoting professional achievement and development.</li> </ul>



#### Commitments to stakeholders

- Creating value for shareholders on a continuous and sustained basis, from a long-term perspective;
- Corporate governance standards in accordance with best practices;
- Internal control and risk management for the organisation's business, people and reputation;
- Transparency in the information provided to shareholders;
- Regulation of transactions with related parties.

#### Commitments to customers

- Priority in the relationship with the customer to ensure continuous improvements with a view to their satisfaction, ensuring that the products and services offered by the organisation do not pose risks to the health or safety of customers, continuously seeking, with a sense of service, to satisfy and exceed their expectations, formulating honest, transparent business proposals adapted to their needs and providing personalised advice when requested;
- Loyal and genuine communications, advertising and promotional activities with customers.

#### Commitments to suppliers

- Strict supplier selection policy, based on economic, social, ethical and environmental criteria;
- Inspiring principles for suppliers will be adherence and compliance with internationally recognised human rights;
- The organisation invites its suppliers to adhere to the ethical, environmental and social values established in this Code, insofar as they may be applicable to it, incorporating the same values, whenever possible and desirable, in the contracts signed.

#### Commitments to communities, society and the environment

- Sustainability and corporate social responsibility; to grow sustainably, with persistent long-term value generation, carrying out work with high standards of safety and quality, guaranteeing the company's economic, environmental and social sustainability;
- Compliance with tax and social security rules and regulations;
- Energy, climate change and the environment: caring for and respecting the environment and protecting biodiversity in the daily pursuit of its operations;
- Minimise any actual or potential negative impacts, showing openness and honesty, respecting local cultures and traditions, contributing to the progress, economic development and well-being of these Communities;
- The organisation is committed to achieving economic growth while contributing to a more evolved society, preserving the environment and non-regenerable resources for future generations, thereby ensuring its own sustainability.

The Code is periodically reviewed, taking into account the contexts and developments deemed relevant in terms of behaviour within the organisation. The organisation also communicates updates to employees and promotes the dissemination and awareness of the principles and standards defined in the Code.

The Executive Committee, together with the management teams of the Business Units, is responsible for assessing the risks associated with corruption and bribery in the markets where Corticeira Amorim operates, according to each unit's characteristics. The monitoring of these risks is also complemented by audits of the internal control process, whose function is to analyse the compliance of the processes and identify any inefficiencies.



Communication of irregularities

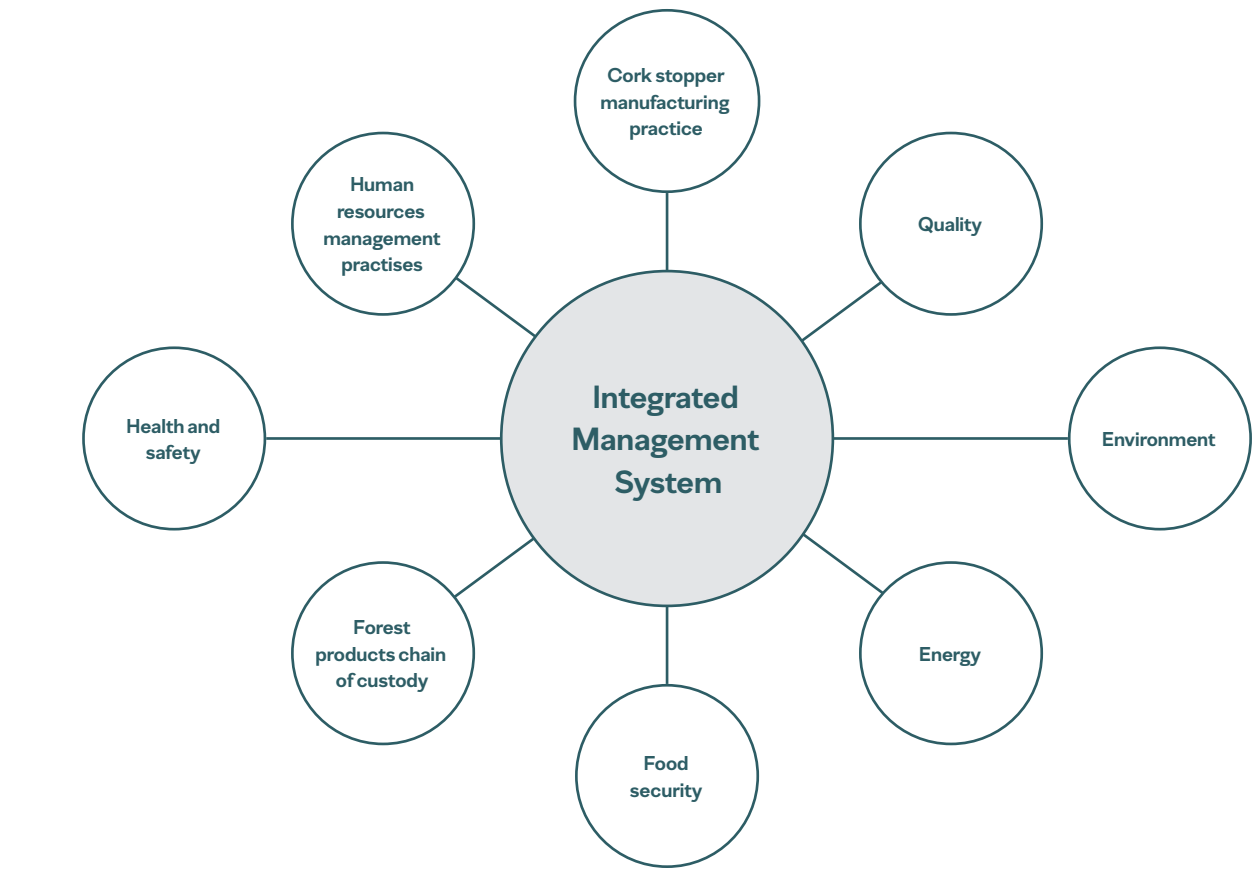
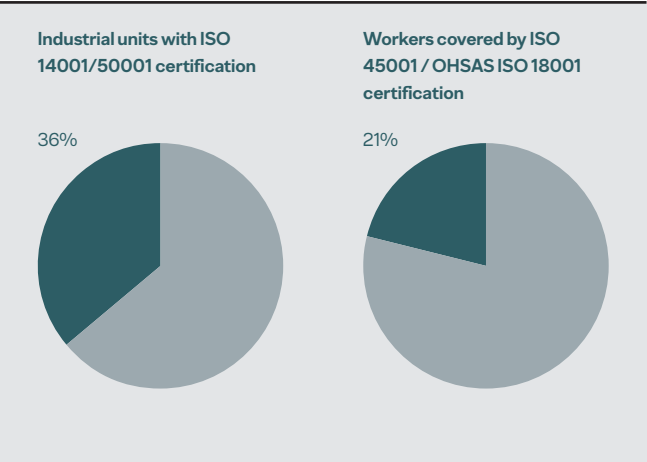
The communication of irregularities identified is achieved in accordance with a defined procedure for the correct treatment of irregularities (submitted to the company’s Statutory Audit Committee) presented by shareholders, employees or other persons/entities. The Company’s Statutory Audit Committee is made up of independent members and is responsible for analysing any anomalies identified and suggesting mitigation measures for the prevention and occurrence of such anomalies.

No irregularities were identified and reported in 2020. More detailed information can be found in chapter C. Internal organisation, II. Reporting of irregularities, of the Corporate Governance Report.

Management systems

In striving to ensure effective management of environmental and social aspects related to the business and to achieve its strategic objectives, Corticeira Amorim has implemented a set of policies and management systems that are tailored to the non-financial risks that are inherent to its activities or the emerging opportunities in the

markets in which it operates, which include internal, and sometimes external, follow-up audits. In some cases, this work is supported by international systems certified by external entities, such as ISO 14001, ISO 50001 and ISO 45001 or OHSAS ISO18001. Detail of the certifications by commercial establishment can be found in chapter 6 of the Consolidated Management Report.



Management systems of Amorim Cork Flooring

Amorim Cork Flooring values the external certification of its management systems, obtaining ISO 9001, ISO 14001, ISO 45001 certification and also Investors in People accreditation , the last three of which were secured in 2020. The company therefore aligns its practices with the fundamental values of product quality, respect for the environment and its staff, guaranteeing them a workplace with above-average conditions and with a clear commitment to sustainability.



3.5. STAKEHOLDERS

Corticeira Amorim believes in the importance of its stakeholders to ensure the sustainable management of its activities and improving the Group’s performance.

The involvement of stakeholders is a strategic priority for Corticeira Amorim. Understanding their concerns and expectations regarding the issues to be monitored and communicated is fundamental for validating and identifying strategic priorities. All persons or entities that have, or may have, an influence, dependency and/or responsibility for the Group, are identified as stakeholders of Corticeira Amorim. Based on this selection criteria, there are eight main groups of stakeholders: Shareholders and Investors, Customers, Employees, Official and Government Entities, Suppliers, Media, NGOs and the Community, Partners and Civil Society.

Stakeholder engagement work is based on structured and ad hoc interaction, as well as regular surveys.

Since 2009, Corticeira Amorim has implemented a consultation and engagement process with its stakeholders, to promote their participation and contributions to the Group’s business model.

The priority that Corticeira Amorim places on the involvement of its stakeholders and on managing their expectations and concerns, together with the way that it relates and communicates with them, is reflected in the results obtained in the most recent stakeholder consultation process in 2018.



## Communication with stakeholders

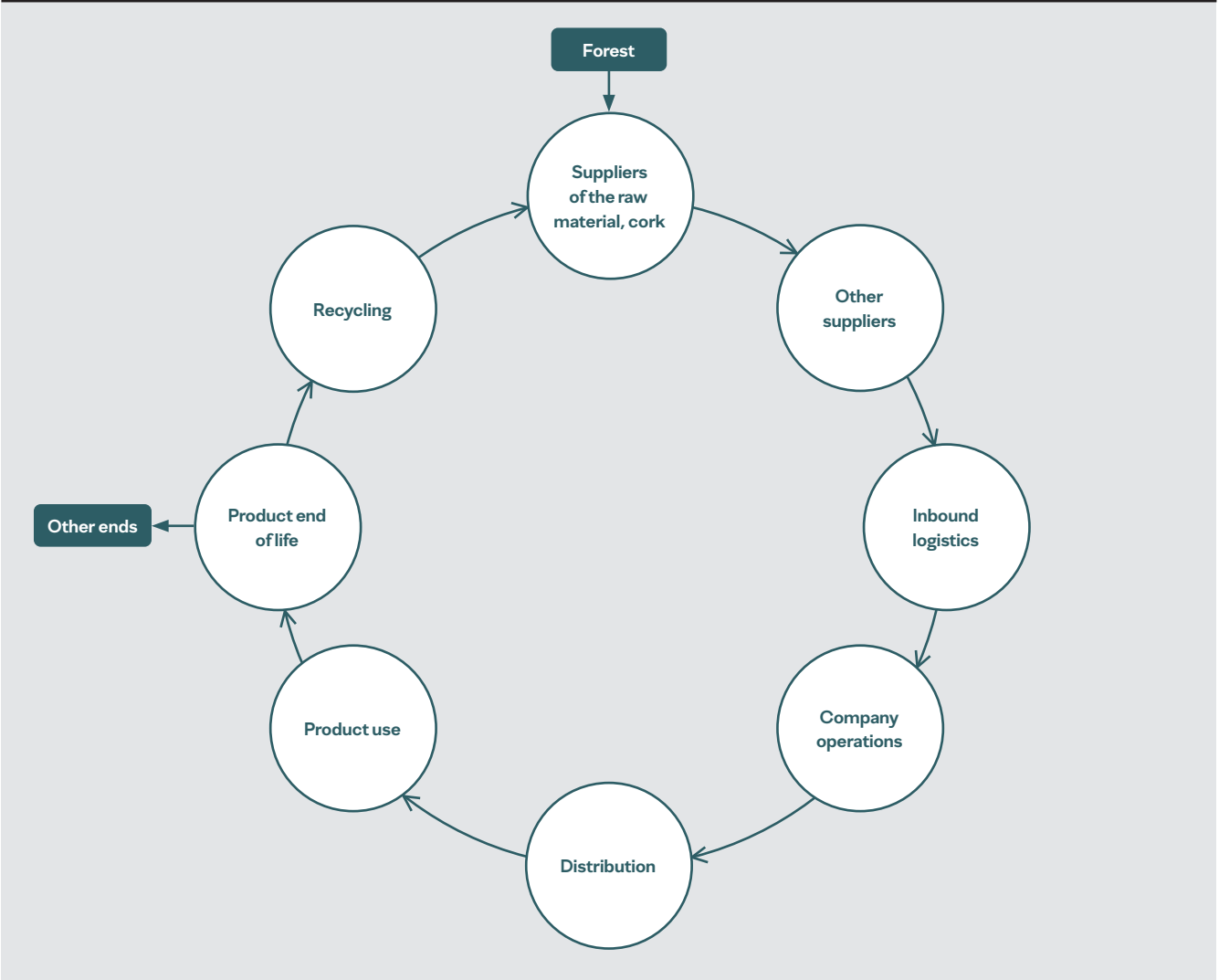
The management of communication channels promotes greater alignment with stakeholders' needs and expectations. Corticeira Amorim uses a distinct set of communication channels that are regularly available and allow a wide range of information to be made to its stakeholders.

Shareholders and investors	Customers	Employees	Official and governmental entities
<ul style="list-style-type: none"> <li>General shareholders' meeting</li> <li>Meetings with investors and analysts</li> <li>Periodic disclosure of developments in the business</li> <li>Reports &amp; accounts</li> <li>Sustainability report</li> <li>Regular meetings and contacts</li> <li>Responses to external requests</li> <li>Visits to the cork oak forest and to Corticeira Amorim</li> <li>Website</li> <li>Social networks</li> <li>Newsletter and Press releases</li> <li>Information brochures</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability report</li> <li>Environmental education/ awareness actions</li> <li>Support for initiatives/projects</li> <li>Satisfaction surveys</li> <li>Participation in fairs and industry events</li> <li>Awareness and technical support programmes</li> <li>Cooperation agreements for R&amp;D+I</li> <li>Publication of technical articles</li> <li>Working groups</li> <li>Regular meetings and contacts</li> <li>Various seminars and workshops</li> <li>Responses to external requests</li> <li>Visits to the cork oak forest and to Corticeira Amorim</li> <li>Website</li> <li>Social networks</li> <li>Newsletter and press releases</li> <li>Information brochures</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability report</li> <li>Cork oak protection initiatives</li> <li>Environmental education/ awareness actions</li> <li>Support for initiatives / projects</li> <li>Satisfaction surveys</li> <li>On-site information panels</li> <li>Procedures and policies</li> <li>Intranet</li> <li>Performance management system</li> <li>Various seminars and workshops</li> <li>Thematic and awareness-raising internal actions</li> <li>Responses to external requests</li> <li>Visits to the cork oak forest and Corticeira Amorim</li> <li>Website</li> <li>Social networks</li> <li>Newsletter and press releases</li> <li>Information brochures</li> </ul>	<ul style="list-style-type: none"> <li>Periodic disclosure of developments in the business</li> <li>Reports &amp; accounts</li> <li>Sustainability report</li> <li>Cork oak protection initiatives</li> <li>Participation in fairs and industry events</li> <li>Cooperation agreements for R&amp;D+I</li> <li>Publication of technical articles</li> <li>Support for initiatives/ projects</li> <li>Satisfaction surveys</li> <li>Awareness and technical support programmes</li> <li>Working groups</li> <li>Regular meetings and contacts</li> <li>General and sector meetings</li> <li>Various seminars and workshops</li> <li>Responses to external requests</li> <li>Visits to the cork oak forest and Corticeira Amorim</li> <li>Website</li> <li>Social networks</li> <li>Newsletter and press releases</li> <li>Information brochures</li> </ul>
Suppliers	Media	NGOs and the Community	Partners and civil society
<ul style="list-style-type: none"> <li>Report &amp; accounts</li> <li>Sustainability report</li> <li>Environmental education / awareness actions</li> <li>Support for initiatives / projects</li> <li>Selection and evaluation of suppliers</li> <li>Participation in trade fairs and sectorial events</li> <li>Awareness and technical support programmes</li> <li>Cooperation agreements for R&amp;D + I</li> <li>Publication of technical articles</li> <li>Working groups</li> <li>Regular meetings and contacts</li> <li>Seminars and various workshops</li> <li>Responses to external requests</li> <li>Visits to the cork oak forest and Corticeira Amorim</li> <li>Website</li> <li>Social networks</li> <li>Newsletter and press releases</li> <li>Information brochures</li> </ul>	<ul style="list-style-type: none"> <li>Periodic disclosure of the evolution of the activity</li> <li>Report &amp; accounts</li> <li>Sustainability report</li> <li>Support for initiatives and projects</li> <li>Participation in trade fairs and sectorial events</li> <li>Publication of technical articles</li> <li>Responses to external requests</li> <li>Visits to the cork oak forest and to Corticeira Amorim</li> <li>Website</li> <li>Social networks</li> <li>Newsletter and press releases</li> <li>Information brochures</li> </ul>	<ul style="list-style-type: none"> <li>Periodic disclosure of the evolution of the activity</li> <li>Report &amp; accounts</li> <li>Sustainability report</li> <li>Initiatives to defend the forest and the environment</li> <li>Environmental education / awareness actions</li> <li>Community engagement initiatives</li> <li>Support for initiatives / projects</li> <li>R &amp; D + I collaboration protocols</li> <li>Working groups</li> <li>Regular meetings and contacts</li> <li>Seminars and various workshops</li> <li>Internal theme and sensitivity activities</li> <li>Responses to external requests</li> <li>Visits to the cork oak forest and Corticeira Amorim</li> <li>Website</li> <li>Social networks</li> <li>Newsletter and press releases</li> <li>Information brochures</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability report</li> <li>Initiatives to defend the cork oak forest and the environment</li> <li>Environmental education / awareness actions</li> <li>Community engagement initiatives</li> <li>Support for initiatives / projects</li> <li>Participation in fairs and sectorial events</li> <li>R &amp; D + I collaboration protocols</li> <li>Publication of technical articles</li> <li>Working groups</li> <li>Regular meetings and contacts</li> <li>General and sectorial meetings</li> <li>Various seminars workshops</li> <li>Responses to external requests</li> <li>Visits to the cork oak forest and Corticeira Amorim</li> <li>Website</li> <li>Social networks</li> <li>Newsletter and press releases</li> <li>Information brochures</li> </ul>

3.6. VALUE CHAIN

Corticeira Amorim strives to implement its ethical commitments and economic, environmental and social responsibility, as referred to in chapter 3.4. Responsible conduct, at all levels of its business plan. In this regard, the company considers that a chain of raw material suppliers, predominantly cork, and stable transport services, plays a fundamental role in guaranteeing good sustainability practices, both at the point of origin and in its operating processes.

Corticeira Amorim's business model spans all stages of production, from the purchase of the raw material, to the company's operations, distribution and marketing of various cork products, with more than 27,000 customers and 94% of sales made outside Portugal, in more than 100 countries.



Procurement and supply of cork

1st FSC certification in the cork industry

Corticeira Amorim was the first company in the world to achieve FSC® certification in the cork industry, in 2004

The Raw Materials BU is the starting point for the global and integrated management of Corticeira Amorim's value chain. The Raw Materials BU is responsible for preparing, discussing and deciding on the company's multi-annual procurement policy, ensuring optimisation of the supply of all types of cork raw materials to be used in other BUs in the Group and for production of the respective products and applications.

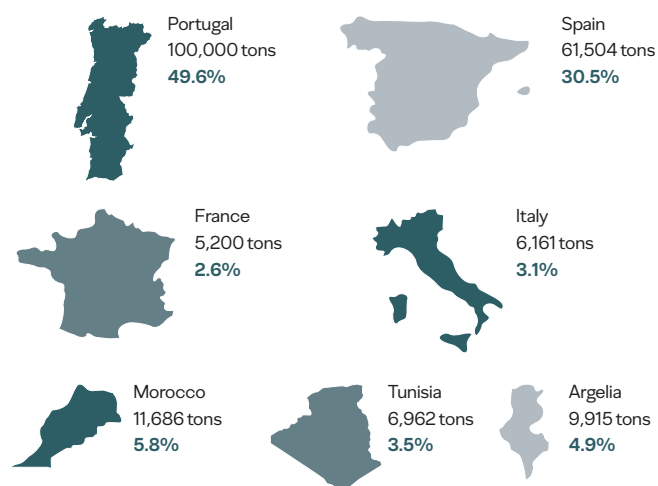
Cork production takes place in the Mediterranean Basin and it is in this region that the majority of Corticeira Amorim's operations are located, promoting the need for environmental conservation as well as social and economic investment in these areas. In recent years, a strategy has been developed to diversify supply sources in

order to enhance cork extraction in all production regions, ensuring the capacity for a quick and efficient response to any increases in consumption of the raw material.

In 2020, there were purchases of cork and cork products, totalling € 247 million, 94% of which are from Portugal and Spain and the remainder from other locations in the Mediterranean basin, namely from North Africa.

Purchases of cork and cork products (thousand euros)		
	2020	2019
Portugal and Spain	231,153	251,168
Other origins	15,436	18,857
Total	246,589	270,025

## Annual cork production per country



## Protecting the cork oak forest

In addition to management of the supply of cork, the activities of the Raw Materials BU focus on gaining knowledge about the cork oak forest and improving the production of high-quality cork. In this regard, Corticeira Amorim maintains a close relationship with its cork producers, and promotes compliance with the CE Liège Code of Cork Stopper Manufacturing Practices and forestry certification from the Forest Stewardship Council (FSC®).

At the end of 2020, 29 establishments of Corticeira Amorim (16 industrial units and 13 distribution units) had their chain of custody certified in accordance with the FSC®, which confirms to the market the company's concern and performance in protecting biodiversity, employee rights, the rights of indigenous peoples and of areas of significant environmental and cultural importance.

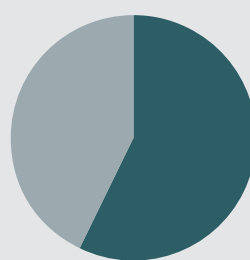
As the industry leader, Corticeira Amorim recognises the influence of its activities on valuation of the cork oak forest and implementation of best management practices. A strong focus on forestry research and development and innovation of its processes is a constant priority for this BU and a decisive factor for its business competitiveness. New production techniques have been implemented in order to improve the quality and quantity of cork production, in particular, the REGACORK Project, integrated within the Forestry Intervention Project. More information can be found in subchapter 4.1 Preserving the cork oak forest and ecosystem services.

### Promoting best practices

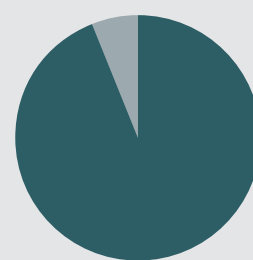
Between 2008 and 2015, Corticeira Amorim was responsible for providing a free technical advisory service to forest owners, and is co-responsible for more than 20,000 hectares of certified cork oak forest in Portugal. The objective of the advisory service was to identify and adopt best management practices and support biodiversity. The service was launched in October 2007, with Corticeira Amorim joining the European Commission's "Business and Biodiversity" initiative, through a protocol established in partnership with the Instituto de Conservação da Natureza e Florestas de Portugal (ICNF) and two NGOs: the World Wildlife Fund and Quercus. In addition to providing technical advice to forest owners, this partnership also aimed to stimulate forestry research and disseminate best practices in forest management.

In the same period, 2008 and 2015, Corticeira Amorim was also responsible for the most prestigious award ever awarded in the cork sector: the research prize "Valuing and Sustainability of the Cork Oak and Associated Biodiversity", which aimed to distinguish forest owners with the best practices in sustainable management of cork oak forests and associated biodiversity.

### Industrial units with FSC® certification



### Cork and cork products purchased from controlled sources





## Procurement and supply of non-cork

### 75% of local purchases

Non-cork purchases are supervised by the transversal support area for procurement, energy and transport, where great emphasis is placed on building lasting relationships and local purchases, with 75% goods and services purchased in Portugal by local establishments (2018).

Corticeira Amorim's transversal support area for procurement, energy and transport is responsible for managing suppliers and purchasing all non-cork products, services, transport and contracts. Management, from a global perspective, is focused on the search for the excellence of the goods acquired and the services provided, also aligned with the company's strategic objectives, making it possible to add increasing value to the Group in terms of sustainability.

Corticeira Amorim seeks to establish stable long-term relationships with its suppliers, guaranteeing quality control of products and a high degree of building loyalty with the main suppliers, placing great emphasis on local purchases.

### Qualification of suppliers

The acquisition of non-cork products involves a supplier prequalification, qualification and evaluation process. Qualified suppliers are expected to meet the quality standards for supplies, delivery times and the social and environmental responsibility indices defined by Corticeira Amorim. To this end, a defined methodology is applied by the company, characterised by social responsibility (IRSoc) and environmental responsibility (IRAmb) indices.

IRSoc and IRAmb are calculated according to the percentage of requirements met by the supplier. An IRSoc of 100% is applied if the supplier is NP 4469 certified. An IRAmb of 100% is applied if the supplier is ISO 14001 certified.

Depending on the index under consideration, for each requirement that the supplier does not commit itself to meeting, 25% will be subtracted from either the IRSoc or IRAmb. If the supplier does not meet one or more of the requirements in its commitment, the IRSoc or IRAmb will be zero.

The selected suppliers are subject to an audit programme which takes place annually, based on the following criteria:

- Supplier performance in the previous year;
- Criticality of the products/services supplied; or
- In the case of new suppliers, necessary quality, social and environmental aspects.

After each audit, the supplier's performance is evaluated in order to validate the qualification criteria and detect any non-conformities. When non-conformities are identified, an action plan is requested and, depending on the criticality of the non-conformities detected, follow-up audits are carried out and all non-conformity mitigation measures are verified in the Corticeira Amorim Group companies. In addition, there may still be a need to work with the supplier to resolve the non-conformities or find alternatives to the supplier in question.

In 2020, Corticeira Amorim did not replace any suppliers as a result of the supplier pre-qualification, quantification and evaluation process. Further information available at: <https://www.amorim.com/en/sustainability/governance/value-chain/>.

## Transport

The transport of products throughout Corticeira Amorim's value chain has a significant impact on the business, at an economic and environmental level, and is therefore a priority for the Group to ensure its sustainable management.

In this context, Corticeira Amorim's Transportation Department, operating under the auspices of the Central procurement, energy and transport support area, conducts its activities based on the values of commitment, credibility, integrity (ethics) and the search for excellence, and is responsible for:

- Positioning of the purchasing function 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.

Corticeira Amorim has implemented new ways of mitigating the impact of transport, making a positive difference to the international competitiveness of its business. An example of these actions is the preference for maritime transport. In addition, several projects are carried out in the context of maximising the amount of product transported per packaging unit, and optimising transport flows of raw materials and products.

### More sustainable packaging in Amorim Cork Flooring

During 2020 Amorim Cork Flooring started a project with the objective of making packaging more sustainable. The first phase focused on packaging.

Every year the company consumes more than 2.5 million packages to transport its product, in which it places a manual with installation instructions. This project aims to eliminate the consumption of about 80 tons of paper from these instructions by replacing it with a QR code printed on the packaging.

### Reduction in retractable plastic consumption in Amorim Cork

After several tests carried out in several of the industrial units of Amorim Cork to guarantee the delivery of the product without defects, the mesh size of retractable plastic was reduced from 21 to 8/12 in 2020, as well as the optimisation of its application by equipment. In addition to reducing costs, this action made it possible to reduce the consumption of materials by approximately 40 tons per year.

# [4] Environmental Pillar

Corticeira Amorim develops its business activity based on the bioeconomy and seeks to have an activity that has a positive impact on ecosystems throughout the value chain. The most relevant benefits for the planet include work to help preserve the cork oak forest and ecosystem services, the application of circular economy practices and the development of green products that have cork at their centre - a 100% natural material, that is renewable, reusable and recyclable, perfectly aligned with the environmental awareness of today's society.

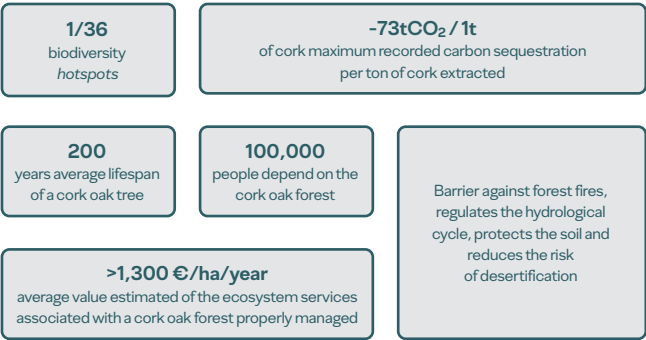
## 4.1. PRESERVING THE CORK OAK FOREST AND ECOSYSTEM SERVICES

Objective	Main targets:	Target 2021-2024
• Preserve the cork oak forest and ecosystem services by increasing knowledge, mobilising resources and proposing initiatives.	• Strengthen efforts to protect and safeguard cultural and natural heritage; • Promote the implementation of sustainable forest management and mobilise resources; • Integrate the values of ecosystems and biodiversity.	• + 3,000 ha cork oak forest interventions by 2024

### National Tree of Portugal

The cork oak tree plays such an important role that at the end of 2011, was unanimously consecrated by the Assembly of the Republic, as the National Tree of Portugal and has been protected by law since the 12th Century.

Cork oak forests are located in the Mediterranean basin. As an autochthonous tree, the cork oak tree is perfectly adapted to the local climatic conditions and arid soils, lives on average 200 years and offers an important set of ecosystem services, including supply of cork, prevention of forest fires, soil protection and prevention of desertification. In addition, the cork oak tree play an important role in regulating the climate (for every tone of ton of cork produced the cork oak forest sequesters up to 73 tons of CO<sub>2</sub>) and in terms of maintaining biodiversity (it is part of one of the 36 global biodiversity hotspots). A study, conducted by EY in 2019, estimated an average value of more than €1,300 / ha / year for the ecosystem services associated with a correctly managed cork oak forest.



### Cork for the planet

The cork oak forest plays an important role, among other elements, in global regulation of the climate, in the prevention of forest fires, in the hydrological regulation and protection of the soil, driven by its multifunctional characteristics, together with its broad biodiversity.

### Cork for people

Cork harvesting is manual work that requires technical knowledge and knowledge of the forest. Being regular and cyclical, it creates continuous activity and helps secure populations in areas at risk of desertification. The World Wildlife Fund (WWF) estimates that more than 100,000 people are economically dependent on activities related to the cork oak forest.

### Cork for prosperity

Cork generates the most highly valued products in this ecosystem, mainly due to the production of cork stoppers. This raw material is also used in several other business sectors that have tremendous economic and social relevance, highlighting the contribution to job creation and local development in rural areas.

Given the activities developed by Corticeira Amorim, which are based on the use of cork, promotion of the cork oak forest, biodiversity and associated ecosystem services assumes fundamental importance.

There are several commitments that have been assumed by the company, which are reflected through its internal policies or external commitments, such as the fact that it joined act4nature Portugal in September 2020.

The initiative launched by BCSD Portugal aims to raise awareness, mobilise and encourage companies to protect, promote and restore biodiversity. Joining this initiative is integrated with Corticeira Amorim's mission, which is committed to the adoption of practices that guarantee the preservation of the environment, assuming sustainability as the basic reference. Therefore, in addition to fulfilling the 10 common commitments of act4nature Portugal, companies reinforce their commitment through a set of individual SMART commitments, including: inclusion of protection of biodiversity in the code of business ethics and professional conduct; develop actions to promote cork oak forests, biodiversity and ecosystem services; expand knowledge about the environmental impact of cork products and the ecosystem that they support; promote biodiversity in the value chain; encourage the integration of biodiversity in the production process; reduce impacts on the production process; increase efficient resource management; maintain a proactive role in the development of the already vast field of applications of cork, in order to guarantee the sustainability of cork oak forests and their associated biodiversity; carry out initiatives with a view to raising the awareness of employees about the theme of biodiversity; publicly report monitoring of the commitments assumed. For further information: [https://bcsdportugal.org/wp-content/uploads/2020/12/Act4nature-Portugal\\_Compromissos-empresárias\\_VFF\\_compressed-1.pdf](https://bcsdportugal.org/wp-content/uploads/2020/12/Act4nature-Portugal_Compromissos-empresárias_VFF_compressed-1.pdf).

Corticeira Amorim develops numerous initiatives for the maintenance, preservation and enhancement of the cork oak forests, based on guidelines that make it possible to:

- Increased knowledge about the environmental impact of cork products and their associated ecosystems;
- Affirmation of cork-based solutions and the development of the cork oak forests, as guarantors of the ecosystem;
- Promotion of internal and external awareness initiatives;
- Proactive approach to the discussion of policies and proposal of measures for protection of the cork oak tree, preservation of the cork oak forest, promotion of the cork sector, certification of forest management systems and remuneration for the environmental services provided by the cork oak forest.

According to the classification by the Instituto de Conservação da Natureza e das Florestas (ICNF), the areas where Corticeira Amorim develops its industrial activity are not located in protected areas, and therefore we do not know of any significant impact on biodiversity.

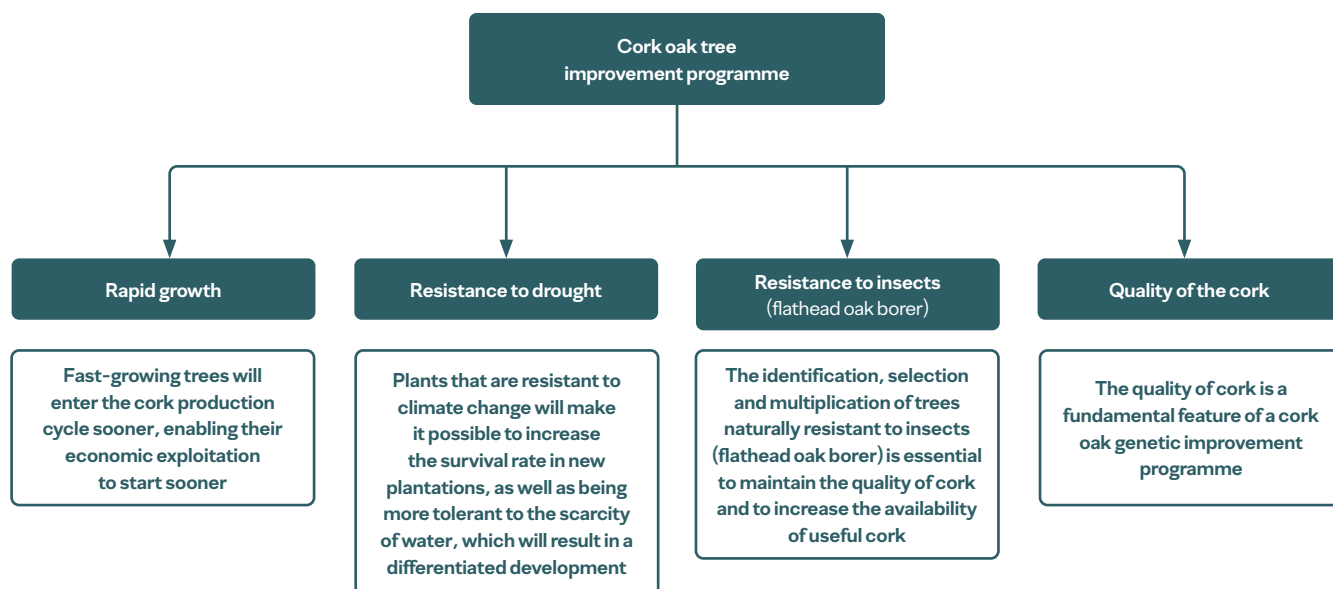
#### 4.1.1. FORESTRY INTERVENTION PROJECT

Over the past few decades, cork oak trees (*Quercus suber*) have lost their vitality. This is attributed, among other factors, to poor management practices, use of harmful biotic agents and climate change. The preservation of the cork oak tree and the ecosystem of the cork oak forest is essential in order to continue to enjoy not only the cork produced, but also many other ecosystem services that are valuable to the populations living in the Mediterranean basin. In order to alleviate the imbalance between the supply and demand for cork, as well as the growing concern with reducing the productivity of existing cork oak forests, Corticeira Amorim has been developing the Forestry Intervention Project (PIF), which aims to preserve and foster the sustainable development of the cork oak forest. Under the maxim "take care of the present, build the future", the PIF began in 2013 as a research project that sought a new model for growing cork oak trees, based on irrigation.

Corticeira Amorim aims to be a centre of excellence in cork oak research and conduct applied research into the impacts of irrigation, fertilisation, nutrition and soil, as well as the selection of cork oak trees that are best adapted to different climate scenarios through

a "cork oak tree improvement programme". Corticeira Amorim also aims to foster, disseminate and implement these new planting techniques through a forest management office. Currently, the main work areas are as follows:

- **Forest management** - Coordination of new plantations, technical support to forest owners and consultancy on treatments for pests, fertilisation and pruning. In 2020, the work carried out focused on the collection and compilation of existing knowledge that was previously dispersed and the production of supporting documentation with practical application, both in existing cork oak forests and in new plantations.
- **Applied forestry R&D** - Applied research into the impacts of irrigation, fertilisation, nutrition, soil, on the cork oak tree. To date, there have been several plantations of cork oak tree, where there has been study of the irrigation methods in depth and at the surface, the effect and effectiveness of different quantities of fertilisers on growth, evaluation of productivity, valorisation, economic and the technical viability of cork oak plantations subject to irrigation.
- **Fundamental forestry R&D** - Development of the cork oak improvement programme, new methods of plant production and genetic evaluation of *plus* trees. Some *plus* specimens from different origins and edaphoclimatic conditions have already been selected, in order to establish a multiplication and propagation programme. At the same time, a programme for the search and identification of genetic characteristics associated with phenotypic characteristics of interest is also being developed, which in the future will make it possible to identify and choose individual cork oak trees adapted to different conditions, such as pest resistance and tolerance to drought.



#### 4.1.2. NEW PLANTATIONS

The need to intervene, associated with the knowledge generated in the first phase of the Forestry Intervention Project, led Corticeira Amorim to invest directly in two forestry projects using cork oak trees: in the Herdade da Baliza and Herdade da Venda Nova. These two projects will involve a combined dimension of 1,451 hectares of cork oak trees with improved drip installation. The irrigation technique adopted allows the success of the plantation to be significantly increased and, at the same time, obtain a greater initial growth of the trees, thereby reducing the first cycle of exploration from the current 25 years to about half that amount. This drip installation system will be used until the first extraction of the cork, at which point it will be removed and the cork oak tree will return to its normal growth, and cork will be harvested in nine year cycles.

Cork oak trees have already been planted on 251 hectares in the Herdade da Venda Nova, with the largest population of cork oak trees installed using drip irrigation technology.

Corticeira Amorim aims to continue and increase its active participation in the intervention in new areas of cork oak trees, through the purchase of land, leasing or partnerships (densification of existing areas, through partnerships with forest owners), in order to intervene in a forestry area of 3,000 hectares by 2024.

#### 4.1.3. REMUNERATION OF ECOSYSTEM SERVICES

Ecosystem services can be considered as nature's direct and indirect contributions to human well-being. The loss of biodiversity significantly affects the provision of ecosystem services, on which human beings depend, since they form the basis of several ecological processes. It is agreed that the quantification of ecosystem services in monetary and non-monetary values is a necessary tool to operationalise this concept in decision making processes and to contribute to a path aligned with the European Ecological Pact, Biodiversity and SDG strategies.

The cork oak forest plays an important role in promoting ecological functions, such as soil conservation, carbon storage and water retention, enhanced by its multifunctional characteristics and by the existing level of biodiversity. Portugal has the world's largest area of cork oak forest and is the world's biggest producer of cork. However the vitality of the cork oak forest has been decreasing over recent years, weakening its potential to provide services to society.

Corticeira Amorim is the world's largest producer of cork products, and plays an important role in promoting sustainable forest management and in creating a set of interconnections between the cork oak forest, the business and people. The study "The value of cork oak *montado* ecosystem services", commissioned by Corticeira Amorim and produced by EY, states that more profitable and biodiverse ecosystems can be enhanced and perpetuated through more sustainable production systems, fostering the ecosystem services provided, fighting against biodiversity loss and contributing to carbon neutrality and SDGs. In this context, Corticeira Amorim is committed to increasing knowledge about the environmental impact of cork products and the ecosystems that they enable and promote best practices in forest management, in particular forest certification in areas with direct intervention and certification in the value chain of 29 establishments. Further information can be found in the subchapter 3.6. Value chain.

##### Evaluation of ecosystem services

Since 2010, Corticeira Amorim has contributed to the promotion of cork oak forests and the entire cork industry, generating new research in this field.

Corticeira Amorim began to study the value of ecosystem services more than 10 years ago, a subject that has already been launched for public discussion by several experts. In 2020, Corticeira Amorim revealed the results of a new study entitled "The value of cork oak *montado* ecosystem services" that takes into account more current approaches and expanded knowledge. This study, carried out by EY, concluded that, on average, the cork oak ecosystem services provide benefits to society in excess of € 1,300 / ha / year .

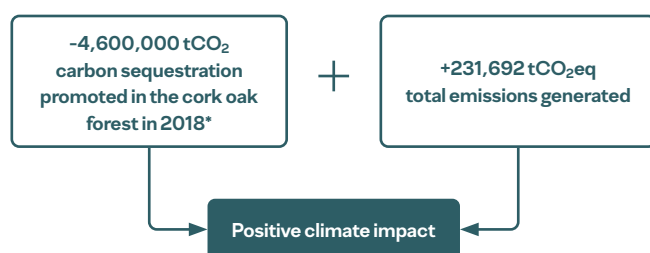


## 4.2. REDUCING THE ENVIRONMENTAL IMPACT

Objective	Main targets	Target 2021-2024
• Reduce the environmental impact of operations by adopting renewable, affordable and efficient solutions.	• Improve energy efficiency; • Increase the use of renewable energies; • Increase efficiency in water use; • Reduce the negative environmental impact.	• + 2% energy efficiency /year; • $\geq 2/3$ energy consumed from controlled renewable sources /year; • -1% water consumption intensity/year.

Corticeira Amorim is committed to developing production processes and implementing technologies that foster and continuously improve its environmental performance. This is a global concern and an increasingly important challenge, that has a real and measurable impact in terms of climate change, scarcity of resources and transition to low carbon energy.

Corticeira Amorim is an important promoter of the cork oak forest, and thereby makes a positive contribution to the positive carbon sequestration promoted by this ecosystem – which is an important contribution to the mitigation of climate change. Since the cork oak tree is a slow growing species, with an average life span of 200 years, it assumes an important role in the capture and storage of CO<sub>2</sub>, through use of its roots, leaves, trunk and bark – cork.



\* GHG Emissions inventory, EY 2019

Corticeira Amorim has reinforced its commitment to a sustainable future through the implementation of sustainable practices throughout its value chain - from the production of cork to its transformation into products that have a low or negative carbon impact, until the end of the product's life. In order to minimise the negative environmental impacts of the processes in the different stages of the value chain, common principles were established for all Business Units and subsidiaries, which include:

- Ensure compliance with legal requirements, as well as other requirements that the organisation subscribes to, applicable to the environmental aspects of its activities, products and services;
- Control significant environmental aspects, contributing to the prevention of pollution;
- Assume a proactive attitude, identifying, evaluating and implementing the appropriate preventive measures to minimise the specific environmental impacts of each activity, using, whenever feasible, the best available practices and technologies.

### 4.2.1. ENERGY

The energy consumed in 2020 was 1,638,115 GJ (2019: 1,577,074), 83% of which from renewable sources. Energy from renewable

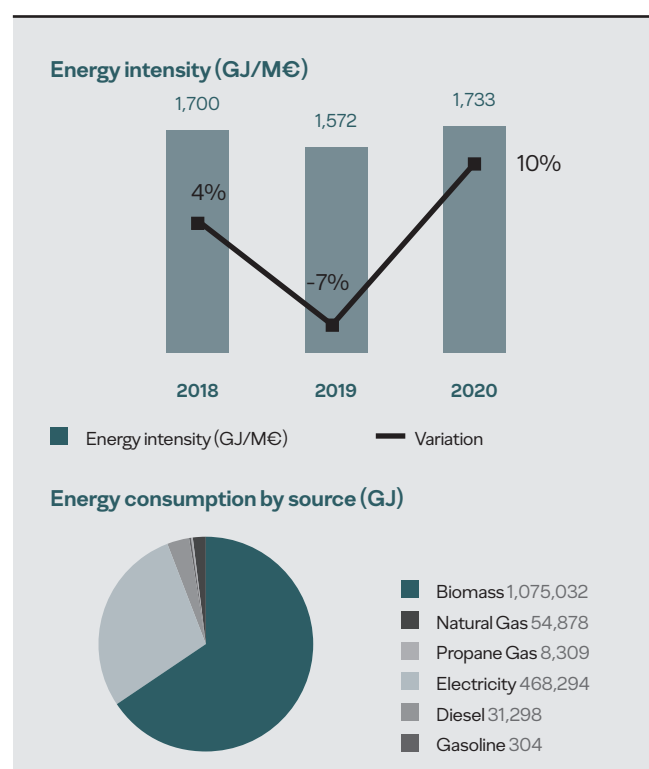
sources that are controlled by the group (biomass) represented 66% (2019: 63%). Corticeira Amorim intends to increase the use of renewable energies in the period 2021-2024 in its operations in Portugal. For this purpose it has set the target to ensure that two thirds of the energy consumed by the company is of a renewable controlled origin.

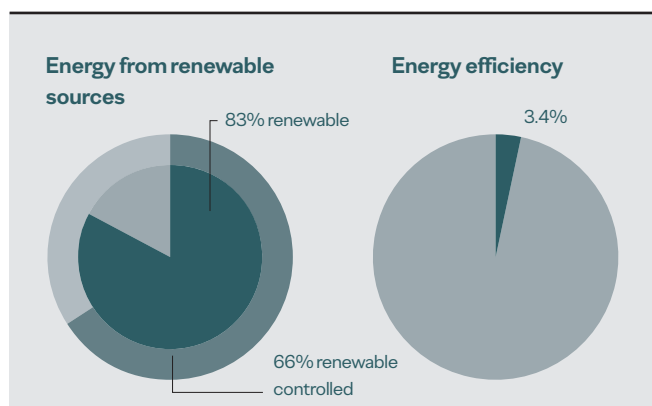
The energy intensity increased by 10% as a result, on the one hand, of a year with lower sales and, on the other hand, of various projects underway to improve process efficiency and product quality. However, the main energy source that responded to this increase was renewable, without any impact on emissions.

During 2020, 101 energy efficiency measures were implemented, resulting in an investment of €2,1 million and savings of 56 thousand GJ, corresponding to a 3.4% rate of energy efficiency. For the period 2021-2024, Corticeira Amorim intends to guarantee energy efficiency measures, for its operations in Portugal, at a rate of 2% per year, measured by the proportion of the savings obtained through the implemented measures within total estimated annual consumptions.

Energy  
efficiency forum

**The Group organises the Energy Efficiency Forum twice a year as a means of sharing and interaction between the different energy managers. Among other objectives, the Forum aims to: monitor the consumption of energy resources available in factories (in particular cork powder, electricity, natural gas and LPG); maintain the involvement and the urgent adaptation of technology to ensure an increase in the production and quality of industrial units; foresee needs and present new scenarios for the consumption of energy resources, with assessment of scenarios between the needs and adaptation of technology; motivate, carry out and control the development and performance of actions.**





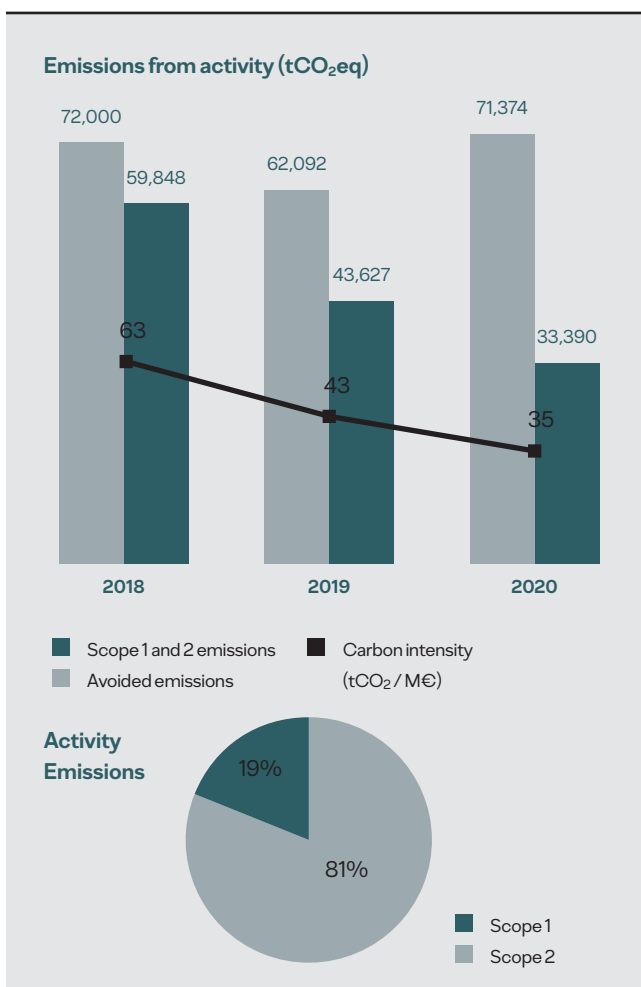
#### 4.2.2. EMISSIONS

In 2020, emissions from the business activity (scope 1 and 2) attained a total of 33,390 tCO<sub>2</sub>eq (2019: 43,627), calculated using the market method, with a decrease of 23% compared to the previous year. Most of these emissions (81%) refer to purchased electric energy (scope 2) and 19% are direct emissions (scope 1).

Corticeira Amorim uses renewable energy as its main source of energy and its use does not produce a net increase in emissions. In 2020, the production of energy from biomass, mostly cork powder that is generated endogenously in production, totalled around 1,075,000 GJ (2019: 988,000 GJ). This practice, together with the operational / energy efficiency measures implemented, resulted in more than 71 thousand tCO<sub>2</sub>eq (2019: 62 thousand) avoided.

**Investment in renewable energies 2021-2024**

**Corticeira Amorim is determined to increase the consumption of energy from renewable sources, either through the selection of energy suppliers in function of the proportion of renewable energies in their mix, or through direct investment in photovoltaic projects. Starting in 2021 and extending until 2024, the objective is to ensure that the main industrial units have part of their energy consumption derived from photovoltaic energy. At the same time, the focus will remain on projects aimed at optimising the yield of cork powder for burning and respond to the reduction in the availability of cork powder for energy use, which results from the constant search for the implementation of technologies and processes that will guarantee the optimisation of the yield from cork consumed in the industrial cycle.**



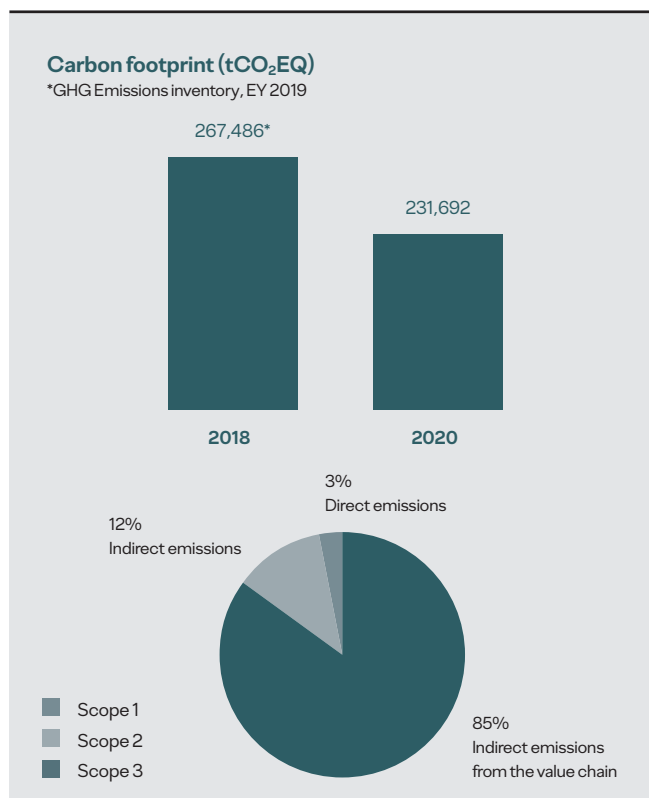
#### Carbon footprint

In 2020, Corticeira Amorim calculated the indirect emissions associated with the value chain (scope 3) for six categories, according to the Greenhouse Gas Protocol, issued by the World Business Council for Sustainable Development and the World Resources Institute. Compared to the method reported in previous years, it added a new category - "purchase of goods and services". The framework considered was that of operations in Portugal, where the majority of industrial production and processing units are located (61%) and which reflect the vast majority of exports (94%). Emissions calculated for scope 3 amounted to 198,301 tCO<sub>2</sub>eq in 2020, a 13% reduction compared to 2018, the year in which Corticeira Amorim carried out a detailed calculation of its carbon footprint, prepared by EY. Considering the same categories as the previous report, scope 3 emissions were 78,850 tCO<sub>2</sub>eq, i.e. 4% less than those verified in 2019, essentially due to the 15% reduction in the category of downstream transport distribution.

This performance reflects a reduction in business activity and less use of transport that has the greatest impact, due to the pandemic. In addition, it reflects the implementation of new projects aimed at optimising routes by reducing the weight of packaging and the distances travelled, and increasing the capacity of the cargo and the number of deliveries per distance travelled. As expected, there was a significant reduction in business trips during the year 2020. As for the transportation of employees, considering that there were no significant interruptions in the activity, the assumptions of previous years were maintained, despite the fact that some employees spent part of the year in a teleworking regime.

Value chain emissions – scope 3 (tCO <sub>2</sub> eq)	2020	2019
Purchase of goods and services*	119,451	–
Upstream transport and distribution	30,642	25,329
Downstream transport and distribution	45,011	52,846
Waste generated in operations	235	266
Business travel	360	1,277
Employee commuting	2,602	2,589
<b>Total (Comparable total)</b>	<b>198,301 (78,850)</b>	<b>82,308</b>

\* Category added in 2020



#### 4.2.3. WATER

In 2020, water withdrawal was 770 thousand m<sup>3</sup>. About 15% of the water was returned to the environment and approximately 85% was consumed - integrated into the product or used for the production of steam. Most of the water withdrawal by Corticeira Amorim originates from underground extraction (94%), and the remainder (6%) is obtained from the public network. Corticeira Amorim has no indication that the hydrographic basins from which water is extracted are under hydric stress. The World Resources Institute tool was used for the characterisation of areas under hydric stress within the framework of this report, which reveals that 27% of the withdrawals occur in a high-risk area for hydric stress.

Water is essential for socio-economic development, for the maintenance of healthy ecosystems, for the sustainability of the Planet and for human survival. According to the United Nations, more than two billion people worldwide lack drinking water and responsible water use will help reduce floods, droughts, shortages and pollution. Aware of the need to preserve this fundamental resource for the planet, Corticeira Amorim has adopted an approach based on three pillars: lower consumption, treatment and hydrological regulation.

In terms of water consumption, Corticeira Amorim has established an objective for its activities in Portugal for the period 2021-2024, to reduce the intensity of water consumption by 1% / year, through a set of actions to be implemented during this period. In 2020, actions in this field were based on the development of a series of procedures that included changing our assumptions, and the method used for collecting and consolidating data, which led to the integration of water abstractions in the consolidation perimeter that were not previously considered. A new series will therefore start in 2020, to monitor and report Corticeira Amorim's consumption.

Corticeira Amorim has invested in the treatment of effluents, with several measures adopted to optimise the Industrial Wastewater Treatment Plants (IWWTP) and monitor the environment that receives effluents, to ensure the least possible impact.

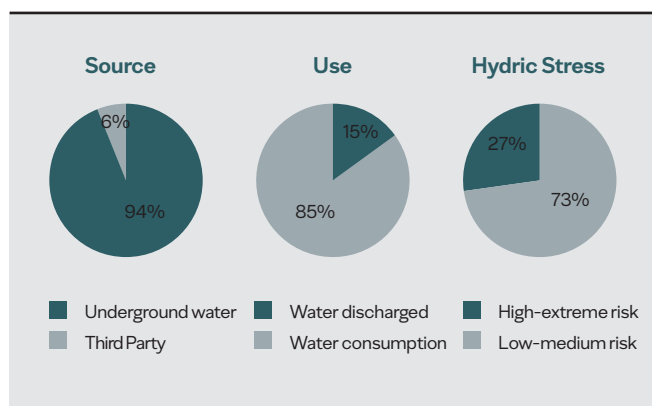
In terms of hydrological regulation, one of the ecosystem services provided by the cork oak forest is the ability to regulate the water cycle. About 36% of the area of the left bank of the Tejo-Sado river is occupied by cork oak trees. It is one of the most productive and deepest aquifer systems in the Iberian Peninsula, and is re-supplied by the infiltration of rainwater into the soil. The intersection of rainwater by cork oak trees plays an important role to protect the soil from water erosion, contributing to the fight against desertification. Information on Corticeira Amorim's performance in terms of protecting the cork oak forests and their ecosystem services is provided in subchapter 4.1. Preserving the cork oak forest and ecosystem services.

##### Manage water with continuous improvement tools in Amorim Cork

In order to reduce water consumption in a solid, reliable and integrated manner, Lean tools have been selected. The main objectives of these tools are to simplify processes and structure information to more easily identify any opportunities for improvement. In view of the complexity of the water distribution collection networks and in order to quickly identify possible iterations and mapping and accounting errors, Amorim Cork used the value tree, which made it easier to map the consumptions and volumes captured, as well as their hierarchy, comparison and evaluation.

##### Optimisation of IWWTP

Corticeira Amorim has IWWTP in several of its industrial units, that aim to treat its effluents in order to guarantee the discharge parameters. Great focus is given to reducing the negative impacts of its business activity, so there is a constant concern for the optimisation of processes in the IWWTP and for the control and monitoring of the quality of the effluent discharge. In recent years, analytical plans have been developed to enable better monitoring of the quality of the effluent discharge; equipment was acquired and new controls were implemented, increasing the capacity to classify and identify any deviations.



emissions, either through its preference for renewable energies, through the improvement of energy efficiency or the option for the modernisation of systems and introduction of controls in the boilers. In 2020, a system for collecting and consolidating this information was implemented in the framework of reporting sustainability indicators, and has become part of its regular reporting. Hence, in 2020, emissions of fine particles amounted to 65 t, NOx emissions totalled 122 t, SOx emissions totalled 5 t and VOCs were 59 t.

**Renewable  
energy-biomass  
project**

**During 2020, the project was continued in particular in the Raw Materials, Cork Stoppers and Insulation Cork Business Units, after having being carried out, in previous years, in the Cork Stoppers and Composite Cork Business Units. The project consists of the acquisition of new boilers, the respective restructuring of the network and various interventions in existing boilers, in particular in terms of thermal fluids and steam systems, in order to increase their capacity, improve the yield from cork powder in energy production, adapt the boilers to use other sources of biomass, reduce the use of natural gas and lower atmospheric emissions.**

#### Herdade da Venda Nova

With an area of 251 hectares, the Venda Nova project is currently the largest plantation of cork oak trees, installed using drip irrigation technology and is part of the Forestry Intervention Project that Amorim Florestal has been operating since 2013 (additional information in subchapter 4.1 Preserving the cork oak forest and ecosystem services. In a climate change scenario, the drip irrigation installation, which will only be used until the first harvesting of the cork, aims to ensure the ideal conditions for the planting and growth of the plants, ensuring a faster and more efficient occupation of the forestry area. By reducing the first cycle of extraction by about half and increasing the success of the plantations, it is intended, on the one hand, to ensure greater profitability, and on the other hand, guarantee greater future availability of the raw material that will ensure the sustainability of the industry. The Venda Nova project, in view of its size, intends to show Corticeira Amorim's unequivocal commitment to the development of the cork oak forest.

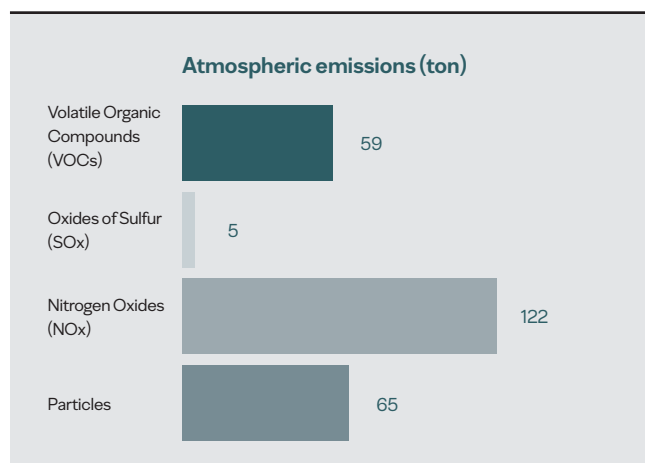
Starting in 2019, this estate currently has about 100,000 trees and a 30,000 m<sup>3</sup> water storage pond. Given the project's special characteristics, the water-related aspects are not consolidated with the information provided in this report. Corticeira Amorim intends to work further in order to consolidate the methodology used to report the environmental aspects related to its forestry projects.

#### 4.2.4. AIR QUALITY AND POLLUTION

Aware of the impacts of its operations on the environment, Corticeira Amorim has implemented measures to mitigate the specific impacts of each unit, in particular through:

- Regular noise measurements and active measures to reduce this, such as machine and motor encapsulation;
- Monitoring chimney emissions and specific measures to avoid dust or particle emissions such as the use of filters;
- Training employees on best practices to prevent spillage, and making spill kits readily available;
- Emergency response procedures in force.

Atmospheric emissions result primarily from burning fuels in order to generate energy. The emissions include carbon dioxide (CO<sub>2</sub>), fine particles, nitrogen oxides (NOx), sulphur oxides (SOx) and volatile organic compounds (VOC). CO<sub>2</sub> is a greenhouse gas that contributes to climate change. NOx and SOx are air pollutants that affect air quality and can cause acid rain and acidification of the soil. VOCs are responsible for odours and can lead to deterioration of air quality. Corticeira Amorim works continuously to reduce its atmospheric





### 4.3. APPLYING CIRCULAR ECONOMY PRINCIPLES

Objective	Main goals	Target 2021-2024
• Apply the principles of circular economy through the reduction of waste, extend the life of materials and regeneration of natural systems.	<ul style="list-style-type: none"> <li>• Improve the efficiency of global resources, thereby achieving sustainable management;</li> <li>• Manage use of chemicals in an environmentally sound manner;</li> <li>• Substantially reduce the generation of waste through reducing, recycling and reusing materials.</li> </ul>	<ul style="list-style-type: none"> <li>• -5% weight of virgin non-renewable materials consumed /year;</li> <li>• ≥ 90% waste recovery rate (non-cork) /year.</li> </ul>

Corticeira Amorim is committed to applying circular economy principles. Inaugurated in 1963, these practices are today one of the group's flagship operations. After defining objectives and concrete goals for this area, in line with the SDGs, in 2020 quantitative targets were also formalised that have been applied to all Business Units operating in Portugal.

The application of circular economy principles at Corticeira Amorim has focused on the following action lines:

- Enhancement of by-products from the production of natural cork stoppers;
- Promote the recovery of non-cork waste;
- Extend the life of materials through industrial symbiosis;
- Integration in the process of end-of-life cork products.

#### 4.3.1. MATERIALS

There was lower consumption of materials in 2020 due to the reduction of the business activity as a result of the pandemic. However, the consumption profile of renewable materials was still higher than 80% (2019: > 80%) and exceeded 85% in the case of renewable and recycled materials.

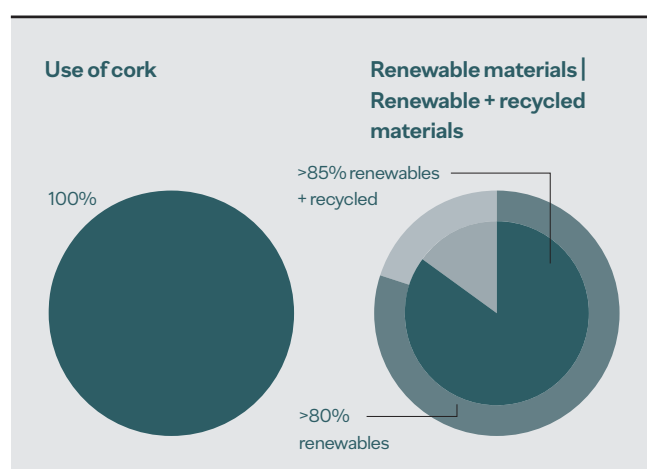
Over recent years, there has been greater emphasis on the consumption of materials that result from industrial symbiosis and are recycled at the end of their life, with an increase in consumption of around 22% in 2020.

In order to promote aspects related to biodiversity in decisions throughout the value chain, Corticeira Amorim set as a target, for the period 2021-2024, an annual reduction of 5% of the proportion of the consumption of virgin non-renewable materials (for virgin plastics / chemicals) in total material consumption.

Among the projects to be highlighted during 2020 is the “circular economy products” project.

Circular  
economy  
products project

**This project aims to develop new cork processing technologies that are not suitable for the stopper industry and other industrial by-products (industrial symbiosis). These technologies aim to produce a wider range of agglomerated cork products in combinations, thicknesses, densities and widths that have not been used before. It will thereby be possible to expand the offer of circular value-added products to the market, reduce potential pollution and reuse materials that would otherwise be considered waste. Examples include the product range, Amorim Wise Cork Inspire 700, a solution for waterproof, PVC-free floors that is suitable for all types of spaces. It also includes underlays and underscreeds for application in the construction sector.**



#### 4.3.2. RECYCLING CORK

The cork valorisation strategy has motivated the development of unprecedented initiatives for recycling cork stoppers. These initiatives, which originated in Portugal, already have strong support from other countries on the five continents. Through three industrial units, that have been licensed in the Portuguese territory for recycling cork, Corticeira Amorim collects cork stoppers and other cork-based applications for treatment and crushing. The material, after being transformed into cork granules, returns to the production process, in particular in products and, although it is not used by the Cork Stoppers Business Unit, the material is incorporated into products produced by the Composite Cork and Insulated Cork Business Units. In 2020, 736 tons (2019: 485) of cork were recycled in Corticeira Amorim's premises.

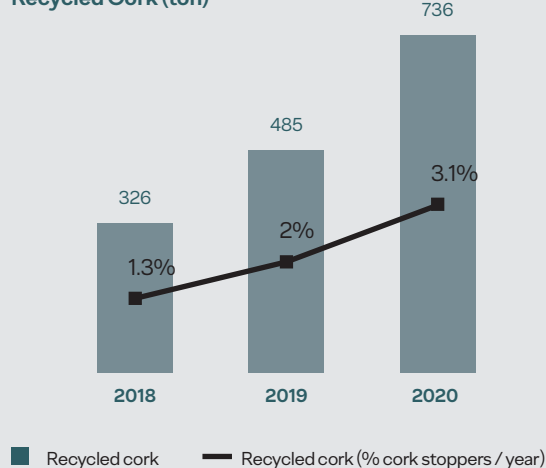
Recycling offers innumerable environmental advantages: in addition to increasing the reuse of cork, it makes it possible to extend the life cycle of the material and its environmental benefits, in particular its CO<sub>2</sub> retention capacity.

#### CO<sub>2</sub> retention of cork

Half of the dry weight of cork is carbon, that is, approximately 1.97 g of carbon, per natural cork or 7.2 g of CO<sub>2</sub>.\*

\* Carbon footprint of natural cork stopper, EY 2019

### Recycled Cork (ton)



Among the projects to be highlighted in 2020 is the “waste management and product efficiency” project, which includes, among others, Amorim Cork Flooring’s Recover, Recork and Wise Recover initiative or the Amorim Cork Insulation’s fine cork granules production initiative.

### Waste management and resource efficiency

This project implied investments in different stages of the production process of stoppers, floor and wall coverings and insulation in order to enable better use of the raw material and reduce the amount of waste generated before being recycled, used for energy generation or deposited in landfills. Initiatives within this project include the production of fine cork granules from Amorim Cork Insulation, which includes changes in the layout of the industrial facilities in order to enable a more efficient cleaning / calibration separation of the raw material and the consequent increase in the yield of more than 1,500 tons of raw material per year.

### Recycling

Corticeira Amorim supports several initiatives for the selective collection and recycling of cork stoppers. The first project was Green Cork which began in 2008, in Portugal, and has since extended to other countries, including France, Italy, Germany, United States, Canada, South Africa and Australia. Cork stoppers and other cork products are collected, treated and crushed at one of Corticeira Amorim’s three industrial units in Portugal, that have been licensed for recycling cork.

These projects are significant examples of the circular economy principles promoted by Corticeira Amorim, with a strong social impact. Key examples include Green Cork, in Portugal and Etico, in Italy. Further examples: <https://www.amorim.com/en/sustainability/environmental/recycling/4301/>

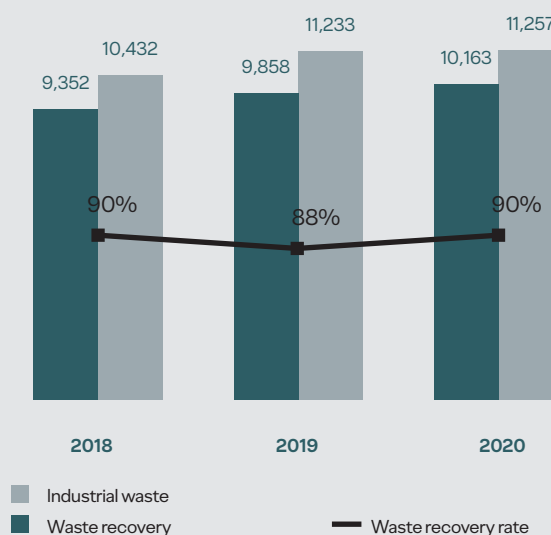
### Green Cork

Green Cork is a project run by Quercus that, since 2008, promotes the collection and recycling of cork stoppers. The project’s main objectives include the financing of the planting of autochthonous trees through the program Floresta Comum. To date, this initiative has enabled the collection of more than 97 million cork stoppers and the planting of more than 1.2 million trees. [www.greencork.org/](http://www.greencork.org/)

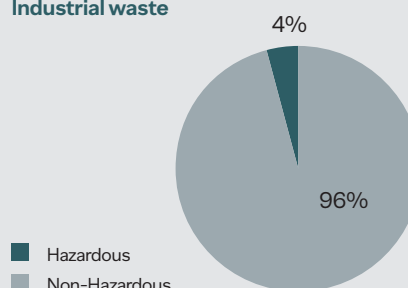
### Etico

Etico is the Italian recycling programme, which started in 2011, involves associations and institutions that mobilise around 1,000 volunteers and manage more than 5,000 collection points throughout Italy. In 2019, the SUBER collection was launched by two Italian architects: the recycled cork stoppers are transformed into small cork granules and then combined with other materials, to produce objects such as lighting systems, tables, seats, umbrella holders and unique clothes hangers. [www.amorimcorkitalia.com/it/etico](http://www.amorimcorkitalia.com/it/etico)

### Industrial waste (ton)



### Industrial waste



### 4.3.3. WASTE

Under the maxim “nothing is wasted, everything is valued”, efforts have been made to take advantage of all cork waste or residues and increase the rate of recovery of non-cork waste. As a result, the rate of use of cork remained at 100% (2019: 100%) and the recovery of non-cork waste was 90% (2019: 88%).

In 2020, 11,257 tonnes of industrial waste were generated (2019: 11,233), 4% of which were classified as hazardous. The factory units have their own processes for labelling, storing, handling and transporting this waste, which is properly transported and processed through authorised agents.

#### 4.4. DEVELOPING GREEN PRODUCTS

Objective	Main goals	Target 2021
<ul style="list-style-type: none"> <li>Maintain a proactive role in developing the already vast scope of application of cork, sustained by the innate properties of the material.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen resilience and the ability to adapt to climate-related risks;</li> <li>Upgrade infrastructure and rehabilitate industries to make them sustainable;</li> <li>Promote development-oriented policies that support productive activities, entrepreneurship, creativity and innovation;</li> <li>Enhance scientific research;</li> <li>Encouraging innovation through the research and development area.</li> </ul>	<ul style="list-style-type: none"> <li>≥10 carbon footprint / product life cycle analysis studies.</li> </ul>

Corticeira Amorim's activities aim to guarantee quality, based on the continuous improvement of processes, products and services available and the search for innovative solutions supported by technological development, in order to serve customers with sustainable, quality, differentiated solutions, adapted to their needs and that bring value. The performance is guided by the following key principles:

- Develop new products and markets for cork, involving customers in this process, maintaining proximity and making them ambassadors for cork;
- Search for new technological solutions for its products, in partnership with customers, suppliers and other entities;
- Reinforce awareness of its brands, through constant evolution of the commercial offer in response to new market and consumer trends;
- Promote a culture of innovation, through an environment that is conducive to creativity, and a critical and initiative spirit of its employees, fostering teamwork and transversal mutual assistance;
- Valuing innovative practices;
- Create an environment that encourages boldness, and assumes both risk and failure as a core component of the innovation process;
- Provide ongoing training for employees to ensure their professional and personal fulfilment;
- Facilitate internal and external communication, establishing new and improved channels for exchanging information;
- Seek to implement best management practices and continuously monitor their processes, identifying opportunities for improvement.

At a time when carbon neutrality is one of society's biggest challenges to guarantee preservation of planet Earth, Corticeira Amorim is developing an activity with a positive impact on climate regulation, promoting higher levels of carbon sequestration than its CO<sub>2</sub> emissions. All of this is possible due to the main raw material that is used by the group: cork, a 100% natural, renewable, recyclable and reusable product that is an excellent alternative for promotion of a circular bioeconomy, which combats climate change and minimises waste. Contributing to the transition to a low carbon economy is part of the Group's ambition.

#### Green Products

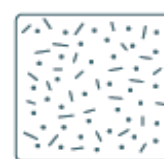
##### Amorim Cork

- 1st choice for customers who want better quality and contribute to climate regulation



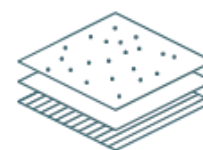
##### Amorim Cork Flooring

- 100% floors and coverings with indoor air quality certification, whether TÜV-PROFICERT, french certification for VOC (A+) or GREENGUARD, and contributions to sustainable construction certifications, LEED / BREEAM



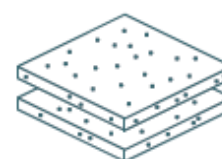
##### Amorim Cork Composites

- > 500 applications developed for various sectors of activity, allying innovation and circular economy practices



##### Amorim Cork Insulation

- 0% of additives in insulation products that are simultaneously 100% natural, recyclable, reusable and long-lasting



#### 4.4.1. CARBON BALANCE

Since 2018, Corticeira Amorim has developed 15 studies in order to assess the environmental impacts / carbon footprints of its main products. The studies have concluded, without exception, that the products have a negative carbon balance when considering the carbon sequestration of the cork oak forests and the emissions associated to production of the product.

These studies provide relevant information on the environmental contribution of cork products and provide Corticeira Amorim's approximately 27,000 national and international customers with quantifiable information on how to reduce the carbon footprint of their products. Prepared by PwC in the case of the Neutrocork study and by EY, in the other studies, they showed that the carbon balance can attain:

Amorim Cork
<b>Still wines</b> <ul style="list-style-type: none"> <li>-309 gCO<sub>2</sub>eq per natural cork stopper</li> <li>-392 gCO<sub>2</sub>eq per Neutrocork stopper</li> <li>-297 gCO<sub>2</sub>eq per Twin Top Evo stopper</li> <li>-328 gCO<sub>2</sub>eq per Advantec stopper</li> </ul> <b>Spirits</b> <ul style="list-style-type: none"> <li>-96 gCO<sub>2</sub>eq per natural cork stopper with a wooden capsule</li> <li>-148 gCO<sub>2</sub>eq per neutro stopper with a wooden capsule</li> <li>-87 gCO<sub>2</sub>eq per natural cork stopper with a plastic capsule</li> <li>-138 gCO<sub>2</sub>eq per neutro stopper with a plastic capsule</li> </ul> <b>Sparkling wines</b> <ul style="list-style-type: none"> <li>-562 g CO<sub>2</sub>eq per sparkling wine stopper with two discs</li> <li>-540 gCO<sub>2</sub>eq per agglomerated cork stopper for sparkling wines</li> </ul>
Amorim Cork Flooring
<ul style="list-style-type: none"> <li>-101 kg de CO<sub>2</sub>eq per m<sup>2</sup> of Amorim Wise cork Inspire 700 flooring</li> <li>-93 kg CO<sub>2</sub>eq per m<sup>2</sup> of Amorim Wise wood Inspire 700 SRT flooring</li> </ul>
Amorim Cork Composites
<ul style="list-style-type: none"> <li>-39,3 kg de CO<sub>2</sub>eq per m<sup>2</sup> of Top Layer NRT® 94</li> <li>-14,2 kg CO<sub>2</sub>eq per m<sup>2</sup> of Underlay Fusion</li> <li>-8,2kg CO<sub>2</sub>eq per m<sup>2</sup> of Footcork® Evolution</li> </ul>

These results illustrate the differentiating factor between cork and other forest products. Bearing in mind that cork oak trees retain carbon for more than 100 years, regardless of the harvesting of cork, cork production supports the maintenance of the ecosystem, thereby making a positive contribution to climate regulation.

**World Finance magazine's Sustainability Awards**

**Corticeira Amorim was the winner in the "Wine products industry" category of the World Finance magazine's Sustainability Awards. Distinguished, in 2020, for the second consecutive year, Corticeira Amorim was thereby recognised for the principles and practices of sustainable development implemented throughout its entire chain of operations, giving rise to a vast portfolio of products and solutions with superior technical performance and unparalleled sustainability credentials.**

## [5] Social Pillar

Corticeira Amorim's activity has an impact on society – ever since the company was founded. It is a source of great pride to work with an extraordinary raw material such as cork, which, in addition to being natural and versatile, fosters a unique cultural, environmental and social heritage in the Mediterranean basin. Corticeira Amorim's sustainable growth strategy is crucially dependent on its employees, from all continents, and their determination to always achieve more, overcoming challenges, influencing by example and promoting the well-being of the communities that are closest to them.

Corticeira Amorim employees are essential to achieve the business objectives and to ensure the sustainability in the present and above all in the future. Corticeira Amorim has been adopting good practices in its employment system, enhancing a safe and stimulating work environment, committing itself to the training and professional development of teams, encouraging innovation and development, promoting the inclusion and diversity of gender, age, cultures, beliefs and nationalities.

Corticeira Amorim's employee management system relies on its people motivation policies and management practices, which aim to:

- Adopt and assume the principle of freedom of association;
- Promote a physically, socially and psychologically safe and healthy work environment, that constantly seeks to evolve through the adoption of the best techniques and practices in the field;
- Foster implementation of the principles and adoption of the behaviour mentioned in the Code of Ethics and Professional Conduct, which should structure the internal relations between employees, as well as their interactions with different stakeholders;
- Implement personnel management practices in the framework of recruitment and skills development that foster non-discrimination of any kind and guarantee equal opportunities, building work contexts in which plurality and difference are a factor of continuous improvement and innovation;
- Adopt practises of leading-by-example, that value learning and evolution, and recognition and compensation practices, based on merit and free from judgments.

### 5.1. PROMOTING TRAINING AND WELL-BEING

Objective	Main goals	Target 2021-2024
• Promote training, well-being and personal and professional development for all.	<ul style="list-style-type: none"> <li>• Provide training for all;</li> <li>• Ensure equal access to opportunities;</li> <li>• End all forms of discrimination;</li> <li>• Protect the labour rights.</li> </ul>	<ul style="list-style-type: none"> <li>• 95% employees accessing training by 2024;</li> <li>• 25% women in management position by 2024.</li> </ul>



Of the universe of employees represented in this report, more than 96% belong to industrial-based companies. The indicators shown in this chapter are, therefore, influenced by the predominance of operational management activities, and should be related to this expression.

### 5.1.1. CHARACTERISATION OF WORKERS

As of December 31, 2020, Corticeira Amorim had 4,357 male and female workers (2019: 4,424), equivalent to a decrease of 1.5% compared to 2019. In terms of geographic distribution, there was no significant change in the percentage of the working population in Portugal (72%); in terms of age, the average age is 42 years (2019: 43 years) and the majority (56%) is aged between 30-50 years.

Within the framework of this report, and of the companies covered by it, about 66% of the working population works as production operators - the most numerous functional group, followed by the group of maintenance, quality and logistic technicians and, thirdly, from the group of management support technicians.

In the year under review, there was no considerable gender variation, with maintenance of the under-representation of female employees: 24% of the total (2019: 25%). The difference in the distribution by gender is mainly reflected in the category of board members, directors and production operators, where there is a higher prevalence of male employees. The highest proportion of women in relation to the total is in the administrative area.

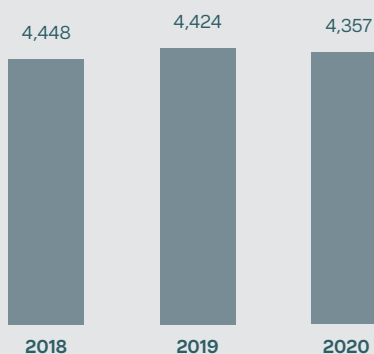
There were also no significant variations in the number of employees in senior management positions. The commitment to uphold personnel management based on policies that favour stability and a medium and long-term commitment with its workforce, as reflected in the employment relationship established: 86% through permanent work contracts (2019: 84%).

The rate of new hires was 9% (2019: 15%) and, similarly to other years, there was a higher number of new male employees and in the age group below 30 years. The staff turnover rate rose to 12% (2019: 11%) and was higher in the age groups under 30 and over 50, especially among women.

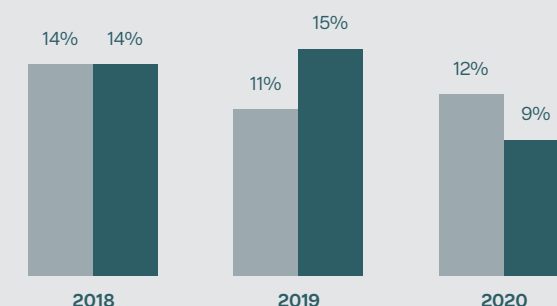
#### Book and Exhibition Traços de Gente

The year in which Corticeira Amorim celebrated its 150th anniversary could not pass by without a deserved tribute to its employees, whose work and dedication contributed to the group's success. The book *Traços de Gente*, published by Corticeira Amorim, therefore represents this recognition to the thousands of employees around the world. *Traços de Gente* compiles the stories of 30 employees those that reflect different eras, cycles and cultures, and also feelings, emotions and beliefs. An undeniable social wealth combined with an immortal human dimension. Corticeira Amorim is proud of its people. The book gave rise to an itinerant exhibition with large-scale photographs of the people portrayed in the book. The exhibition toured all of Corticeira Amorim's manufacturing units in Portugal.

#### Workers

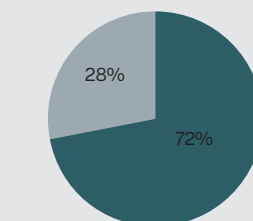


#### Rate of new hires / Turnover rate



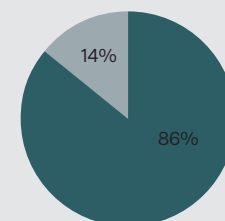
■ Rate of new hires  
■ Turnover rate

#### Workers by geography



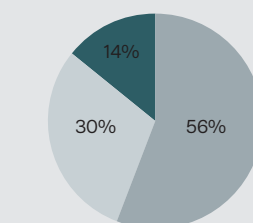
■ Portugal  
■ Rest of the world

#### Employees by employment contract



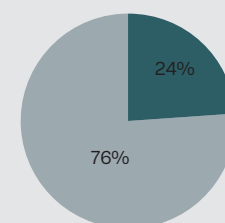
■ Permanent  
■ Other

#### Workers by age range



■ <30  
■ 30-50  
■ >50

#### Workers by gender



■ Women  
■ Men

### 5.1.2. RESPECT FOR FREEDOM OF ASSOCIATION

In Portugal, 100% of employees are covered by collective bargaining agreements (2019: 100%), which are part of the regulation of the working conditions of the Group's employees and which, among other elements, include aspects such as hours, remuneration, access to training.

The right to association and union membership is a relevant principle for Corticeira Amorim; about 18% of their employees actively exercise this right (2019: 19%).

Depending on their size, the companies of the Group choose workers' representation structures (workers' commissions and trade union commissions), elected by the companies' employees and mandated by them, as their representatives. In each company, there are union delegates or workers' commissions or committees (each of these bodies have specific powers and mandates). At Corticeira Amorim, the human resources departments and the management of the Business Units meet, on average, twice a year, to talk about the company's results, and about general and transversal problems related to the management of the company and their employees.

In addition, in the event of any decision relevant to the life of the company, in particular restructuring, schedule changes, activity variation, short-term problems affecting the companies or their employees, the employees' representatives are consulted, listened to and invited to give their opinions and suggestions.

### 5.1.3. LABOUR RELATIONS AND SOCIAL CLIMATE

Companies with the largest number of employees monitor the social climate at least every two years, and some do so on an annual basis. The questionnaires that serve as a basis for the collection of information are anonymous, and all employees are invited to respond. The compiled data (related to employees' perception of communication, teamwork, leadership, salary practices, relations with colleagues and managers, performance evaluation and professional evolution, among others) allow the analysis of matters and themes that can be improved, it is up to each Business Unit to define specific action plans for its evolution.

In 2020, we highlight the Raw Materials Business Unit, which promoted a consultation with employees with the objective of improving the area of occupational health and safety.

Consultation  
with Amorim  
Florestal's  
employees

In order to improve the actions implemented in the area of occupational health and safety, Amorim Florestal distributed a survey to all employees, analysing the information by work centre and defining improvement actions for the topics that obtained a higher negative score to 50%. The results showed an average of more than three on a scale of one to five (1, negative; 5, completely positive) in the qualitative answer questions and some suggestions for improvement were made in the open answer questions.

### 5.1.4. WELL-BEING AND BENEFITS

Corticeira Amorim has a long tradition of "taking care" of its employees. The company provides several benefits in terms of the acquisition of products and services (own and those resulting from partnerships and protocols) that aim to provide access to such products and services under advantageous conditions, contributing to the increase in everyone's quality of life.

Thus, employees benefit from various services, salary bonuses and support that encourage the reconciliation between personal and family life and work, in particular:

- Benefits in health services: in all companies in Portugal, hospital admission insurance is available; in the larger units (or headquarters), curative medical consultations are organised twice a week; there are protocols with clinical analysis laboratories that collect samples from companies and pharmacies that collect orders and deliver medicines to the premises; several tests are regularly carried out (ophthalmological, hypertension, healthy habits) with a view to promoting health; an influenza vaccination campaign is held annually;
- Benefits and school support: support for the education of employees and their children, with the grant of school subsidies, merit scholarships for employees' children (currently more than 30 young people per year);
- Benefits and initiatives for recognition and celebrations throughout the year: offering toys to employees' children, Christmas baskets to all employees, seniority awards and various employee recognition awards;
- Benefits to support daily life: access to company canteens by the employees' direct relatives, also allowing the employee to purchase takeaway meals.

Extraordinary  
bonus to  
Corticeira Amorim  
employees for the  
celebration  
of 150 years

In 2020, Corticeira Amorim celebrated its 150th anniversary. This year, as in all 149 previous years, employees made a difference with an exceptional response in the context of the covid-19 pandemic, ensuring, even in the most difficulty, the normal maintenance of activity and the monitoring of employees, customers, and employees were awarded an extraordinary bonus. In this way, the Board of Directors thanked employees for their contributions, underlining its profound recognition of all those who build the company's successes on a daily basis.

Family Audit Certification in Amorim Cork Itália

The concern to develop and cultivate an organisational culture focused on the balance between family and work led Amorim Cork Italy to achieve yet another prestigious result: the Family Audit certification. It is a true virtuous circle, which aims to activate cultural change in companies through innovative actions to reconcile personal and professional life. The Autonomous Province of Trento is the promoter and monitoring body, which aims to encourage companies to create excellent work environments, in perfect harmony with the human and professional needs of people. A team result achieved at Amorim Cork Itália, and a sensitivity that has long been present in the company's culture.

Investors in People at Amorim Cork Flooring

The Investors in People accreditation is awarded to companies that consistently exceed industry standards for people management. Created to respond to the constant challenges of everyday life, Investors in people is also designed to leverage the performance of an organisation through its employees. It reflects the latest trends, good practices in the workplace and the conditions necessary to create exceptional teams, focused on three key areas: Leadership, Support and Improvement. This recognition is the sign of a company that provides its employees with a work place with above average conditions and a clear commitment to the best practices in people management.

### 5.1.5. TRAINING AND DEVELOPMENT

At Corticeira Amorim, people are an essential value to ensure the company's sustainable development, and their dedication and commitment is influenced by the investment that the company makes in its people.

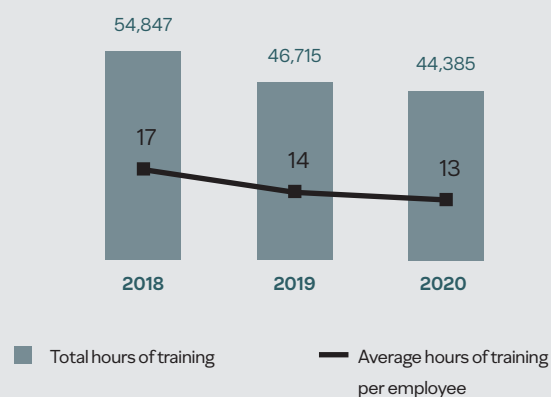
To this effect, Corticeira Amorim seeks to provide all its employees with access to relevant and quality training, promoting learning opportunities and the improvement of skills, not only technical, but also management and behavioural. In 2020, the company organised a total of 44,385 hours of training (2019: 46,715), which corresponds to an average of 13 hours of training per employee (2019: 14 hours). The professional categories with the highest average number of training hours were those of management support technicians, directors and head of department. Despite the strong production activity, which resulted in a supplementary work for several areas that traditionally invest in training, the training levels of recent years have been maintained. A further complication was the Covid-19 pandemic, which made it impossible to carry out a large part of the in-person training sessions. In some cases it was possible to substitute them by distance learning actions, but not all topics and content allowed this approach and, therefore, some planned training initiatives were not carried out.

In 2020, 74% of Corticeira Amorim's employees had access to training. Corticeira Amorim intends to ensure that 95% of employees are involved in training initiatives on an annual basis by the end of 2024. To do so, different approaches and different programmes are being designed, including in e-learning and blended formats that combine e-learning and in-person training that will cover different employee groups in different areas of the company. Corticeira Amorim believes that these initiatives will enable its employees to have widespread access to content that is relevant to their professional and personal development.

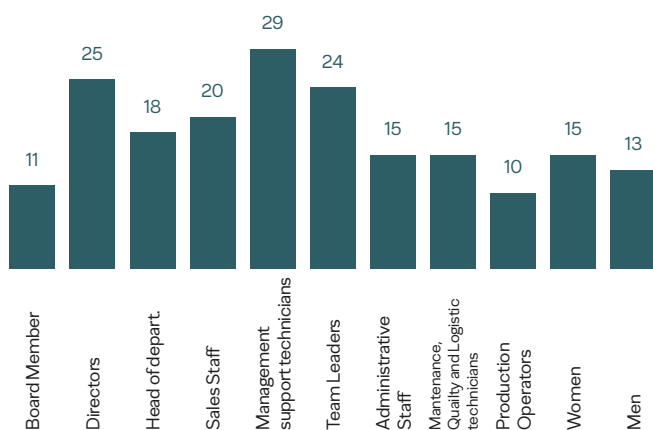
ACC Academy

This project aims to promote the mission, culture, values and principles of Amorim Cork Composites, to develop transversal and technical skills, as well as the knowledge that is considered strategic for the company. It also wants to enhance the capabilities of its employees so that they can be prepared to take on new responsibilities within the organisation. All ACC Academy programmes have a pre-established training path in order to guarantee the quality of experience and knowledge acquisition, covering three stages: diagnosis, assessment and certification. With four different training pillars: corporate, operations, market and innovation, the project was created in 2018 and already has eight courses, 224 participants and a 91% approval rate. Through this project, it was possible to create a culture of knowledge that relies on the involvement of all elements of the organisation, as well as that of external specialists (customers, development centres, technical centres, other partners).

#### Training



Average hours of training



#### Amorim Cork's Operators Technical School

The current context of change requires strategies aimed at adapting the necessary competences in a structured manner. Amorim Cork restructured its training processes

by creating the Operators Technical School, with the purpose of responding to three needs: ensuring the qualification (training and education) of new employees; increase versatility and internal mobility; certify knowledge and skills for greater autonomy and accountability for the job. Beginning in 2019, the project involves the participation of the in-house trainers team, the management team of the Amorim Cork training academy, management staff and middle management. The objective is to train up to 150 employees per year, through training and certified training in skills relevant to the labour market for industry in general and for the cork industry in particular. The experience has revealed a strong adhesion and a significant impact on the employees' learning, and has constituted an important support for talent management in the organisation and for professional growth.

### 5.1.6. CAREER MANAGEMENT AND EMPLOYABILITY

Corticeira Amorim has several programmes and strategies for career development and promotion of the employability of its employees. This priority is evident in the recruitment of recent graduates, with several internship programmes and cooperation agreements with universities. One of these programmes (with an average duration of two years) provides for the rotation of young graduates in management across the companies' different structures, with the main objective of promoting mobility and job rotation in the future. It enables employees to adapt to different contexts and teams and stimulates curiosity and interest in different realities, promoting a spirit of openness and initiative that is sought as a distinguishing characteristic of employees.

Another example of programmes for employees' professional management is the two technical schools of the Cork Stoppers Business Unit (operator school and maintenance school) in which it is intended to train and qualify, in the medium term (investment of two years of training), production operators and maintenance technicians. The employees involved are not being trained for the positions that they occupy, but are instead developing skills to enable them to evolve and occupy other job positions in the future. Also of note, in the commercial area of the same Business Unit, is the recruitment programme for customer service areas, which implies specific on the job training, to allow access to a career in the commercial area.

It should also be noted that Corticeira Amorim has a structured succession plan, with successors identified for all key positions and for senior and middle management positions, which includes the definition of short and medium-term professional development goals and actions for these staff members.

### 4.1.7. DIVERSITY, INCLUSION AND NON-DISCRIMINATION

Corticeira Amorim is an advocate of diversity and equal opportunities, and guides its labour policies and procedures in order to prevent discrimination and different treatment, based on ethnic or social origin, gender, sexual orientation, age, creed, marital status, physical characteristics or disability, religious beliefs, political orientation, opinion, family situation, social class, place of birth or union association, whether in recruitment and selection, whether in remuneration, access to training, promotion or dismissal.

Gender diversity is a topical issue in the modern workplace. Currently, about 24% of Corticeira Amorim's workers are women. The predominance of male employees is explained by the long history of this industry, which, although it has been in a process of major technical, technological and organisational transformation for several years, its past is based on intensive manual work, in which the structuring of industrial work was based on a set of job positions where physical constitution, strength and physical capacity were attributes considered to be fundamental. On the other hand, less demanding functions in terms of these attributes, that are currently considered to be "lighter", were performed, in the majority of cases, by female employees. This gender stereotype has been in force for many decades, leaving marks on Corticeira Amorim where employee turnover has always been - and continues to be - relatively low, and where there are high levels of seniority.

In an analysis of the different professional categories, it appears that the under-representation of female employees stands in line with the general ratio, with the exception of the categories of company directors and departmental directors where there is a higher proportion of men. The underrepresentation of female employees is not found only in the administrative category, thereby corroborating the effect of social stereotypes of the professions.

Specifically in relation to the company, Corticeira Amorim, S.G.P.S., S.A., a diversity policy is recommended in the composition of



its corporate bodies, in particular the Board of Directors and the Statutory Audit Committee, as a way to:

- Promote diversity in the composition of the respective bodies;
- Enhance the performance of each body and each individual member of those bodies;
- Encourage wide-ranging, balanced and innovative analyses with a view to facilitating well-founded and agile decision-making and control processes; and
- Contribute to increased innovation and to the self-renewal of the Company, together with its sustained development and the creation of long-term value for its shareholders and other stakeholders. The gap between the wages of male and female employees, in general, observes a positive trend. This is also the case for the pay ratio between women and men.

The Group seeks to develop models and policies for human resources that comply with its values and principles of integration and appreciation of people. It has defined a gender Equality Plan for 2021, applied to companies in Portugal, with the following main intervention lines:

- Internal and external commitment of the Organisation to gender balance issues, setting objectives and targets and ensuring their monitoring;
- Raising awareness, involving and training management and all employees on the issue of gender equality in companies, in order to ensure the evolution of practices in this field;
- Increase the number of women in management positions;
- Increase the number of women working as employees of the company.

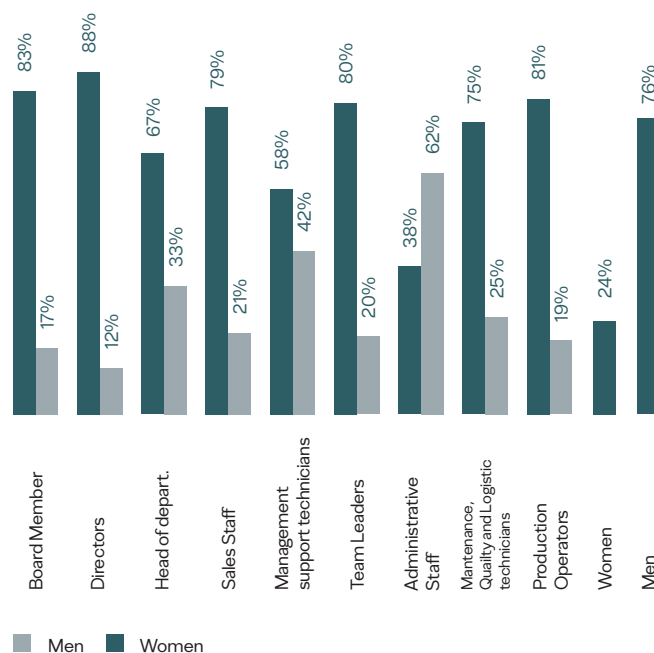
Detailed information on approach, actions, goals and performance is available at: [https://www.amorim.com/xms/files/v1/Investidores/7\\_Comunicados/Corticeira\\_AmorimPlanoparalquidade2021\\_EN.pdf](https://www.amorim.com/xms/files/v1/Investidores/7_Comunicados/Corticeira_AmorimPlanoparalquidade2021_EN.pdf).

Among the goals defined in the scope of the equality plan, there is an increase in the representation of women in management positions (board members, directors, heads of department and team leaders), currently stands at 22%, and Corticeira Amorim intends to increase this to 25% by 2024.

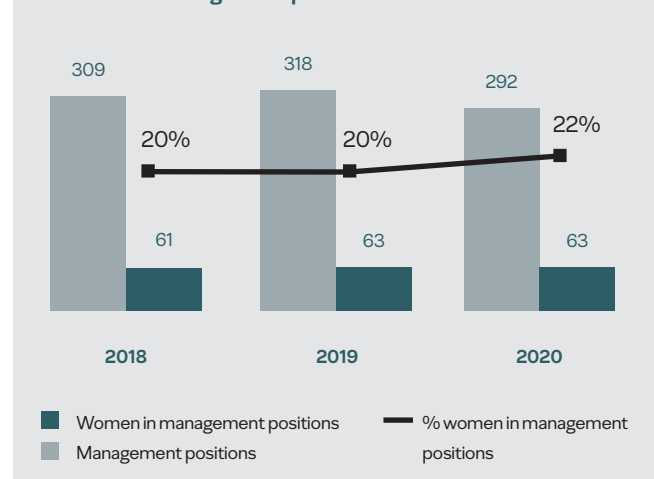
#### Equality plan

In 2020, Corticeira Amorim formalised and communicated the gender Equality Plan 2021. In addition to the fact that this topic is explicitly enshrined in the Code of Ethics and Professional Conduct, revised and formalised in June 2020, a global diagnosis was carried out on various items related to the theme of policies and practices with regard to gender equality between men and women in the workplace. The accomplishment of this work allowed to identify priority areas of intervention for the coming years, with associated objectives. These themes concern the increase in the presence of women in the universe of employees and in management positions. The study also identified the need to raise the awareness of all employees and managers in particular towards gender bias and its impact on work life.

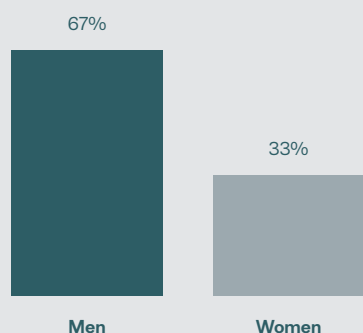
Employees by gender and professional category (% total)



Women in management positions



### Board of Directors by gender



### Ratio of wage women/men

Directors	0.9
Head of Department	1.0
Sales Staff	0.6
Management Support Technicians	0.8
Team Leaders	1.2
Administrative Staff	1.1
Maintenance, Quality and Logistic Technicians	0.9
Production Operators	1.0

## 5.2. ENSURING HEALTH AND SAFETY

Objective	Main goals	Target 2021-2024
• Ensure the safety of employees in the workplace and access to quality health conditions	• Reduce the number of accidents and the ability to manage these; • Promote safe and secure work environments for all workers.	• ZERO accidents by 2024.

Corticeira Amorim assumes that working conditions are one of the fundamental factors for the success of any organisation. Ensuring the occupational safety, health and well-being of employees is relevant not only for the group but for all its stakeholders. Aware of the occupational safety risks, Corticeira Amorim promotes and encourages a culture of safety for all its employees, guaranteeing a safe working environment them and for all those around them, while also encouraging a healthy and sustainable lifestyle. In the field of occupational health and safety (OHS), Corticeira Amorim has defined the following objectives for all its companies:

- Reduce the frequency of work accidents (frequency and severity indicators);
- Improve working conditions and well-being of our employees;
- Improve the risk assessment and implementation of health and safety at work.

In this sense, Corticeira Amorim was committed in reducing the number of accidents by more than 50% in establishments in Portugal (2018-2020), promoting the physical, social and psychological well-being of all its employees. As a result of the dedicated effort in recent years, there has been a significant reduction in the frequency

of accidents over the past three years in Portugal, with a reduction of 49% in 2020. The target was renewed for a four-year cycle (2021-2024), with the ambition of reaching zero accidents in 2024.

At the end of 2020, in the perimeter of companies considered in this report, there were 76 accidents in the workplace (2019: 107 accidents). In general, there was a very positive evolution in the values of the indicators related to safety, in particular in the accident frequency index, in the rate of occupational diseases and in the rate of lost days.

In the reported period, there was an increase in the rate of occupational diseases, which, in similarity with previous years, is due to the validation by the official entities of several pending processes from previous years and faster and more affirmative classification of a specific types of pathologies, such as occupational disease. In light of these regulatory changes, new targets are being discussed in this field. Corticeira Amorim has already implemented an employee gymnastics programme in a large part of its industrial units, in order to prevent a specific type of professional diseases of musculoskeletal origin, which has a certain degree of prevalence.

Absenteeism has also risen in recent years, and 2020 was no exception. Essentially, the increase in the reporting year is explained by the pandemic situation. Absenteeism is a priority intervention domain, with very significant impacts, which Corticeira Amorim aims to improve over the coming years.

Compliance with the established goals involves investment and implementation of structured safety plans, monitored for their continuous optimisation, and the establishment of risk prevention practices aimed at mitigating the impacts of accidents on employees and other stakeholders.

Corticeira Amorim promotes compliance with all legal requirements, standards and procedures in the area of OHS, in all countries of operations, through the application of good practices, in particular:

- Mandatory admissions and periodic medical exams;
- Availability of personal protective equipment;
- Training for employees and service providers in the area of hygiene and safety adapted to the specific characteristics of each workplace;
- Training of all stakeholders in the work processes, including service providers;
- Health and safety commissions, with the participation of employees and / or their representatives.

In recent years, there has been a growing concern to have solid and sustainable structures in terms of occupational safety. The certification of the units will continue to be a privileged means to guarantee this goal, which is increasingly seen as a priority. Certification according to the international standard OHSAS ISO 18001 / ISO 45001 currently covers about 21% of employees, and it is estimated that it can cover more than 32% even during the first quarter of 2021, through the obtention of this certificate by Amorim Florestal.

Investment in this field also involves the awareness and training of employees, from small initiatives focused on raising their awareness, technical training in order to support skills, to physical activity and gymnastics programmes, wherein the latter is highly dedicated to the promotion of occupational health.

#### PREVENTIVE MEASURES FOR COVID-19

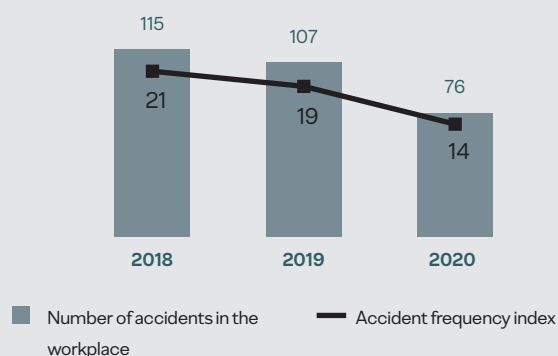
The companies in the Corticeira Amorim universe have adopted a set of preventive measures to preserve the physical integrity of their employees in the face of the covid-19 pandemic. These measures include information on preventive and protective behaviour to be adopted, within the framework of specific internal communication for this purpose, structured to alert and raise the awareness of employees and the implementation of primary prevention measures, considered appropriate to the level of risk, in particular:

- Changes and adaptation of manufacturing facilities and offices, mismatch in working hours, reduction in the number of people per space, installation of partitions;
- Installation of non-contact thermometers at the entrance gates to the companies' premises;
- Distribution of individual protection kits to all employees;
- Mandatory use of masks by all employees who remain on the premises of the companies;
- Restriction of the number of people in the cafeterias, with staggered meal times, ensuring the minimum distance between diners;
- Reinforcement of cleaning, sanitisation and disinfection of all operational areas;
- Provision of PCR tests to employees and family, when necessary;
- Provision of rapid tests at companies' medical units;
- Definition of procedures to be adopted and means of action in case of suspected cases, as well as definition of isolation sites.

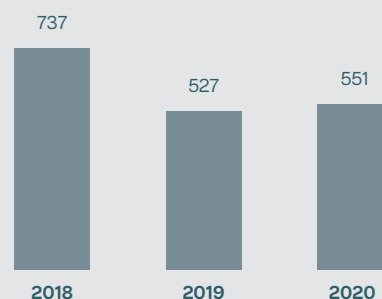
Additionally, the following complementary measures were also implemented:

- Minimisation of in-person meetings, encouraging the use of audio conferences, taking advantage of the infrastructure made available for this purpose;
- Travel between units and to units abroad has been limited to that which is strictly necessary for the maintenance of business operations;
- Implementation of teleworking for employees who perform compatible functions and as long as this is technically feasible.

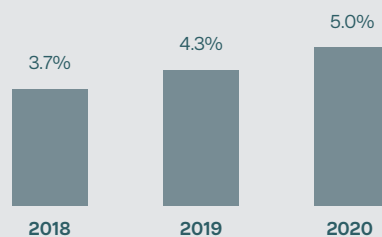
#### Accidents in the workplace



#### Lost working days



#### Absenteeism rate



### 5.3. COMMUNITY

Objective	Main goals
• Boost economic growth in a sustainable and inclusive manner, support and promote research, development and innovation and foster sustainable solutions.	• Sustain economic growth; • Achieve higher levels of economic productivity.

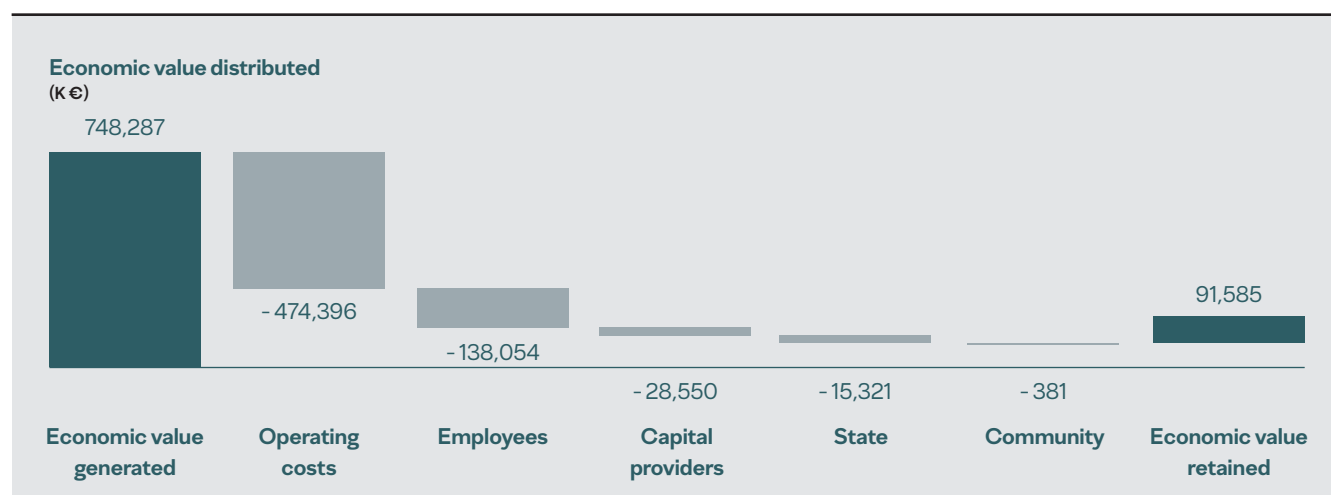
#### Environmental, economic and social impacts

EY study, with the objective of evaluating the impact of Corticeira Amorim's operations in the regions where it is present and in the Portuguese economy, calculated the direct, indirect and induced impacts, including the environmental impacts of its business activity and the impacts of the ecosystem services of the cork oak forest made possible by it, concluding that the total net value contributions to society in general are greater than €1.175 billion per year (more than seven times higher than the direct added value).

Corticeira Amorim's business activity generates economic value for the communities where it has operations, at the international, national, regional and local level, in a direct, indirect and induced manner. Direct impacts include salaries paid to employees, investments in the Community and payments to the government in the form of taxes, royalties and duties, which can be reinvested in

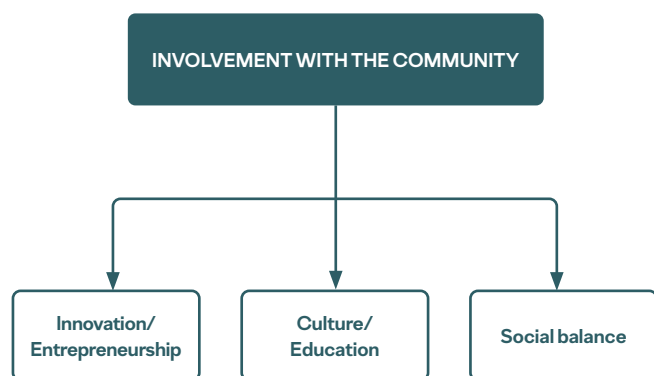
social and economic programmes that benefit the communities and regions where Corticeira Amorim operates.

In 2020, Corticeira Amorim generated an economic value of €748 million, and distributed €657 million to its stakeholders.



### Programmes and initiatives

Corticeira Amorim invests a significant part of the economic value generated in the various countries where it has operations. The management structures have the processes and tools necessary to recognise and manage the impacts and understand the needs and interests of the communities, as well as to identify long-term investment opportunities in the local communities. Priority is given to programmes related to culture and education, innovation and entrepreneurship and social balance, which are believed to provide positive long-term benefits.



### 5.3.1. INNOVATION AND ENTREPRENEURSHIP

Innovation stands at the heart of Corticeira Amorim's strategy, which aims to extend the concept of innovation to all Business Units and improve areas such as portfolio diversification, process efficiency and quality and the circular economy.

Each business unit has its own R & D + I unit. However, there is an innovation structure across the entire group - Amorim Cork Research. Currently, investment in R & D + I is around €9.8 million per year. Over the last three years, Corticeira Amorim has applied for 10 patents, and is currently supporting the development of three companies through Amorim Cork Ventures: Ecochic, Gröwancork and TDCork.

Corticeira Amorim will never waver in its commitment to the unique raw material of cork. This is an uninterrupted mission that will be based on new applications in the future - even more after the

installation of i.cork factory, which is the pilot innovation factory of Amorim Cork Composites, the Composite Cork Business Unit. I.cork factory is a true hub of innovation and creativity for the development of new products and formulae for the manufacture of composite cork materials, always with cork and circular economy processes at the heart of its development.

Due to its strong investment in R & D + I, Corticeira Amorim is the organisation that knows the most about cork - from its production in the cork oak forest to its transformation, commercialisation, promotion and circularity. This wealth of knowledge, which is essential to Corticeira Amorim's success, is also directly disseminated to society (when the company voluntarily grants access to knowledge and certain innovations), or indirectly, through the generation of positive externalities resulting from its business activity, which include innovation projects in partnership with universities and specialised companies, the purchase of products from local producers, the induction of innovation in support industries, the development of new cork-based applications, the communication of the benefits of cork and the dissemination of good practices for the circular economy.

The promotion of entrepreneurship is another impact of Corticeira Amorim's activity that is generated by its direct initiative, through Amorim Cork Ventures, and has a significant impact on the promotion of innovation in the sector, as this is the only business incubator for cork through which innovative ideas and businesses are stimulated and supported. In the same sense, support and encouragement is provided for initiatives such as the creation of companies by former employees, the emergence of new uses of cork and the emergence of companies that support the cork industry.



#### i.cork factory

Founded in 2018, totally dedicated to the research and development of new and innovative products that value cork, with the main mission of designing new materials, and also test and explore the application of technologies not yet industrialised in the sector. I.cork factory works as a true hub of innovation and creativity for the development of new products and new formulae for the manufacture of composite materials with cork, developing its activity in line with the market, seeking to create solutions to meet the needs of various business sectors - always with cork and circular economy processes at the epicentre of its development. Given the proximity to the market, the innovation factory also functions as a platform for cooperation and collaborative work, from which synergies are developed with universities, research centres and customers, in search of high performance and, often, ground-breaking solutions. In addition to the contribution to the culture of innovation present in the DNA of Amorim Cork Composites, i.cork factory also plays a fundamental role in expanding the product portfolio, and in training technicians, customers and distributors.

<https://amorimcorkcomposites.com/>

#### Amorim Cork Ventures

Created in 2014 with the objective of supporting entrepreneurs with innovative products, solutions and applications for the cork sector. The main purpose is to foster the launch, growth and expansion of businesses related to cork, mainly aimed at foreign markets. A challenge that includes the development of new approaches, paths and formulae for cork in its natural state or combined with other materials.

Since its creation, ACV has received more than 370 applications, supported more than 20 projects (10 of which remain active), 8 submitted patent and utility model applications and 3 startups remain in the company's investment portfolio.

<https://www.amorimcorkventures.com/>

#### As Portuguesas

Project by Pedro Abrantes, a joint venture between Corticeira Amorim and Kyaia was launched in March 2016. The brand started by making flip flops with cork soles, but it has evolved in the concept and already has a significant variety of models of shoes and boots. And cork was added to other equally ecological materials, in particular plastic recovered from the oceans. The flipflops are sold to the entire world, from the United States of America to Japan, from South Africa, to the Philippines, from Russia to Israel, among many other markets, in addition, of course, throughout the European continent.

<https://asportuguesas.shoes/>

share a beautiful photograph of the cork oak tree offered by the company at the beginning of the year, as part of the launch of the celebrations of its 150 years of activity.

#### Cork Talent - Attraction/ Cork potential

In partnership with several colleges and higher institutes, Amorim Cork and Amorim Cork Composites intend to use these programmes to take an active role in preparing young students to ensure their integration into the job market. With initiatives ranging from the recruitment of interns, the reception and integration, back-up and monitoring and the evaluation and selection of potential candidates, the companies received more than 50 internships in 2020, of which about ten were subsequently integrated into the companies, in the areas of chemical engineering and industrial engineering and management.

#### Celebrating the Autochthonous forest

Forests are one of our greatest treasures. As a result, each year, Corticeira Amorim celebrates the Autochthonous Forest Day with special enthusiasm in which it carries out its annual planting of cork oak trees, with company volunteers. In 2020, due to the exceptional pandemic situation, the company was prevented from carrying out the action in the usual manner. However, the date was also celebrated in a very special manner: challenging employees in the Amorim universe to share a beautiful photograph of the cork oak tree offered by the company at the beginning of the year. The challenge was overcome with distinction, as shown by the beautiful examples presented. Symbolically, on the same date, a cork oak tree was also planted outside Amorim Cork's facilities.

### 5.3.2. CULTURE AND KNOWLEDGE

Corticeira Amorim maintains a close relationship with the field of education. Over the years, it has developed numerous educational and training projects aimed at its employees and families, and also at the wider community. The objective is to create a positive impact by pursuing multiple initiatives in the field of education - from curricular internships to protocols with academic institutions, from environmental education to sponsorship.

Taking into account the Covid-19 pandemic situation experienced in 2020, some of the initiatives had to be suspended or carried out in alternative formats. One example was the Porto Futuro initiative, an educational project of Porto City Council, in which Corticeira Amorim is a partner with the Leonardo Coimbra School Grouping, whose initiatives planned for 2020 had to be cancelled. Environmental education initiatives with schools also had to be interrupted in the first quarter of 2020, but nonetheless reached 1,828 students (2019: 2,868). On the other hand, there is the reforestation programme, a tradition between volunteers from Corticeira Amorim and Quercus. Since 2011, in the framework of the Green Cork programme, this programme has planted around 2,000 autochthonous trees a year, and has been highlighted in a special manner, challenging the employees from the Amorim universe to

Due to its awareness - like no other entity - of the potential of cork to ensure the transition to more sustainable economies, and more responsible and safer consumption, Corticeira Amorim has been developing a wide action plan that makes material available to society, in its most diverse forms, the team's know-how and technical expertise, encouraging knowledge thereof and making it possible to develop educational, research and artistic projects.

About ten years after the launch of the MATERIA collection, which, in 2011, marked the beginning of an ambitious strategy to position cork in a prominent position in the world of architecture and design, Corticeira Amorim analysed 979 projects in partnership with leading national and international institutions, artists and brands. Due to the fact that 2020, was marked by the Covid-19 pandemic, several initiatives had to be postponed such as the Venice Biennale of Architecture and the Serpentine Summer Pavilion, whose next editions will have the support of Corticeira Amorim and will highlight cork.

## Matéria Collection – the beginning

Developed in 2010, the Matéria, cork by Amorim collection, curated by Experimentadesign, was a unique creative action in the sector, which presented cork in an unprecedented way, in the main international design arenas: as a collection of sustainable objects, applying new techniques and trends to cork, designed by national and international creatives, ranging from world-renowned designers to emerging talent. It has thereby been possible to captivate the involvement of a notable community of creative talent and conquer new territories for cork.

## Design

Corticeira Amorim has enabled cork to progressively gain space and prominence in leading worldwide initiatives in the fields of design, architecture and sustainability, such as:

- The Serpentine Summer Pavillion 2012 and Serpentine Pavillion 2020/2021, the latter marking reflection on sustainability and circularity;
- The Quiet Motion installation by Bourroulec, which fulfilled BMWi's vision of sustainable mobility;
- The Istanbul Design Biennial "The future is not what it used to be", which literally placed cork at the base of the discussion about the future of design;
- The Superflex installation One Two Three, Swing for the Hyundai Commission in the Tate Gallery's Turbine Hall, that developed a unique cork flooring capable of guaranteeing the designers' visual language, durability, comfort and, above all, ensure safe use of the creative facilities;
- The City Cortex research programme (underway) which, against the backdrop of New York City, investigates the intersection between 21st century urban contexts and cork – which is natural, versatile and sustainable – thereby expanding its use in development of contemporary urban landscapes.

## Workshops

Special attention is placed on expanding the knowledge of cork with this Community – of today and the future –, carrying out and participating in various training initiatives and in partnership with institutions such as:

- The Domaine de Boisbuchet, one of the world's leading spaces for creativity in harmony with nature; several summer workshops on cork and an international cork design / creativity contest have been held since 2010 (with more than 350 application projects received and analysed);
- The Royal College of Art, which, supported by Corticeira Amorim, included a module on cork in its master's degree course on Design – one of the most internationally prestigious design courses;
- Middlesex University (United Kingdom), Karlsruhe Institute (Germany), Nueva Academia Belle Arti di Milano (Italy), Lisbon School of Design (Portugal), Rhode Island School of Design and Pratt Insitute (USA), which organise initiatives, workshops and even multi-annual programmes on design, architecture and technology applied to cork.

In short, many hundreds of students, in the fields of design, architecture and technology, throughout the world who come into contact with cork during their education, receiving knowledge and a true motivation for cork and sustainability.

## Editorial Plan

Through a strong editorial plan – including the uninterrupted quarterly edition of Amorim News since 1983; various publications on cork for different target audiences, including environmental education publications for children and young people; content that is constantly renewed on the [www.amorim.com](http://www.amorim.com) portal; several in-house publications, such as the books *Metamorphosis*, *Amorim: The Future is Our Present* and *The Cork Book*. Millions of different copies that reach millions of stakeholders.

## 5.3.3. SOCIAL BALANCE

Amorim was one of the first companies to provide workers with a cafeteria and a company doctor, even in 1938. Over the course of the twentieth century, social responsibility gained another dimension, eventually extending to the local community that is closest to the company.

In order to reinforce its support to the local community in the pandemic year, Corticeira Amorim extended its usual social, humanitarian and first aid interventions, through collaboration with social inclusion institutions, welcoming minors at risk and supporting senior citizens, fire brigades, the Portuguese Anti-Cancer League, hospitals, organisations and social institutions. It also carried out a solidarity campaign to collect foodstuffs, enabling the participation of all employees in Portugal.

The associations with which the Group collaborates most actively include:

- **Albertina Ferreira de Amorim Foundation** – This foundation promotes solidarity and appreciation of human advancement in its ethical, religious, cultural and civilisational aspects. It offers humanitarian and social support to causes and projects involving the local communities surrounding the Corticeira Amorim companies. It also hopes to boost scientific research in the field of cork preparation and treatment and is expected to award prizes in this and other field.
- **Bagos D'Ouro Association** – an institution that is dedicated to supporting children and young people in need from Douro region, through monitoring their school career and creating opportunities for the development of successful life projects.
- **Terras de Santa Maria Foundation** – Through the degree courses it offers, the foundation aims to create and reinforce skills that can boost the economic and social development of Portugal and, in particular, of the Entre Douro and Vouga region, where it is located. Corticeira Amorim is one of the ten founding members of this institution.
- **Academie Amorim** – A non-profit organisation comprising scientists dedicated to research in the field of winemaking in order to optimise the quality of the wine and to ensure the ageing process proceeds as expected. Since 1992, this institution has supported the work of the researchers by offering them an annual scholarship to fund the scientific work and help to improve knowledge about wine.

## SOCIAL SOLIDARITY CAMPAIGNS

The year 2020 will inevitably be remembered as the year of the covid-19 pandemic. On the front line were thousands of health professionals, doctors, nurses and caregivers, whose commitment, sacrifice and dedication saved countless lives. To honour them all and help victims, Corticeira Amorim donated electrocardiographs, ultrasound equipment, masks, visors, glasses, gloves and gowns, to hospitals, organisations and social institutions in the nearby Community. This includes the Hospital de São Sebastião, in Santa Maria da Feira, the Hospital Eduardo Santos Silva, in Vila Nova de Gaia, the Centro Hospitalar Universitário de São João (CHUSJ), the Group of Health Centres of Entre Douro e Vouga I - Feira / Arouca, the Municipality of Santa Maria da Feira, the Municipality of Ponte de Sor, the Municipality of Coruche, the Mozelos Social Support Centre, Mozelos Parish Council, the Santa Maria de Lamas Associação Bem Estar and the Casa Ozanam.

Corticeira Amorim wanted, more than ever, to have an active presence in the local communities, reinforcing, throughout the year, the various social, humanitarian and first aid interventions, such as support for institutions supporting social insertion and children at risk, the provision of computer equipment to underprivileged students and assistance to the elderly.

The possibility of helping others was also extended to Corticeira Amorim employees through the organisation of a social solidarity campaign to collect foodstuffs. Each Business Unit chose a social solidarity institution, taking into account the criterion of proximity and the impact on the Community in which it operates. Corticeira Amorim doubled, in weight, the quantity of goods to be delivered.



# [6] Methodological Notes

## 6.1. PERIMETER

The universe of companies that make up the perimeter considered in matters of sustainability has not changed significantly compared to 2020, except for two companies that were integrated in the Composite Cork Business Unit - Amorim Sports, formed in 2018, and Corkeen Europe, formed in 2020.

The environmental indicators of the companies operating in the forestry area (Cosabe and Amorim Florestal III) are not consolidated with the information reported in this report, and separate information is provided. Corticeira Amorim intends to pursue further work to consolidate the methodology used to report environmental aspects related to forestry projects.

The geographical scope considered in the 2021-2024 plan is Portugal and the companies that are consolidated within the framework of this report, that cover the majority of Corticeira Amorim's operations. The same scope was considered in the management approach to the topic of occupational health and safety - GRI table: Material topic: GRI 403 - Occupational health and safety 2018. Corticeira Amorim promotes compliance with all requirements, standards and legal procedures in the area of OHS in all countries where it has operations, through the application of good practices, as noted in subchapter 5.2. Ensuring health and safety.

In the information considered in subchapter 5.3. Community, in particular, regarding economic value distributed, we present the consolidated values of Corticeira Amorim (100% of the companies included). In the remaining chapters, the companies included comprise 89% of the industrial units, corresponding to 82% of all Corticeira Amorim employees, 83% of consolidated sales, as shown in the following table:



Company	Location	Country	2020	2019
<b>Raw Materials BU</b>				
<b>Amorim Natural Cork, S.A.</b>	<b>Vale de Cortiças – Abrantes</b>	<b>PORTUGAL</b>	<b>100%</b>	<b>100%</b>
Amorim Florestal, S.A.	Ponte de Sor	PORTUGAL	100%	100%
Amorim Florestal III, S.A.	Ponte de Sor	PORTUGAL	100%	100%
Amorim Florestal España, S.L.	San Vicente Alcántara	SPAIN	100%	100%
Amorim Florestal Mediterrâneo, S.L.	Cádiz	SPAIN	100%	100%
Amorim Tunisie, S.A.R.L.	Tabarka	TUNISIA	100%	100%
Comatral – C. de Maroc. de Transf. du Liège, S.A.	Skhirat	MARROCOS	100%	100%
Cosabe – Companhia Silvo-Agrícola da Beira S.A.	Lisboa	PORTUGAL	100%	100%
Société Nouvelle du Liège, S.A. (SNL)	Tabarka	TUNISIA	100%	100%
Société Tunisienne d'Industrie Bouchonnière	Tabarka	TUNISIA	55%	55%
<b>Cork Stoppers BU</b>				
<b>Amorim Cork, S.G.P.S, S.A.</b>	<b>Santa Maria de Lamas</b>	<b>PORTUGAL</b>	<b>100%</b>	<b>100%</b>
All Closures In, S.A.	Paços de Brandão	PORTUGAL	75%	75%
Amorim Cork, S.A.	Santa Maria de Lamas	PORTUGAL	100%	100%
Amorim Bartop, S.A.	Vergada	PORTUGAL	75%	75%
Amorim Champcork, S.A.	Santa Maria de Lamas	PORTUGAL	100%	100%
Amorim Top Series, S.A.	Vergada	PORTUGAL	75%	75%
Biocape – Importação e Exportação de Cápsulas, Lda.	Mozelos	PORTUGAL	60%	60%
Elferson & Co. AB	Paryd	SWEDEN	75%	53%
Francisco Oller, S.A.	Girona	SPAIN	94%	94%
Portocork Internacional, S.A.	Santa Maria de Lamas	PORTUGAL	100%	100%
Socori, S.A.	Rio Meão	PORTUGAL	80%	70%
<b>Floor &amp; Wall Coverings BU</b>				
<b>Amorim Cork Flooring, S.A.</b>	<b>S. Paio de Oleiros</b>	<b>PORTUGAL</b>	<b>100%</b>	<b>100%</b>
Amorim Benelux, BV	Tholen	NETHERLANDS	100%	100%
Amorim Deutschland, GmbH	Delmenhorts	GERMANY	100%	100%
Amorim Subertech, S.A.	S. Paio de Oleiros	PORTUGAL	100%	100%
Amorim Flooring (Switzerland) AG	Zug	SWITZERLAND	100%	100%
Amorim Flooring North America Inc.	Hanover – Maryland	U.S AMERICA	100%	100%
<b>Composite Cork BU</b>				
<b>Amorim Cork Composites, S.A.</b>	<b>Mozelos</b>	<b>PORTUGAL</b>	<b>100%</b>	<b>100%</b>
Amorim Cork Composites, Inc.	Trevor – Wisconsin	U.S AMERICA	100%	100%
Amorim Sports, Lda.	Mozelos	PORTUGAL	70%	100%
Corkeen Europe	Mozelos	PORTUGAL	85%	-
<b>Composite Cork BU</b>				
<b>Amorim Cork Insulation, S.A.</b>	<b>Vendas Novas</b>	<b>PORTUGAL</b>	<b>100%</b>	<b>100%</b>
<b>Holding Cortiça</b>				
<b>Corticeira Amorim, S.G.P.S., S.A.</b>	<b>Mozelos</b>	<b>PORTUGAL</b>	<b>100%</b>	<b>100%</b>
Amorim Cork Research, Lda.	Mozelos	PORTUGAL	100%	100%
Amorim Cork Services, Lda.	Mozelos	PORTUGAL	100%	100%
Amorim Cork Ventures, Lda.	Mozelos	PORTUGAL	100%	100%

## 6.2. DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

The values presented refer to Corticeira Amorim's consolidated figures (100% of companies included).

The revenues correspond to the sum of the following items: Sales and Provision of Services; Supplementary Income; Operating Subsidies; Own Works; Other Operating Income; Financial Income and Gains; Capital Gains from Real Estate (after deducting capital losses). Operating costs do not include depreciation. Investment into the local community only includes the amount of cash donations and does not include contributions and donations in kind.

## 6.3. ENERGY

The conversion factors used were those considered in the SGCIE - Energy Intensive Consumption Management System audits (dispatch 17313/2008):

Energy source	Unit	Conversion factor
Natural gas	GJ/1000 m <sup>3</sup>	37.9
Propane gas	GJ/t	46.65
Diesel	GJ/t	42.8
Gasoline	GJ/t	44.5
Biomass (cork dust)	GJ/t	15.7
Biomass (other)	GJ/t	11.6
Electricity	GJ/kWh	0.0036

Energy from renewable sources considers the energy from biomass (cork powder), biomass (other) and renewable component of the electricity purchased. The latter considered the information from the energy supplier available at the date when the report was drawn up, which considers a weighted average for the first three quarters of 2020.

## 6.4. EMISSIONS

The conversion factors used for the SGCIE - Energy Intensive Consumption Management System audits (dispatch 17313/2008) were used for calculation of CO<sub>2</sub> emissions. Calculation of the emissions associated with electricity consumption considered the information from the vendor, available at the date when the report was drawn up (location method) and the SGCIE - Energy Intensive Consumption Management System reference (market method), (dispatch 17313/2008). Emissions located outside Portugal were considered to be of marginal material importance (around 7%):

Energy source	Unit	Conversion factor
Natural gas	kg CO <sub>2</sub> /GJ	64.1
Propane gas	kg CO <sub>2</sub> /GJ	63
Diesel	kg CO <sub>2</sub> /GJ	74
Gasoline	kg CO <sub>2</sub> /GJ	69.2
Biomass (cork dust)	kg CO <sub>2</sub> /GJ	0
Biomass (other)	kg CO <sub>2</sub> /GJ	0
Electricity – supplier – 2020	Kg CO <sub>2</sub> /kwh	207.24
Electricity – supplier – 2019*	Kg CO <sub>2</sub> /kwh	270.45
Electricity – supplier – 2018	Kg CO <sub>2</sub> /kwh	398.88
Electricity – Portugal	Kg CO <sub>2</sub> /kwh	470.00

\* Updated according to most recent information from energy provider.

## 6.5. WATER

All the water captured by Corticeira Amorim is freshwater.

Due to changes in assumptions and the introduction of new tools to manage water issues, in 2020 Corticeira Amorim began a new series for monitoring and controlling water consumption. For the purposes of comparison with previous years, an estimate was made for 2019, taking into account the same assumptions. The calculation presented shows a 1% reduction in the capture of water in the year 2020.

	2020	2019
Capture of water (m <sup>3</sup> )	770,116	779,009

Corticeira Amorim has no indication that there is any hydric stress in the hydrographic basins where water capture has been reported. To characterise the areas under hydric stress in the framework of this report, used the tool of the World Resources Institute - Aqueduct Water Risk Atlas, available at <https://www.wri.org/aqueduct>.

## 6.6. MEASUREMENTS OF INTENSITY

In view of the diversity of Corticeira Amorim's applications and businesses, it is difficult to define an indicator that clearly makes it possible to observe the evolution of some indicators in relation to the level of activity. Over time, an attempt has been made to respond to this need, analysing different indicators. In recent years we have opted to analyse the ratio between energy consumption / emissions and the value of the company's total sales. This has presented several limitations, in particular related to the differences between the perimeter considered in the numerator (more restricted) and the perimeter considered in the denominator (wider). This has become more evident in years of material changes in the perimeter. During 2019 (with recalculation for 2018), this constraint was overcome by matching the perimeter of the numerator to that of the denominator. However, limitations were found in terms of monitoring / comparing the individual performance of the Corticeira Amorim Group's companies. After analysing various possibilities and having conducted an internal debate about environmental areas, energy and management control, it was decided to build a denominator that is directly related to the individual sales of companies that are included within the sustainability perimeter. For the purposes of comparison with 2018 and 2017, the respective recalculation was carried out, which also takes into account, in the case of carbon intensity, the most recent information from the energy supplier. As a result, the denominator used for the years 2020, 2019 and 2018 is, respectively, in millions of euros:

2020	2019	2018
945	1,003	957

## 6.7. CARBON FOOTPRINT

In the case of energy consumption outside the organisation, and given that there are still no conversion factors in the bibliography that make it possible to accurately determine this data, Corticeira Amorim used several assumptions regarding the calculation method and emission factors to be considered, both in relation to fuels and in relation to purchased products. For this reason, the calculation presented is an estimate. Corticeira Amorim aims to continue working to consolidate the methodology used. Corticeira Amorim considers that the most important aspects of its value chain are represented, since it is in Portugal that most industrial production

and processing units are located (61%) and that reflect the majority of exports (94%). Hence, six activities were considered as well as the following assumptions:

- Purchase of goods and services - The quantity of product purchased was considered; emission factors associated with the products or product category;
- Transport and distribution upstream, and distribution downstream - The quantity of product purchased and sold, which corresponds to 95% of the total, was considered; emission factors associated with the transportation of products, by sea, air and / or road;
- Waste generated in operations - Total waste produced and waste sent to the respective recipients was considered; emission factors associated with road transport per ton transported;
- Business travel - Emission values calculated by the travel agent;
- Transport of employees - The distances travelled by employees were measured; the factor of emissions associated with road transport by the distance travelled on the route between home-work-home. No adjustment was made due to teleworking, since it was considered that there were no significant interruptions in activity.

All the emission factors considered were based on the factors published by the GHG Protocol and by Defra - Department for Environment, Food & Rural Affairs. When not available, the factors considered in the inventory of GHG emissions 2018, carried out by EY in 2019, were used and which had as reference the "Ecoinvent database 3.5".

For a historical comparison, the report has considered scope 3 emissions, obtained through the 2018 GHG emissions inventory, carried out by EY, adjusting for comparable categories.

## 6.8. RATE OF NEW HIRES AND EMPLOYEE TURNOVER RATE

The formulae considered are as follows:

- Rate of new hires = Number of new employees / Total number of employees
- Employee turnover rate = Number of employees who leave the company / Total number of employees

The calculation formula was changed for the rate of new hires and employee turnover rate, respectively, by age group, gender and geography, considering, for each case, the number of employees of the age group, gender and geography (2019: total number of employees).

## 6.9. HEALTH AND SAFETY

The procedure for calculating the frequency index, the rate of occupational diseases and the rate of days lost is in accordance with ILO Code of Practice. The formulae considered are as follows:

- Accident frequency index = Number of accidents / Hours worked x 1,000,000;
- High-consequence accident frequency index = Number of high-consequence accidents / Hours worked x 1,000,000;
- Rate of days lost (severity index) = Number of days lost / Hours worked x 1,000,000;
- Occupational disease rate = Number of cases of occupational disease / Hours worked x 1,000,000;
- Absenteeism rate = Days of absence / Potential days of work.

As in previous years, when calculating potential days, the accounting of holidays was eliminated, which has direct effects on the absenteeism rate. The use of a different criterion was identified in the calculation of the absenteeism rate for 2019, and the data was recalculated. For calculation of the accident frequency index, only accidents that give rise to lost working days are considered. In determining the days lost, the number of working days is considered and begins to be counted the day after the accident occurs until the injured person returns to work.





# [7] GRI Table

GRI Ref	DESCRIPTION	VALUE / LOCATION	SDG																																																																																				
Gri 102 – general disclosures 2016																																																																																							
Organisational profile																																																																																							
102-1	Name of the organisation	1. Corticeira Amorim																																																																																					
102-2	Activities, brands, products, and services	1. Corticeira Amorim																																																																																					
102-3	Location of headquarters	1.3. Worldwide Presence																																																																																					
102-4	Location of operations	Consolidated Annual Report 2020																																																																																					
102-5	Ownership and legal form	1. Corticeira Amorim																																																																																					
102-6	Markets served	1.2. Business units																																																																																					
102-7	Scale of the organisation	Consolidated Annual Report 2020																																																																																					
102-8	Information on employees and other workers	5.1. Promoting training and well-being <table> <tr> <th></th><th>2020</th><th>2019</th><th>2018</th></tr> <tr> <td><b>Permanent</b></td><td><b>2,841</b></td><td><b>2,875</b></td><td><b>2,748</b></td></tr> <tr> <td>Female</td><td>726</td><td>748</td><td>707</td></tr> <tr> <td>Male</td><td>2,115</td><td>2,127</td><td>2,041</td></tr> <tr> <td>Portugal</td><td>2,432</td><td>2,435</td><td>2,312</td></tr> <tr> <td>Rest of the World</td><td>409</td><td>440</td><td>436</td></tr> <tr> <td><b>Fixed Term</b></td><td><b>473</b></td><td><b>536</b></td><td><b>538</b></td></tr> <tr> <td>Female</td><td>117</td><td>116</td><td>124</td></tr> <tr> <td>Male</td><td>356</td><td>420</td><td>414</td></tr> <tr> <td>Portugal</td><td>437</td><td>500</td><td>498</td></tr> <tr> <td>Rest of the World</td><td>36</td><td>36</td><td>40</td></tr> <tr> <td><b>Full time</b></td><td><b>3,301</b></td><td><b>3,379</b></td><td><b>3,247</b></td></tr> <tr> <td>Female</td><td>836</td><td>855</td><td>824</td></tr> <tr> <td>Male</td><td>2,465</td><td>2,524</td><td>2,423</td></tr> <tr> <td>Portugal</td><td>2,869</td><td>2,929</td><td>2,800</td></tr> <tr> <td>Rest of the World</td><td>836</td><td>855</td><td>824</td></tr> <tr> <td><b>Part time</b></td><td><b>13</b></td><td><b>32</b></td><td><b>39</b></td></tr> <tr> <td>Female</td><td>6</td><td>9</td><td>7</td></tr> <tr> <td>Male</td><td>7</td><td>23</td><td>32</td></tr> <tr> <td>Portugal</td><td>–</td><td>6</td><td>10</td></tr> <tr> <td>Rest of the World</td><td>13</td><td>26</td><td>29</td></tr> </table> <p>This disclosure considers the perimeter of the companies that report information for the sustainability report i.e. 3,314 employees.</p>		2020	2019	2018	<b>Permanent</b>	<b>2,841</b>	<b>2,875</b>	<b>2,748</b>	Female	726	748	707	Male	2,115	2,127	2,041	Portugal	2,432	2,435	2,312	Rest of the World	409	440	436	<b>Fixed Term</b>	<b>473</b>	<b>536</b>	<b>538</b>	Female	117	116	124	Male	356	420	414	Portugal	437	500	498	Rest of the World	36	36	40	<b>Full time</b>	<b>3,301</b>	<b>3,379</b>	<b>3,247</b>	Female	836	855	824	Male	2,465	2,524	2,423	Portugal	2,869	2,929	2,800	Rest of the World	836	855	824	<b>Part time</b>	<b>13</b>	<b>32</b>	<b>39</b>	Female	6	9	7	Male	7	23	32	Portugal	–	6	10	Rest of the World	13	26	29	
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102-9	Supply chain	3.6. Value chain																																																																																					
102-10	Significant changes to the organization and its supply chain	6.1. Perimeter																																																																																					
102-11	Precautionary principle or approach	Corporate Governance Report – C. Internal Organisation																																																																																					
102-12	External initiatives	3.3. Voluntary commitments																																																																																					

GRI Ref	DESCRIPTION	VALUE / LOCATION	SDG
102-13	Membership of associations	3.3. Voluntary commitments	
<b>STRATEGY</b>			
102-14	Statement from senior decision-maker	Consolidated Annual Report 2020	
102-15	Key impacts, risks, and opportunities	Consolidated Management Report – 14. Business risk and uncertainties	
<b>ETHICS AND INTEGRITY</b>			
102-16	Values, principles, standards, and norms of behaviour	3.4. Responsible conduct	
102-17	Mechanisms for advice and concerns about ethics	3.4. Responsible conduct	
<b>GOVERNANCE</b>			
102-18	Governance structure	3.1. Management strategy and model Corporate Governance Report -B. Corporate Boards and Committees	
102-24	Nominating and selecting the highest governance body	Corporate Governance Report -B. Corporate Boards and Committees	
<b>STAKEHOLDERS ENGAGEMENT</b>			
102-40	List of stakeholder groups	3.5. Stakeholders	
102-41	Collective bargaining agreements	5.1.2. Respect for freedom of association	8
102-42	Identifying and selecting stakeholders	3.5. Stakeholders	
102-43	Approach to stakeholder engagement	3.5. Stakeholders	
102-44	Key topics and concerns raised	3.5. Stakeholders	
<b>REPORTING PRACTICE</b>			
102-45	Entities included in the consolidated financial statements	Notes to the Consolidated Financial Statements – Companies included in the Consolidated Financial Statements	
102-46	Defining report content and topic boundaries	In relation to this report	
102-47	List of material topics	Materiality matrix	
102-48	Restatements of information	6. Methodological notes	
102-49	Changes in reporting	6.1. Methodological notes – perimeter	
102-50	Reporting period	01 January 2020 to 31 January 2020.	
102-51	Date of most recent report	Sustainability Report 2019, for the years 2017, 2018 and 2019	
102-52	Reporting Cycle	About this report	

GRI Ref	DESCRIPTION	VALUE / LOCATION	SDG								
102-53	Contact point for questions regarding the report	About this report									
102-54	Claims of reporting in accordance with the GRI Standards	About this report									
102-55	GRI content index	About this report									
102-56	External assurance	About this report									
<b>GRI 200 – ECONOMIC DISCLOSURES 2016</b>											
<b>Material topic: 201 – Economic Performance 2016</b>											
103 – Management approach 2016											
103-1	Explanation of the material topic and its boundary	The material topics of Corticeira Amorim were based on comparison between the results from stakeholder's consultation with the company's internal perspective and alignment with the SDG. In direct relation to economic performance, the topic "Economic Performance" was considered to be a topic with a high materiality (materiality matrix).									
103-2	The management approach and its components	Over the years, Corticeira Amorim has promoted several initiatives related to economic performance (5.3. Community).									
103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and discloses them in this Report (5.3. Community).									
201-1	Direct economic value generated and distributed	5.3. Community									
201-2	Financial implications and other risks and opportunities due to climate change	Consolidated Management Report – 14. Business risk and uncertainties Corporate Governance Report – C. Internal Organisation, III. Internal Control and Risk Management									
201-3	Defined benefit plan obligations and other retirement plans	In all the countries in which it operates, Corticeira Amorim contributes to local social security schemes, in accordance with the terms of specific applicable legislation, which cover all its employees. In 2020, the amounted to €22,321 thousand.									
		<table> <tr> <td></td><td>2020</td><td>2018</td><td>2017</td></tr> <tr> <td>Contributions to local social security schemes (thousand euros)</td><td>22,321</td><td>22,511</td><td>22,056</td></tr> </table>		2020	2018	2017	Contributions to local social security schemes (thousand euros)	22,321	22,511	22,056	
	2020	2018	2017								
Contributions to local social security schemes (thousand euros)	22,321	22,511	22,056								
<b>Topic: Gri 204 – Procurement Practices 2016</b>											
204-1	Proportion of spending on local suppliers	3.6. Value Chain	12								
<b>Topic: Gri 205 – Anti Corruption 2016</b>											
205-1	Operations assessed for risks related to corruption	3.4. Responsible conduct									
205-3	Confirmed incidents of corruption and actions taken	3.4. Responsible conduct									
<b>Material Topic: Research, Development and Innovation</b>											
103 – Management approach 2016											
103-1	Explanation of the material topic and its boundary	The material topics of Corticeira Amorim were based on the comparison of the results from the stakeholder's consultation with the company's internal perspective and alignment with the SDG. In direct relation to research, development and innovation, the topic "Research, Development and Innovation" was considered to be a topic with a high materiality (materiality matrix).									
103-2	The management approach and its components	Over the years, Corticeira Amorim has promoted several initiatives relating to research, development and innovation (4.4. Developing green products and 5.3. Community).									

GRI Ref	DESCRIPTION	VALUE / LOCATION	SDG
103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and discloses them in this Report (4.4. Developing green products and 5.3. Community).	
	Average annual investment	5.3.1. Innovation and entrepreneurship	8, 9
	Submission of patents	5.3.1. Innovation and entrepreneurship	8, 9
<b>GRI 300 – ENVIRONMENTAL DISCLOSURES 2016</b>			
<b>Topic: GRI 301-Materials 2016</b>			
301-1	Material used by weight or volume	4.3.1. Materials	12
<b>Material Topic: Gri 302 – Energy 2016</b>			
103 – Management approach 2016			
103-1	Explanation of the material topic and its boundary	Corticeira Amorim's material topics were based on the cross-checking of stakeholder consultation results with the company's internal perspective and alignment with the SDGs. With a direct relation to the Energy aspect, the theme "Energy efficiency and climate change" was considered to be a materiality topic of high importance (materiality matrix).	
103-2	The management approach and its components	Over the years, Corticeira Amorim has promoted several initiatives related to the consumption of Energy (4.2.1. Energy).	
103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and discloses them in this Report (4.2.1. Energy).	
	Specific forms of management	Some Corticeira Amorim units are covered by regulations of the Energy Intensive Consumption Management System (SGCIE).	
302-1	Energy consumption within the organisation	4.2.1. Energy 6.3. Methodological notes – Energy	7, 11, 13
302-3	Energy intensity	4.2.1. Energy 6.3. Methodological notes – Energy 6.6. Methodological notes – measurements of intensity	7, 11, 13
302-4	Reduced energy consumption	4.2.1. Energy 6.3. Methodological notes – Energy	7, 11, 13
302-5	Reduction in energy requirements for products and services	4.2.1. Energy 6.3. Methodological notes – Energy	7, 11, 13
<b>Material Topic: Gri 303 – Water and Effluents 2018</b>			
103 – Management approach 2016			
103-1	Explanation of the material topic and its boundary	Corticeira Amorim's material topics were based on the cross-checking of stakeholder consultation results with the company's internal perspective and alignment with the SDGs. With a direct relation to the water and effluent aspect, the theme "Energy efficiency and climate change" was considered to be a materiality topic of high importance (materiality matrix).	
103-2	The management approach and its components	Over the years, Corticeira Amorim has promoted several initiatives related to the consumption of Energy (4.2.3. Water).	
103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and discloses them in this Report (4.2.3. Water).	
303-1	Interactions with water as a shared resource	Corticeira Amorim is aware of the need to preserve water and has an approach based on three pillars: lower consumption, treatment and hydrological regulation. The company established for the period until 2024 a reduction in the intensity of water consumption of 1% per year, in its activities in Portugal. Additionally, Corticeira Amorim assumes as a strategic priority the preservation of the cork oak forest and its ecosystem services, including its ability to regulate the water cycle. The left bank of the Tejo-Sado river has about 36% of the area occupied by cork oak trees and is one of the most productive and deep aquifer systems in the Iberian Peninsula, that is resupplied by the infiltration of rainwater into the soil. The interception of rainwater by cork oak trees is important to protect the soil from water erosion, contributing to the fight against desertification.	
303-2	Management of water discharge-related impacts	Corticeira Amorim complies with the legislation in force that regulates this matter and the company's effluents are subject to adequate treatment, especially secondary and tertiary treatment, before being sent to the receiving environment.	



GRI Ref	DESCRIPTION	VALUE / LOCATION	SDG
303-3	Water withdrawal	4.2.3. Water 6.5. Methodological notes – Water Conversion: 1 ML = 1000 m3	6
303-4	Water discharge	4.2.3. Water 6.5. Methodological notes – Water Conversion: 1 ML = 1000 m3	
303-5	Water consumption	4.2.3. Water 6.5. Methodological notes – Water Conversion: 1 ML = 1000 m3	
	Water intensity	4.2.3. Water 6.5. Methodological notes – Water 6.6. Methodological notes – measurements of intensity	
<b>Material Topic: Product Environmental Impact</b>			
103 – Management approach 2016			
103-1	Explanation of the material topic and its boundary	Corticeira Amorim's material topics were based on the cross-checking of stakeholder consultation results with the company's internal perspective and alignment with the SDGs. With a direct relation to the product environmental impact, the theme "Product environmental impact", which also involves "Product quality and responsibility", was considered to be a materiality topic of high importance (materiality matrix)	
103-2	The management approach and its components	Over the years, Corticeira Amorim has promoted several initiatives related to product environmental impact (4.4 Developing green products).	
103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and discloses them in this Report (4.4. Developing green products).	
	Developing green products	4.4. Developing green products	6, 7, 13
<b>Material Topic: Gri 304 – Biodiversity 2016</b>			
103 – Management approach 2016			
103-1	Explanation of the material topic and its boundary	Corticeira Amorim's material topics were based on the cross-checking of stakeholder consultation results with the company's internal perspective and alignment with the SDGs. With a direct relation to the biodiversity aspect, the theme "Promotion of the Montado, its biodiversity and ecosystem services" was considered to be a materiality topic of high importance (materiality matrix).	
103-2	The management approach and its components	Over the years, Corticeira Amorim has promoted several initiatives related to biodiversity (4.1. Preserving the cork oak forest and ecosystem services).	
103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and discloses them in this Report (4.1. Preserving the cork oak forest and ecosystem services).	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	4.1. Preserving the cork oak forest and ecosystem services	11, 12, 15
304-2	Significant impacts of activities, products, and services on biodiversity	4.1. Preserving the cork oak forest and ecosystem services	11, 12, 15
<b>Material Topic: Gri 305 – Emissions 2016</b>			
103 – Management approach 2016			
103-1	Explanation of the material topic and its boundary	Corticeira Amorim's material topics were based on the cross-checking of stakeholder consultation results with the company's internal perspective and alignment with the SDGs. With a direct relation to the emissions aspect, the theme "Energy efficiency and climate change" was considered to be a materiality topic of high importance (materiality matrix).	
103-2	The management approach and its components	Over the years, Corticeira Amorim has promoted several initiatives related to Emissions (4.2.2. Emissions).).	

GRI Ref	DESCRIPTION	VALUE / LOCATION	SDG												
103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and discloses them in this Report (4.2.2. Emissions).													
	Specific Management Approach	Some units of Corticeira Amorim are covered by the regulation of the Intensive Consumption Management System of Energy (SGCIE)													
305-1	Direct (Scope 1) GHG emissions	4.2.2. Emissions 6.4. Methodological notes – Emissions	7, 11, 13												
305-2	Energy indirect (Scope 2) GHG emissions	4.2.2. Emissions 6.4. Methodological notes – Emissions  Scope 2 emissions (tCO <sub>2</sub> eq)	7, 11, 13												
		<table> <tr> <th></th><th>2020</th><th>2019</th><th>2018</th></tr> <tr> <td>Electricity: market method*</td><td>26,958</td><td>38,291</td><td>53,768</td></tr> <tr> <td>Electricity: location method</td><td>61,138</td><td>66,544</td><td>63,355</td></tr> </table>		2020	2019	2018	Electricity: market method*	26,958	38,291	53,768	Electricity: location method	61,138	66,544	63,355	
	2020	2019	2018												
Electricity: market method*	26,958	38,291	53,768												
Electricity: location method	61,138	66,544	63,355												
		*Recalculated according to methodological notes													
305-3	Other indirect (Scope 3) GHG emissions	4.2.2. Emissions 6.4. Methodological notes – Emissions 6.7. Carbon footprint	7, 11, 13												
305-4	GHG emissions intensity	4.2.2. Emissions 6.4. Methodological notes – Emissions 6.6. Methodological notes – Measurement of intensity	7, 11, 13												
305-5	Reduction of GHG emissions	4.2.2. Emissions 6.4. Methodological notes – Emissions	7, 11, 13												
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.2.4. Air quality and pollution													
<b>Material Topic: Gri 306 – Effluents and Waste 2016</b>															
103 – Management approach 2016															
103-1	Explanation of the material topic and its boundary	Corticeira Amorim's material topics were based on the cross-checking of stakeholder consultation results with the company's internal perspective and alignment with the SDGs. With a direct relation to the effluents and waste aspect, the theme "Circular economy" was considered to be a materiality topic of high importance (materiality matrix).													
103-2	The management approach and its components	Corticeira Amorim has promoted over the years several initiatives related to the management of effluents and waste (4.3.3. Waste).													
103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and discloses them in this Report (4.3.3. Waste).													
306-2	Waste by type and disposal method	4.3.3. Waste	8, 12												
<b>Topic: Gri 307 – Environmental Compliance 2016</b>															
307-1	Non-compliance with environmental laws and regulations	There are no fines or non-monetary sanctions for non-compliance with environmental laws and regulations.													
<b>Topic: Gri 308 – Supplier Environmental Assessment 2016</b>															
308-2	Negative environmental impacts in the supply chain and actions taken	3.6. Value Chain	8, 12, 17												
<b>GRI 400 – SOCIAL DISCLOSURES 2016</b>															
<b>Material Topic: Gri 401 – Employment 2016</b>															
103 – Management approach 2016															
103-1	Explanation of the material topic and its boundary	The material topics of Corticeira Amorim were based on the crossing of the results of stakeholder consultation with the company's internal perspective and alignment with the SDG. With a direct relation to the employment aspect, the theme "Training and development" was considered to be a materiality topic of high importance (materiality matrix).													
103-2	The management approach and its components	Corticeira Amorim has promoted over the years several employment-related initiatives (5.1.1. Characterisation of workers).													

GRI Ref	DESCRIPTION	VALUE / LOCATION	SDG																																																																												
103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and discloses them in this Report (5.1.1. Characterisation of workers ).																																																																													
	Specific forms of management	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 comply with the labour legislation in each country where the activity is developed.																																																																													
401-1	New employee hires and employee turnover	5.1.1. Characterisation of workers 6.8. New hire rate and employee turnover rate	5, 8																																																																												
		<table> <tr> <th></th><th>2020</th><th>2019</th><th>2018</th></tr> <tr> <td><b>Number of hires</b></td><td><b>303</b></td><td><b>524</b></td><td><b>455</b></td></tr> <tr> <td><b>Rate of new hire</b></td><td><b>9%</b></td><td><b>15%</b></td><td><b>14%</b></td></tr> <tr> <td>&lt;30*</td><td>28%</td><td>41%</td><td>47%</td></tr> <tr> <td>30 to 50*</td><td>8%</td><td>12%</td><td>12%</td></tr> <tr> <td>&gt;50 *</td><td>2%</td><td>9%</td><td>3%</td></tr> <tr> <td>Female*</td><td>8%</td><td>15%</td><td>12%</td></tr> <tr> <td>Male*</td><td>10%</td><td>16%</td><td>15%</td></tr> <tr> <td>Portugal*</td><td>8%</td><td>14%</td><td>12%</td></tr> <tr> <td>Rest of the World*</td><td>15%</td><td>24%</td><td>24%</td></tr> <tr> <td><b>Number of exits</b></td><td><b>404</b></td><td><b>392</b></td><td><b>475</b></td></tr> <tr> <td><b>Turnover rate</b></td><td><b>12%</b></td><td><b>11%</b></td><td><b>14%</b></td></tr> <tr> <td>&lt;30*</td><td>19%</td><td>19%</td><td>25%</td></tr> <tr> <td>30 to 50*</td><td>9%</td><td>9%</td><td>12%</td></tr> <tr> <td>&gt;50*</td><td>14%</td><td>12%</td><td>14%</td></tr> <tr> <td>Female*</td><td>15%</td><td>11%</td><td>14%</td></tr> <tr> <td>Male*</td><td>10%</td><td>16%</td><td>15%</td></tr> <tr> <td>Portugal*</td><td>11%</td><td>10%</td><td>13%</td></tr> <tr> <td>Rest of the World*</td><td>22%</td><td>21%</td><td>23%</td></tr> </table>		2020	2019	2018	<b>Number of hires</b>	<b>303</b>	<b>524</b>	<b>455</b>	<b>Rate of new hire</b>	<b>9%</b>	<b>15%</b>	<b>14%</b>	<30*	28%	41%	47%	30 to 50*	8%	12%	12%	>50 *	2%	9%	3%	Female*	8%	15%	12%	Male*	10%	16%	15%	Portugal*	8%	14%	12%	Rest of the World*	15%	24%	24%	<b>Number of exits</b>	<b>404</b>	<b>392</b>	<b>475</b>	<b>Turnover rate</b>	<b>12%</b>	<b>11%</b>	<b>14%</b>	<30*	19%	19%	25%	30 to 50*	9%	9%	12%	>50*	14%	12%	14%	Female*	15%	11%	14%	Male*	10%	16%	15%	Portugal*	11%	10%	13%	Rest of the World*	22%	21%	23%	
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<b>Number of hires</b>	<b>303</b>	<b>524</b>	<b>455</b>																																																																												
<b>Rate of new hire</b>	<b>9%</b>	<b>15%</b>	<b>14%</b>																																																																												
<30*	28%	41%	47%																																																																												
30 to 50*	8%	12%	12%																																																																												
>50 *	2%	9%	3%																																																																												
Female*	8%	15%	12%																																																																												
Male*	10%	16%	15%																																																																												
Portugal*	8%	14%	12%																																																																												
Rest of the World*	15%	24%	24%																																																																												
<b>Number of exits</b>	<b>404</b>	<b>392</b>	<b>475</b>																																																																												
<b>Turnover rate</b>	<b>12%</b>	<b>11%</b>	<b>14%</b>																																																																												
<30*	19%	19%	25%																																																																												
30 to 50*	9%	9%	12%																																																																												
>50*	14%	12%	14%																																																																												
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Male*	10%	16%	15%																																																																												
Portugal*	11%	10%	13%																																																																												
Rest of the World*	22%	21%	23%																																																																												
		* Calculation formula, changed according to methodological notes.																																																																													
		For this disclosure, the perimeter of the companies that report information for the sustainability report was considered, according to 6.1. Perimeter.																																																																													
<b>Material Topic: Gri 402 – Labour/ Management Relations 2016</b>																																																																															
103 - Management approach 2016																																																																															
103-1	Explanation of the material topic and its boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholder's consultation with the Company's internal perspective and alignment with the SDG. In direct relation to labour relations, the topic "Training and Development" was considered to be a materiality topic of high importance (materiality matrix).																																																																													
103-2	The management approach and its components	Over the years, Corticeira Amorim has promoted several initiatives related to labour relations (5.1. Promoting training and well-being).																																																																													
103-3	Evaluation of the management approach	Corticeira Amorim measures and monitors the indicators associated with this aspect and discloses them in this Report (5.1. Promoting training and well-being).																																																																													
	Specific forms of management	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 comply with the labour legislation in each country where the activity is developed.																																																																													
402-1	Minimum notice periods regarding operational changes	Regulations concerning prior notice relating to the work location (in particular those that require subsequent amendments) complied with by Corticeira Amorim.	8																																																																												

GRI Ref	DESCRIPTION	VALUE / LOCATION	SDG
<b>Material Topic: Gri 403 – Occupational Health And Safety 2018</b>			
103 – Management approach 2016			
103-1	Explanation of the material topic and its boundary	The material topics of Corticeira Amorim were based on the crossing the results of stakeholder consultation with the internal perspective of the company and alignment with the SDG. With a direct relation to the aspect Occupational Health And Safety, the theme “Health and safety at work” was considered to be a materiality topic of high importance (materiality matrix).	
103-2	The management approach and its components	Corticeira Amorim has promoted over the years several initiatives related to health and safety at work (5.2. Ensuring health and safety).	
103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and discloses them in this Report (5.2. Ensuring health and safety).	
	Specific forms of management	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 comply with the labour legislation in each country where the activity is developed	
403-1	Occupational health and safety management system	Corticeira Amorim promotes compliance with all legal requirements, standards and procedures in the area of OHS, in all countries of operations, through the application of good practices, as noted in subchapter 5.2. Ensure health and safety	
403-2	Hazard identification, risk assessment and incident investigation	The hazard identification and risk assessment procedures apply to all tasks and processes developed in the company that imply a risk to occupational health and safety (OHS). These include routine, occasional and emergency activities carried out by permanent, temporary or service providers at the company’s facilities. It is the responsibility of the OHS departments to ensure the identification of hazards, assess the risk and propose / validate corrective, preventive or opportunity for improvement measures. Workers are involved and consulted, and their point of view is consulted in terms of hazard identification and risk assessment, as well as the definition of control measures. Whenever there are substantial changes in the hazards that could alter the risk, the risk is reassessed. As there is not yet a specific procedure in place, an increasing number of incidents in the company are increasingly analysed by a multidisciplinary team that includes members of the OHS team, the person (s) responsible for the area where the incident occurred, and the support areas that may be relevant in the analysis of the occurrence, as well as the employees of the area, in order to identify the root cause of the incident and define actions to eliminate or control the risk. The results of the incident analysis are disclosed within the company.	3, 8
403-3	Occupational health services	The company provides occupational medicine and nursing services as well as curative medicine. Depending on the units, these areas work either under coordination or in conjunction with the OHS department and aim to ensure the monitoring of the suitability of employees for the activities to be carried out, any impacts of work on their health, as well as providing medical care health in general.	
403-4	Worker participation, consultation, and communication on occupational health and safety	Workers are consulted through their OHS representatives in the context of the functioning of the OHS committee. The OHS commission is responsible for: <ul style="list-style-type: none"> <li>• Request and appreciate suggestions from workers on issues related to health and safety;</li> <li>• Carry out visits to the workplace to recognise the risks to health and safety, and to evaluate the preventive measures adopted;</li> <li>• Propose initiatives in the context of preventing risks to occupational health and safety, aiming at improving working conditions and correcting detected deficiencies;</li> <li>• Participate in the definition of measures to be included in the prevention plan;</li> <li>• Analyse the available elements related to accidents at work and occupational diseases;</li> <li>• Participate in the development of the OHS Department’s annual programme and follow up on it.</li> </ul>	



GRI Ref	DESCRIPTION	VALUE / LOCATION	SDG
403-5	Worker training on occupational health and safety	<p>In the scope of OHS, special emphasis is given to training to welcome new employees, as well as OHS training in the workplace, which is mandatory whenever the employee is faced with the start of activity in a new workplace.</p> <p>Regularly, training content in OHS is recycled, in order to ensure the updating of knowledge and awareness necessary for issues of occupational health and safety. Increasingly, priority is given to the development of OHS training in an on-job context to the detriment of classroom training, always with the aim of individualising training and thereby enabling a better transmission of safety knowledge among employees.</p>	
403-6	Promotion of worker health	<p>As part of the development of OHS activity, and the component of workers' health, the company makes available to its employees the provision of occupational medicine, curative medicine and occupational nursing services, in order to ensure the access of its employees. employees to the provision of health care.</p> <p>Some units have implemented a gymnastics programme to prevent musculoskeletal injuries.</p>	
403-7	Prevention and mitigation of health and safety impacts directly linked to business relationships	<p>The work carried out in Corticeira Amorim's supply chain takes place in accordance with institutional and legal structures.</p> <p>The working conditions in Corticeira Amorim's supply chain comply with the labour legislation in force in each country where the activity is developed.</p>	
403-8	Workers covered by an occupational health and safety management system	<p>The company has implemented an OHS management system, which covers all its employees (internal and external), and activities developed. The management system is based on an OHS performance improvement policy and objectives, which are supported by an activity plan. In addition, about 21% of workers are covered by systems certified according to the international standard OHSAS ISO 18001 / ISO 45001, and it is estimated that they can cover more than 32% even in the first quarter of 2021 with the obtaining of the certificate for Amorim Florestal. Information on management systems with external certifications is available in the Consolidated Management Report - 6. Approach to sustainability.</p>	

GRI Ref	DESCRIPTION	VALUE / LOCATION	SDG																																																																																																																																																																
403-9	Work-related injuries	<p>5.2. Ensuring health and safety</p> <p>6.9. Methodological notes – Health and safety</p> <table> <tr> <th></th><th>2020</th><th>2019</th><th>2018</th></tr> <tr> <td><b>Number of workplace accidents</b></td><td><b>76</b></td><td><b>107</b></td><td><b>115</b></td></tr> <tr> <td>Female</td><td>13</td><td>10</td><td>9</td></tr> <tr> <td>Male</td><td>63</td><td>97</td><td>106</td></tr> <tr> <td>Portugal</td><td>54</td><td>77</td><td>96</td></tr> <tr> <td>Rest of the World</td><td>22</td><td>30</td><td>19</td></tr> <tr> <td><b>Accident frequency index</b></td><td><b>14</b></td><td><b>19</b></td><td><b>21</b></td></tr> <tr> <td>Female</td><td>9</td><td>7</td><td>7</td></tr> <tr> <td>Male</td><td>15</td><td>23</td><td>25</td></tr> <tr> <td>Portugal</td><td>11</td><td>16</td><td>20</td></tr> <tr> <td>Rest of the World</td><td>29</td><td>38</td><td>27</td></tr> <tr> <td><b>Serious accident frequency index</b></td><td><b>0.4</b></td><td><b>0.5</b></td><td><b>0.7</b></td></tr> <tr> <td>Female</td><td>–</td><td>–</td><td>0.7</td></tr> <tr> <td>Male</td><td>0.5</td><td>0.7</td><td>0.7</td></tr> <tr> <td>Portugal</td><td>0.4</td><td>0.2</td><td>0.4</td></tr> <tr> <td>Rest of the World</td><td>–</td><td>2.5</td><td>2.8</td></tr> <tr> <td><b>Severity index</b></td><td><b>551</b></td><td><b>527</b></td><td><b>737</b></td></tr> <tr> <td>Female</td><td>507</td><td>347</td><td>433</td></tr> <tr> <td>Male</td><td>565</td><td>586</td><td>800</td></tr> <tr> <td>Portugal</td><td>546</td><td>479</td><td>700</td></tr> <tr> <td>Rest of the World</td><td>580</td><td>820</td><td>986</td></tr> <tr> <td>Number of deaths</td><td>–</td><td>–</td><td>–</td></tr> <tr> <td>Female</td><td>–</td><td>–</td><td>–</td></tr> <tr> <td>Male</td><td>–</td><td>–</td><td>–</td></tr> <tr> <td>Portugal</td><td>–</td><td>–</td><td>–</td></tr> <tr> <td>Rest of the World</td><td>–</td><td>–</td><td>–</td></tr> <tr> <td><b>Rate of absenteeism</b></td><td><b>5.0%</b></td><td><b>4.3%*</b></td><td><b>3.7%</b></td></tr> <tr> <td>Female</td><td>6.6%</td><td>5.4%*</td><td>4.8%</td></tr> <tr> <td>Male</td><td>4.4%</td><td>3.9%*</td><td>3.3%</td></tr> <tr> <td>Portugal</td><td>5.4%</td><td>4.3%</td><td>3.7%</td></tr> <tr> <td>Rest of the World</td><td>2.3%</td><td>4.0%</td><td>3.6%</td></tr> </table> <p>* Change according to methodological notes</p> <p><b>Indirect workers:</b></p> <table> <tr> <th></th><th>2020</th><th>2019</th><th>2018</th></tr> <tr> <td><b>Number of accidents</b></td><td><b>6</b></td><td><b>12</b></td><td><b>32</b></td></tr> <tr> <td>Female</td><td>2</td><td>1</td><td>2</td></tr> <tr> <td>Male</td><td>4</td><td>11</td><td>30</td></tr> <tr> <td><b>Index of frequency of accidents</b></td><td><b>17</b></td><td><b>31</b></td><td><b>43</b></td></tr> <tr> <td>Female</td><td>38</td><td>35</td><td>11</td></tr> <tr> <td>Male</td><td>13</td><td>31</td><td>54</td></tr> <tr> <td><b>Number of deaths</b></td><td><b>–</b></td><td><b>–</b></td><td><b>–</b></td></tr> <tr> <td>Female and Male</td><td>–</td><td>–</td><td>–</td></tr> </table>		2020	2019	2018	<b>Number of workplace accidents</b>	<b>76</b>	<b>107</b>	<b>115</b>	Female	13	10	9	Male	63	97	106	Portugal	54	77	96	Rest of the World	22	30	19	<b>Accident frequency index</b>	<b>14</b>	<b>19</b>	<b>21</b>	Female	9	7	7	Male	15	23	25	Portugal	11	16	20	Rest of the World	29	38	27	<b>Serious accident frequency index</b>	<b>0.4</b>	<b>0.5</b>	<b>0.7</b>	Female	–	–	0.7	Male	0.5	0.7	0.7	Portugal	0.4	0.2	0.4	Rest of the World	–	2.5	2.8	<b>Severity index</b>	<b>551</b>	<b>527</b>	<b>737</b>	Female	507	347	433	Male	565	586	800	Portugal	546	479	700	Rest of the World	580	820	986	Number of deaths	–	–	–	Female	–	–	–	Male	–	–	–	Portugal	–	–	–	Rest of the World	–	–	–	<b>Rate of absenteeism</b>	<b>5.0%</b>	<b>4.3%*</b>	<b>3.7%</b>	Female	6.6%	5.4%*	4.8%	Male	4.4%	3.9%*	3.3%	Portugal	5.4%	4.3%	3.7%	Rest of the World	2.3%	4.0%	3.6%		2020	2019	2018	<b>Number of accidents</b>	<b>6</b>	<b>12</b>	<b>32</b>	Female	2	1	2	Male	4	11	30	<b>Index of frequency of accidents</b>	<b>17</b>	<b>31</b>	<b>43</b>	Female	38	35	11	Male	13	31	54	<b>Number of deaths</b>	<b>–</b>	<b>–</b>	<b>–</b>	Female and Male	–	–	–	
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Female and Male	–	–	–																																																																																																																																																																
403-10	Work-related ill health	<p>5.2. Ensuring health and safety</p> <p>6.9. Methodological notes – Health and safety</p> <table> <tr> <th></th><th>2020</th><th>2019</th><th>2018</th></tr> <tr> <td><b>Work-related ill health</b></td><td><b>6</b></td><td><b>4</b></td><td><b>7</b></td></tr> <tr> <td>Female</td><td>16</td><td>4</td><td>10</td></tr> <tr> <td>Male</td><td>3</td><td>3</td><td>6</td></tr> <tr> <td>Portugal</td><td>7</td><td>4</td><td>8</td></tr> <tr> <td>Rest of the World</td><td>1</td><td>4</td><td>–</td></tr> </table>		2020	2019	2018	<b>Work-related ill health</b>	<b>6</b>	<b>4</b>	<b>7</b>	Female	16	4	10	Male	3	3	6	Portugal	7	4	8	Rest of the World	1	4	–																																																																																																																																									
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For this disclosure, the perimeter of the companies that report information for the sustainability report was considered, i.e. 278 indirect workers.

GRI Ref	DESCRIPTION	VALUE / LOCATION	SDG																																																
<b>Material Topic: Gri 404- Training and Education 2016</b>																																																			
103 - Management approach 2016																																																			
103-1	Explanation of the material topic and its boundary	The material topics of Corticeira Amorim were based on the crossing the results of stakeholder consultation with the internal perspective of the company and alignment with the SDG. With a direct relation to the training and education aspect, the theme "Training and Development" was considered to be a materiality topic of high importance (materiality matrix).																																																	
103-2	Management approach and respective components	Corticeira Amorim has promoted over the years several initiatives related to training and education (5.1.5. Training and development).																																																	
103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and discloses them in this Report (5.1.5. Training and development).																																																	
404-1	Average hours of training per year per employee	5.1.5. Training and development	4, 5, 8																																																
		<table> <tr> <th></th><th>2020</th><th>2019</th><th>2018</th></tr> <tr> <td>Board Members</td><td>11</td><td>3</td><td>5</td></tr> <tr> <td>Directors</td><td>25</td><td>24</td><td>36</td></tr> <tr> <td>Head of Department</td><td>18</td><td>14</td><td>36</td></tr> <tr> <td>Sales staff</td><td>20</td><td>11</td><td>19</td></tr> <tr> <td>Management Support Technicians</td><td>29</td><td>64</td><td>68</td></tr> <tr> <td>Team Leaders</td><td>24</td><td>12</td><td>29</td></tr> <tr> <td>Administrative Staff</td><td>15</td><td>10</td><td>14</td></tr> <tr> <td>Maintenance, Quality and Logistic Technicians</td><td>15</td><td>23</td><td>21</td></tr> <tr> <td>Production Operators</td><td>10</td><td>7</td><td>9</td></tr> <tr> <td><b>Women</b></td><td><b>15</b></td><td><b>18</b></td><td><b>23</b></td></tr> <tr> <td><b>Men</b></td><td><b>13</b></td><td><b>12</b></td><td><b>15</b></td></tr> </table>		2020	2019	2018	Board Members	11	3	5	Directors	25	24	36	Head of Department	18	14	36	Sales staff	20	11	19	Management Support Technicians	29	64	68	Team Leaders	24	12	29	Administrative Staff	15	10	14	Maintenance, Quality and Logistic Technicians	15	23	21	Production Operators	10	7	9	<b>Women</b>	<b>15</b>	<b>18</b>	<b>23</b>	<b>Men</b>	<b>13</b>	<b>12</b>	<b>15</b>	
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<b>Material Topic: Gri 405 - Diversity And Equal Opportunity 2016</b>																																																			
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103-1	Explanation of the material topic and its boundary	The material topics of Corticeira Amorim were based on comparing the results of stakeholder consultation with the internal perspective of the company and alignment with the SDG. With a direct relation to the diversity and equal opportunity aspect, the theme "Training and Development" was considered to be a materiality topic of high importance (materiality matrix).																																																	
103-2	The management approach and its components	Corticeira Amorim has promoted over the years several initiatives related to diversity and equality of opportunities (5.1.7. Diversity, inclusion and non-discrimination).																																																	
103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and discloses them in this (5.1.7. Diversity, inclusion and non-discrimination).																																																	
	Specific management forms	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	5.1.1. Characterisation of workers 5.1.7. Diversity, inclusion and non-discrimination 6.1. Methodological notes – Perimeter	5, 8
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	Age			Sex	
	< 30	30 – 50	>50	Female	Male
Board Members	–	6	17	4	19
Directors	1	52	39	11	81
Head of Department	9	56	29	31	63
Sales staff	7	50	35	19	73
Management Support Technicians	98	119	28	104	141
Team Leaders	7	44	32	17	66
Administrative Staff	21	128	80	143	86
Maintenance, Quality and Logistic Technicians	53	185	119	88	269
Production Operators	318	1,361	698	462	1,915
<b>Total 2018</b>	<b>473</b>	<b>1,753</b>	<b>1,060</b>	<b>831</b>	<b>2,455</b>
<b>Total 2019</b>	<b>538</b>	<b>1,764</b>	<b>1,109</b>	<b>864</b>	<b>2,547</b>
<b>Total 2020</b>	<b>514</b>	<b>2,001</b>	<b>1,077</b>	<b>879</b>	<b>2,713</b>

For this disclosure, the perimeter of the companies that report information for the sustainability report was considered, i.e. 3314 employees and 278 indirect workers.

405-2	Ratio of basic salary and remuneration of women to men	5.1.1. Characterisation of workers 5.1.7. Diversity, inclusion and non-discrimination 6.1. Methodological notes – Perimeter	5, 8
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**Salary ratio:**

	2020	2019	2018
Board Members	0.9	0.7	0.7
Directors	1.0	1.0	0.9
Head of Department	0.6	0.9	0.6
Sales staff	0.8	0.8	0.8
Management Support Technicians	1.2	1.1	1.2
Team Leaders	1.1	1.1	1.1
Administrative Staff	0.9	0.8	0.9
Maintenance, Quality and Logistic Technicians	1.0	0.9	1.0

**Remuneration ratio:**

	2020	2019	2018
Board Members	0.8	0.7	0.6
Directors	1.0	0.9	0.9
Head of Department	0.6	0.9	0.7
Sales staff	0.8	0.8	0.7
Management Support Technicians	1.2	1.0	1.1
Team Leaders	1.0	1.1	1.0
Administrative Staff	0.8	0.8	0.9
Maintenance, Quality and Logistic Technicians	0.9	0.8	0.9



GRI Ref	DESCRIPTION	VALUE / LOCATION	SDG
<b>Topic: Gri 413 – Local Communities 2016</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	3.3. Voluntary commitments 5.3. Community	
<b>Topic: Gri 414 – Social Evaluation of Suppliers 2016</b>			
414-2	Negative social impacts in the supply chain and actions taken	3.6. Value chain	8, 12, 17
<b>Topic: GRI 415 - Public Policy 2016</b>			
415-1	Political contributions	Corticeira Amorim assumes itself as a non-partisan and non-political organisation. It does not support financially, or in kind, under any circumstances, political parties, organisations or individuals associated with these, whose mission is essentially political.	

Mozelos, 29 March 2021

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

# [8] Independent Assurance Report

## Independent Limited Assurance Report of the Sustainability Report

(Free translation from the Original Independent Limited Assurance Report in Portuguese dated March 30, 2021.  
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 2020 Sustainability Report (hereinafter the "Sustainability Report") included in the "Report and Accounts 2020", relating to the sustainability activities carried out from 1 January to 31 December 2020.

### 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 2020;
  - ▶ Analytical review, on a sample basis, of the data calculated by Management, and verification of quantitative and qualitative information disclosed in the report;
  - ▶ Confirmation on how collection, consolidation, validation and report procedures are being implemented in selected operating units;
  - ▶ Verification of the conformity of the information included in the non-financial information statements with the results of our work.

6. Regarding sustainability reporting standards of the Global Reporting Initiative - GRI Standards, we performed a review of the self-evaluation made by Management of the adopted option to apply the GRI Standards 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 and by the Article 508-G of the Portuguese Companies Act and paragraph r) of the article 245-A of the Securities Market Code.

Porto, March 30, 2021

Ernst & Young Audit & Associados - SROC, S.A.  
Sociedade de Revisores Oficiais de Contas (nr. 178)

Represented by:

(signed)

Rui Manuel da Cunha Vieira - ROC nr. 1154  
Registered with the Portuguese Securities Market Commission under license nr. 20160766







# Consolidated Financial Statements

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The cork stopper gives everything to the wine, without demanding anything in return, offering its 800 million cells, which have unique characteristics.

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# Consolidated Statement of Financial Position



thousand euros	Notes	December 31, 2020	December 31, 2019
<b>Assets</b>			
Tangible assets	9	281,676	278,600
Intangible assets	10	16,170	10,852
Right of use	11	6,241	6,037
Goodwill	10	13,746	13,744
Biological assets		23	-
Investment property	12	5,403	5,387
Investments in associates and joint ventures	13	24,046	22,366
Other financial assets	14	1,603	1,550
Deferred tax assets	15	14,672	14,396
Other debtors	18	3,405	3,906
<b>Non-current assets</b>		<b>366,986</b>	<b>356,836</b>
Inventories	16	364,109	397,840
Trade receivables	17	161,360	165,484
Income tax assets	15	4,838	11,773
Other debtors	18	35,724	36,967
Other current assets	18	2,402	3,108
Cash and cash equivalents	19	70,266	22,144
<b>Current assets</b>		<b>638,699</b>	<b>637,316</b>
<b>Total Assets</b>		<b>1,005,684</b>	<b>994,152</b>
<b>Equity</b>			
Share capital	20	133,000	133,000
Other reserves	20	352,382	301,515
Net Income		64,326	74,947
Non-Controlling Interests	21	26,948	30,081
<b>Total equity</b>		<b>576,656</b>	<b>539,543</b>
<b>Liabilities</b>			
Interest-bearing loans	22	92,192	59,126
Other financial liabilities	24	21,436	23,269
Provisions	25	3,349	3,777
Post-employment benefits	26	2,068	1,687
Deferred tax liabilities	15	50,570	50,370
<b>Non-current liabilities</b>		<b>169,616</b>	<b>138,228</b>
Interest-bearing loans	22	88,791	124,108
Trade payables	23	110,402	132,086
Other financial liabilities	24	41,238	43,040
Other liabilities	24	17,216	15,235
Income tax liabilities	15	1,767	1,911
<b>Current liabilities</b>		<b>259,413</b>	<b>316,380</b>
<b>Total liabilities and equity</b>		<b>1,005,684</b>	<b>994,152</b>

(this statement should be read with the attached notes to the consolidated financial statements)

# Consolidated Income Statement by Nature

					thousand euros
4Q20 (non audited)	4Q19 (non audited)		Notes	2020	2019
168,692	178,434	Sales	8	740,113	781,060
-74,786	-79,388	Costs of goods sold and materials consumed		-350,210	-398,334
-8,308	-7,011	Change in manufactured inventories		-13,540	4,652
-28,826	-31,000	Third party supplies and services	27	-123,200	-124,753
-32,705	-33,391	Staff costs	28	-138,054	-139,902
1,588	187	Impairments of assets	29	645	-1,194
3,618	2,446	Other income and gains	30	13,509	10,046
-1,648	-2,358	Other costs and losses	30	-6,752	-6,851
<b>27,626</b>	<b>27,919</b>	<b>Operating Cash Flow (current EBITDA)</b>		<b>122,512</b>	<b>124,724</b>
-9,413	-8,843	Depreciation	9, 10, 11	-36,547	-35,177
<b>18,213</b>	<b>19,075</b>	<b>Operating Profit (current EBIT)</b>		<b>85,965</b>	<b>89,547</b>
-4,164	-581	Non-recurring results	31	-5,816	-1,620
-1,002	-891	Financial costs	32	-2,368	-2,177
50	81	Financial income	32	227	81
267	-146	Share of (loss)/profit of associates and joint-ventures	13	2,105	5,581
<b>13,364</b>	<b>17,538</b>	<b>Profit before tax</b>		<b>80,113</b>	<b>91,412</b>
3,774	4,040	Income tax	15	-11,502	-11,951
<b>17,138</b>	<b>21,577</b>	<b>Profit after tax</b>		<b>68,611</b>	<b>79,461</b>
-1,324	-1,039	Non-controlling Interest	21	-4,285	-4,514
<b>15,815</b>	<b>20,538</b>	<b>Net Income attributable to the shareholders of Corticeira Amorim</b>		<b>64,326</b>	<b>74,947</b>
<b>0,119</b>	<b>0,154</b>	<b>Earnings per share - Basic and Diluted (euros per share)</b>		<b>0,484</b>	<b>0,564</b>

(this statement should be read with the attached notes to the consolidated financial statements)

# Consolidated Statement of Comprehensive Income

thousand euros					
4Q20 (non audited)	4Q19 (non audited)		Notes	2020	2019
17,138	21,577	<b>Consolidated net Income for the period</b>		<b>68,611</b>	<b>79,461</b>
<b>Items that may be reclassified through income statement:</b>					
261	753	Change in derivative financial instruments' fair value	3	219	206
-4,216	-1,019	Change in exchange rate conversion differences and other	20 and 21	-3,317	624
399	500	Other comprehensive income of associates accounted for using the equity method	13	-76	-378
18	-527	Other comprehensive income		2	-832
<b>-3,538</b>	<b>-293</b>	<b>Other comprehensive income (net of tax)</b>		<b>-3,172</b>	<b>-380</b>
<b>13,600</b>	<b>21,284</b>	<b>Total Net comprehensive income</b>		<b>65,439</b>	<b>79,081</b>
<b>Attributable to:</b>					
13,000	20,539	Corticeira Amorim's Shareholders		61,638	75,135
600	745	Non-controlling Interests		3,801	3,946

(this statement should be read with the attached notes to the consolidated financial statements)  
(items in this Statement above are presented net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 15)

# Consolidated Statement of Cash Flow



thousand euros

4Q20 (non audited)	4Q19 (non audited)		Notes	2020	2019
<b>OPERATING ACTIVITIES</b>					
186,190	213,768	Collections from customers		791,945	816,503
-139,095	-162,101	Payments to suppliers		-591,768	-625,717
-26,791	-37,594	Payments to employees		-129,535	-139,541
20,304	14,073	<b>Operational cash flow</b>		70,642	51,245
-3,473	-6,992	Payments/collections - income tax		-4,897	-13,361
2,559	27,760	Other collections/payments related with operational activities		54,336	48,885
<b>19,390</b>	<b>34,841</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>120,081</b>	<b>86,769</b>
<b>INVESTMENT ACTIVITIES</b>					
<b>Collections due to:</b>					
2,086	-27	Tangible assets		2,873	1,081
-55	66	Financial investments		441	2,589
252	13	Other assets		552	235
11	156	Interests and similar gains		133	369
175	250	Dividends		350	500
<b>Payments due to:</b>					
-6,432	-19,572	Tangible assets		-36,621	-53,048
-1,261	-454	Right of use		-2,180	-1,816
4,852	107	Financial investments		-200	-12,085
-5,021	-3,246	Intangible assets		-5,890	-4,143
-	145	Other assets		-16	-
<b>- 5,392</b>	<b>- 22,563</b>	<b>CASH FLOW FROM INVESTMENTS</b>		<b>- 40,557</b>	<b>- 66,319</b>
<b>FINANCIAL ACTIVITIES</b>					
<b>Collections due to:</b>					
16,693	-8,563	Loans		66,619	40,000
1,353	-	Government grants		5,769	2,682
		Transactions with non-controlling interest		143	
523	791	Others		2,087	2,931
<b>Payments due to:</b>					
-15,180	-1,127	Loans		-68,696	-1,127
-678	-448	Interests and similar expenses		-2,099	-1,940
-7,068	-	Transactions with non-controlling interest	21	-7,068	-5,042
-	-11,305	Dividends paid to company's shareholders	20	-24,605	-35,910
-1,025	-535	Dividends paid to non-controlling interests	21	-1,948	-2,182
45	-2,755	Government grants		-613	-5,031
-137	-152	Others		-484	-446
<b>- 5,474</b>	<b>- 24,094</b>	<b>CASH FLOW FROM FINANCING</b>		<b>- 30,896</b>	<b>- 6,065</b>
8,523	-11,816	<b>Change in Cash</b>		48,628	14,385
80	-82	<b>Exchange rate effect</b>		-331	6
-	361	<b>Perimeter variation</b>		-	361
15,706	-12,451	<b>Cash and cash equivalentes at beginning of period</b>	19	-23,988	-38,740
24,309	-23,988	<b>Cash and cash equivalentes at end of period</b>	19	24,309	-23,988

(this statement should be read with the attached notes to the consolidated financial statements)

# Consolidated Statement of Changes in Equity

	Attributable to the shareholders of Corticeira Amorim, S.G.P.S., S.A.								Non- -controlling interests	Total equity
	Notes	Share capital	Paid-in capital	Hedge accounting	Exchange rate differences	Legal reserve	Other reserves	Net income		
Balance sheet as at January 1, 2019		133,000	38,893	6	-4,060	21,495	199,590	77,389	31,871	498,182
Assignment of the result from the previous year	20	-	-	-	-	2,977	74,412	-77,389	-	-
Dividends	20	-	-	-	-	-	-35,910	-	-1,901	-37,811
Perimeter variation	21	-	-	-	-	-	-	-	-	-
Changes in the percentage of interest retaining control	21	-	-	-	-	-	3,927	-	-3,835	92
Consolidated Net Income for the period	20 and 21	-	-	-	-	-	-	74,947	4,514	79,461
Change in derivative financial instruments' fair value	3	-	-	206	-	-	-	-	-	206
Change in exchange rate conversion differences	20 and 21	-	-	-	1,004	-	-	-	-380	624
Other comprehensive income of associates	13	-	-	-	-1,071	-	693	-	-	-378
Other comprehensive income		-	-	-	-	-	-644	-	-188	-832
Total comprehensive income for the period		-	-	206	-67	-	49	74,947	3,946	79,081
Balance sheet as at December 31, 2019		133,000	38,893	212	-4,127	24,471	242,068	74,947	30,081	539,543
Balance sheet as at January 1, 2020		133,000	38,893	212	-4,127	24,471	242,068	74,947	30,081	539,543
Assignment of the result from the previous year	20	-	-	-	-	2,129	72,818	-74,947	-	-
Dividends	20	-	-	-	-	-	-24,605	-	-1,948	-26,553
Perimeter variation	21	-	-	-	-	-	-	-	70	70
Changes in the percentage of interest retaining control	21	-	-	-	-	-	3,212	-	-5,056	-1,844
Consolidated Net Income for the period	20 and 21	-	-	-	-	-	-	64,326	4,285	68,611
Change in derivative financial instruments' fair value	3	-	-	219	-	-	-	-	-	219
Change in exchange rate conversion differences	20 and 21	-	-	-	-3,053	-	-	-	-264	-3,317
Other comprehensive income of associates	13	-	-	-	-1,863	-	1,787	-	-	-76
Other comprehensive income		-	-	-	-	-	222	-	-220	2
Total comprehensive income for the period		-	-	219	- 4,916	-	2,009	64,326	3,801	65,439
Balance sheet as at December 31, 2020		133,000	38,893	431	-9,043	26,600	295,502	64,325	26,948	576,656

(this statement should be read with the attached notes to the consolidated financial statements)



# Notes to the Consolidated Financial Statements

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Corticeira Amorim is implementing a sophisticated cork plank mapping system, based on robotisation, algorithms, laser readings, artificial intelligence, machine learning and optical vision.

7





# [1.] Introduction

At the beginning of 1991, Corticeira Amorim, S.A. was transformed into Corticeira Amorim, S.G.P.S., S.A., the holding company for the cork business sector of the Amorim Group. In this report, Corticeira Amorim will be the designation of Corticeira Amorim, S.G.P.S., S.A., and in some cases the designation of Corticeira Amorim, S.G.P.S. together with all of its subsidiaries.

Corticeira Amorim is mainly engaged in the acquisition and transformation of cork into a numerous set of cork and cork-related products, which are distributed worldwide through its network of sales companies.

Corticeira Amorim is a Portuguese company with its registered office in Mozelos, Santa Maria da Feira. Its share capital amounts to 133 million euros, which are publicly traded in the Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

Amorim – Investimentos e Participações, S.G.P.S., S.A. held, as of December 31, 2019 and December 31, 2020, 67,830,000 shares of Corticeira Amorim, corresponding to 51.00% of the share capital. Corticeira Amorim is included in the consolidation perimeter of Amorim – Investimentos e Participações, S.G.P.S., S.A., which is its controlling and parent company. Amorim – Investimentos e Participações, S.G.P.S., S.A. is 100% owned by the Amorim family.

These financial statements were approved in the Board Meeting of March 29, 2021. Shareholders have the capacity to modify these financial statements even after their release.

The year 2020 was inexorably marked by the COVID-19 pandemic. In this context, Corticeira Amorim showed great resilience in its financial statements, as can be seen in note 3 of financial risk management.

Except when mentioned, all monetary values are stated in thousand euros (Thousand euros = K euros = K€).

# [2.] Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

## A. BASIS OF PRESENTATION

Pursuant to Decree-Law No. 35/2005, dated 17 February, as subsequently amended by Decree-Law No. 98/2015 of 2 July, which transposed into Portuguese legislation the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, these consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC), adopted by the EU, effective as of 1 January 2019. Consolidated statements were prepared based on a going concern basis, based on historical cost, except in the case for financial instruments measured at fair value in accordance with IFRS 9, and non-monetary assets, which are adjusted for inflation, of the associate located in Argentina. The financial statements are prepared using the records as stated in the companies' books included in the consolidation which adopted local general accepted accounting principles. Accounting adjustments were made in order to comply with the International Financial Reporting Standards (IFRS) as adopted in the European Union for periods beginning on January 1, 2020.

## Changes in accounting policies and disclosures

The standards (new and amended) that became effective for the annual periods that started on January 1, 2020 are as follows:

- **IFRS 3** (amendment), 'Definition of a business. The amendment revises the definition of a business in order to account for business combinations. The new definition requires that an acquisition include an input, as well as a substantial process that jointly generate outputs. Outputs are now defined as goods and services rendered to customers, that generate investment income and other income, and exclude returns as lower costs and other economic benefits for shareholders. Optional 'concentration tests', for the assessment if one transaction is the acquisition of an asset or a business combination, are allowed.
- **IFRS 9, IAS 39 and IFRS 7** (amendment), 'Interest rate benchmark (IBOR) reform – phase 1'. These amendments are part of the first phase of IASB 'IBOR reform' project and provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting, regarding: i) risk components; ii) 'highly probable' requirement; iii) prospective assessment; iv) retrospective effectiveness test (for IAS 39 adopters); and v) recycling of the cash flow hedging reserve, the objective being that the interest rate benchmark reform does not cause hedge accounting to be discontinued. However, any hedge

ineffectiveness should continue to be recorded in the income statement.

- **IAS 1 and IAS 8** (amendment), 'Definition of material'. These amendments revise the concept of "material". Includes clarifications as to obscured information, its effect being similar to the omission or distortion of information; and also, clarifications as to the term 'primary users of general purpose financial statements', defined as 'existing or potential investors, lenders and other creditors' that rely on general purpose financial statements to obtain a significant part of the information that they need.
- **Conceptual framework**, 'Amendments to references in other IFRS'. As a result of the publication of the new Conceptual Framework, the IASB introduced changes to the text of various standards and interpretations, like: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions of asset / liability and expense / income, in addition to some of the characteristics of financial information. These amendments are retrospective, except if impractical.

These standards and amendments had no material impact on Corticeira Amorim's consolidated financial statements.

The published standards rules (new and amended), which are mandatory for annual periods beginning on or after 1 January 2020, already endorsed by the European Union are as follows:

- **IFRS 16** (amendment), 'Leases – COVID-19 related rent concessions' (effective for annual periods beginning on or after 1 June 2020). This amendment introduces a practical expedient for lessees (but not for lessors), which exempts them from assessing whether the rent concessions granted by lessors due to the COVID-19 pandemic are a modification to the lease contract, when three criteria are cumulatively met: i) the change in lease payments results in a revised fee for the lease that is substantially equal to, or less than, the fee immediately prior to the change; ii) any reduction in lease payments only affects payments due on or before June 30, 2021; and iii) there are no substantive changes to other lease terms and conditions. Lessees that elect to apply this practical expedient, recognise the change in rent payments, as variable rents in the period(s) in which the event or condition that triggers the reduced payment occurs. This amendment is applied retrospectively with the impacts reflected as an adjustment to retained earnings (or another equity component, as appropriate) at the beginning of the annual reporting period in which the lessee applies this amendment for the first time.
- **IFRS 4** (amendment), 'Insurance contracts – deferral of IFRS 9' (effective for annual periods beginning on or after 1 January 2021). This amendment addresses the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming IFRS 17 Insurance Contracts. In particular, the amendments to IFRS 4 extend the expiry date of the temporary exemption from applying IFRS 9 until 2023 in order to align the effective date of IFRS 9 with the new IFRS 17.
- **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16** (amendment) 'Interest rate benchmark (IBOR) reform – phase 2' (effective for annual periods beginning on or after 1 January 2021). This amendment is still subject to endorsement by



the European Union. These amendments address issues that arise during the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one, providing exemptions like: i) changes to designations and hedging documentation; ii) amounts accumulated in the cash flow hedge reserve; iii) assessment of retrospective effectiveness on a hedge relationship under IAS 39; iv) amendments to hedge relationships for groups of items; v) presumption that an alternative benchmark rate designated as a non-contractually specified risk component is separately identifiable and qualifies as a hedged risk; and vi) update the effective interest rate, with no gain or loss recognised, for financial instruments measured at amortised cost with changes in the contractual cash flows as a result of IBOR reform, including leases that are indexed to an IBOR.

No material impacts are estimated on the consolidated financial statements of Corticeira Amorim from the application of these standards and amendments.

The published standards (new and amended), which are mandatory for annual periods beginning on or after 1 January 2020, but which the European Union has not yet endorsed, are as follows:

- **IAS 1** (amendment), 'Presentation of financial statements – classification of liabilities' (effective for annual periods beginning on or after 1 January 2023). This amendment is still subject to endorsement by the European Union. This amendment intends to clarify that liabilities are classified as either current or non-current balances depending on the rights that an entity has to defer its payment, at the end of each reporting period. The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists, but should not consider whether or not the entity will exercise that right), or by events occurring after the reporting date, such as the non-compliance with a given "covenant". This amendment also introduces a new definition of "settlement" of a liability. This amendment is applied retrospectively.
- **IAS 16** (amendment), 'Proceeds before intended use' (effective for annual periods beginning on or after 1 January 2022). This amendment is still subject to endorsement by the European Union. This amendment changes the accounting treatment of the proceeds obtained from the sale of products that resulted from the production test phase of property, plant and equipment, prohibiting their deduction to the acquisition cost of assets. This amendment is applied retrospectively without restating comparatives.
- **IAS 37** (amendment), 'Onerous Contracts – Cost of Fulfilling a Contract' (effective for annual periods beginning on or after 1 January 2022). This amendment is still subject to endorsement by the European Union. This amendment specifies that when assessing whether a contract is onerous or not, only expenses directly related to the performance of the contract, such as incremental costs related to direct labour and materials and the allocation of other expenses directly related to the allocation of depreciation expenses of tangible assets used to carry out the contract, can be considered. This amendment must be applied to contracts that, at the beginning of the first annual reporting period to which the amendment is applied, still include contractual obligations to be satisfied, without restating comparatives.
- **Annual Improvements 2018 – 2020**, (effective for annual periods beginning on or after 1 January 2022). These improvements are still subject to endorsement by the European Union. The 2018-2020 annual improvements impact: IFRS 1, IFRS 9, IFRS 16 and IAS 41. This standard is still subject to endorsement by the European Union.
- **IFRS 3** (amendment), 'Reference to the Conceptual framework' (effective for annual periods beginning on or after 1 January 2022). This amendment is still subject to endorsement by the European Union. This amendment updates the references to the Conceptual Framework in the text of IFRS 3, without changing the accounting requirements for business combinations. This amendment also clarifies the accounting treatment to be given to contingent liabilities and liabilities under IAS 37 and IFRIC 21, incurred separately versus within a business combination. This amendment is applied prospectively.
- **IFRS 17** (new), 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2023). This standard is still subject to endorsement by the European Union. This new standard replaces IFRS 4 and applies to all entities issuing insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a general model "building block approach" or a simplified one "premium allocation approach". The "building block approach" is based on discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ('CSM'), which represents the unearned profit of the contract. Subsequent changes in estimated cash flows are adjusted against the contractual service margin, unless it becomes negative. IFRS 17 is applied retrospectively.
- **IFRS 17** (amendment), 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2023). This standard is still subject to endorsement by the European Union. This amendment includes specific changes in eight areas of IFRS 17, such as: i) scope; ii) level of aggregation of insurance contracts; iii) recognition; iv) measurement; v) modification and derecognition; vi) presentation of the Statement of Financial Position; vii) recognition and measurement of the Income statement; and viii) disclosures. This amendment also includes clarifications, which aim to simplify some of the requirements of this standard and ease transition. IFRS 17 is applied retrospectively. On the issue this amended the end date for applying IFRS 9 (temporary exemption or overlay approach) under the IFRS 4 standard, was extended to 1 January 2023, aligned with the effective date of IFRS 17.

Corticeira Amorim is evaluating the impact resulting from these changes and will apply these standards in the year in which they become effective, or in advance when permitted.

## B. CONSOLIDATION

### Group companies

The consolidated financial statements include, in reference to 31 December 2020, assets, liabilities, profit and loss of the companies in the Group, understood as the entirety of Corticeira Amorim and its subsidiaries, which are presented in Note 6.

An entity is classified as a subsidiary when it is controlled by the Group. Control exists only where the Group has, cumulatively:

- a. Power over the investee;
- b. Exposure to or rights over variable results derived from its relationship with the investee; and
- c. The ability to use its power over the investee to affect the amount of the results for investors.

Generally, it is assumed that there is control when the Group holds the majority of voting rights. In order to support this assumption and in cases where the Group does not hold the majority of voting rights in the investee, all relevant facts and circumstances are taken into account when determining the existence of power and control, such as:

- a. Any contractual agreements with other holders of voting rights;
- b. Any rights arising from other contractual agreements;
- c. Existing and potential voting rights.

The existence of control by the Group is re-evaluated whenever there is a change in any facts and circumstances that lead to changes in one of the three factors of control mentioned above.

Subsidiaries are included in the consolidation according to the full consolidation method, from the date when control is acquired until the date it effectively ends.

Intergroup balances and transactions, as well as any unrealised gains on transactions between companies in the Group, are eliminated. Unrealised losses are also eliminated, unless the transaction demonstrates impairment of a transferred asset.

The accounting policies of subsidiaries are changed whenever necessary to ensure consistency with the policies adopted by the Group.

A change in the participating interest in a subsidiary that does not entail loss of control is recorded as a transaction between shareholders. If the Group loses control over the subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised and any gains or losses are recognised in the income statement. Investments retained are recognised at fair value at the time of the loss of control.

In situations where the Group has substantial control of entities created for a specific purpose, even if it has no direct shareholdings in these entities, they shall be consolidated using the full consolidation method.

Net assets of subsidiaries consolidated through the full consolidation method attributable to the equity stake or shares held by any third parties are recorded in the consolidated statement of financial position, in the line item non-controlling interest.

Interests held by any third parties over the net income of subsidiaries are identified and adjusted by deduction from the equity attributable to the Group shareholders and recorded in the consolidated income statement, in the line item non-controlling interest.

## Financial holdings in associates and joint ventures

Associates are companies over which Corticeira Amorim exercises significant influence, understood as the power to participate in the financial and operating policy-making process, without, however, exercising control or joint control. Generally, it is assumed that there is a significant influence whenever the holding percentage exceeds 20%.

The classification of financial investments in joint ventures is determined based on the existence of shareholders' agreements that demonstrate and regulate joint control, which is understood to exist when decisions on activities relevant to the venture require a unanimous agreement between the parties.

The existence of significant influence or joint control is determined based on the same type of facts and circumstances applicable in the assessment of control over subsidiaries.

These holdings are consolidated by the equity method, this is, the consolidated financial statements include the Group's interest in the total recognised gains and losses of the associate/joint venture, from the date on which significant influence/control begins until the date on which it effectively ends. Dividends received from these companies are recorded as a reduction in the value of financial investments.

The Group's share of gains and losses in associates/joint ventures is recognised in the income statement, and its share of operations in post-acquisition reserves are recognised in reserves. The cumulative post-acquisition operations are adjusted according to the cumulative operations in the financial investment. When the Group's share of losses in an associate/joint venture equals or exceeds its investment in that entity, including any unsecured receipt transaction, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate/joint venture.

Any excess of the cost of acquisition of a financial investment over the Group's share in the fair value of the assets, liabilities and contingent liabilities identified on the date of acquisition of the associate/joint venture is recognised as goodwill, which is included in the value of the financial holding and whose recovery is assessed annually as part of the financial investment. If the cost of acquisition is lower than the fair value of the net amount of the assets of the associate/joint venture, the difference is recorded directly in the consolidated income statement.

Unrealised gains from transactions between the Group and its associates/joint ventures are eliminated to the extent of the Group's share in the respective associates/joint ventures. Unrealised losses are also eliminated, unless the transaction demonstrates 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 currency of the country where Corticeira Amorim, S.G.P.S., S.A. has its registered office, 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 rate 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 recognised 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 rate differences of this conversion are registered in an equity account "Exchange rate conversion differences" which is part of the line "Other reserves".

Whenever a non-euro subsidiary is sold or liquidated, accumulated exchange rate conversion differences recorded in equity is registered as a gain or a loss in the consolidated income statement by nature.

Inflationary effects are recognised in the financial statements when the economy of the currency in which the Entity's transactions are recorded is considered hyperinflationary. In 2019 and 2020, Argentina is considered a hyperinflationary economy, so the associate located in this country recognised the accumulated inflation adjustments.

## Business combinations and goodwill

The acquisition method is the method used to recognise the entry of subsidiaries in Corticeira Amorim upon their acquisition.

In the acquisition method, the difference between: (i) the consideration transferred along with the non-controlling interests and the fair value of the equity interests previously held, and (ii) the net amount of identifiable assets acquired and liabilities assumed, is recognised, on the date of acquisition, as goodwill, if positive, or as a gain, if negative.

The consideration transferred is measured at fair value, calculated as the aggregate amount of fair values, on the date of acquisition, of assets transferred, liabilities incurred and equity instruments issued by Corticeira Amorim. For the purpose of determining goodwill/gains resulting from the combination, the transferred consideration is removed from any part of the consideration that concerns another transaction (e.g. remuneration for the provision of future services or settlement of pre-existing relationships) whose margin is recognised separately in profit or loss.

The transferred consideration includes the fair value, on the date of acquisition, of any contingent consideration. Subsequent changes in this value are recognised: (i) as equity if the contingent consideration is classified as equity, (ii) as an expense or income in profit or loss or as other comprehensive income if the contingent consideration is classified as a financial asset or liability and (iii) as expenses, according to IAS 37 or other applicable standards, in remaining cases.

Expenses related to the acquisition are not part of the transferred consideration, so they do not affect the determination of goodwill/gains resulting from the acquisition and are recognised as expenses in the year they occur.

On the date of acquisition, the classification and designation of all assets acquired and liabilities transferred are reassessed in accordance with IFRS, with the exception of insurance contracts, which are classified and designated based on the contractual terms and conditions, on the commencement date.

Assets arising from contractual indemnities paid by the seller concerning the outcome of contingencies related, in whole or in part, to a specific liability of the combined entity, shall be recognised and measured using the same principles and assumptions of the related liabilities.

The determination of the fair value of assets acquired and liabilities assumed takes into account the fair value of contingent liabilities arising from a present obligation caused by a past event (if the fair value can be reliably measured), regardless of whether an outflow is expected or not.

For each acquisition, Corticeira Amorim can choose to measure "non-controlling interests" at their fair value or by their respective share in the fair value in the assets and liabilities transferred from the acquiree. The choice of a method influences the determination of the amount of goodwill to be recognised. When the business combination is achieved in stages, the fair value on the date of acquisition of the interests held is remeasured to the fair value on the date when control is obtained, by a contrary booking in the income for the period in which control is achieved, affecting the determination of goodwill.

Whenever a combination is not completed on the reporting date, the provisional amounts recognised on the date of acquisition shall be adjusted retrospectively, for a maximum period of one year from the date of acquisition and any additional assets and liabilities shall be recognised if new information is obtained on facts and circumstances existing on the date of acquisition which would result in the recognition of such assets and liabilities, should it have been known on that date.

Goodwill is considered to have an indefinite useful life and thus is not amortisable, being subject to annual impairment tests, regardless of whether or not there is any indication of impairment.

For the purpose of impairment testing, goodwill is allocated, on the date of acquisition, to each of the cash generating units expected to benefit from the business combination, regardless of the remaining assets and liabilities also associated with the cash-generating unit. When the operation, or part of it, associated with a cash generating unit is disposed of, the allocated goodwill is also derecognised and included in the balance of gains/losses of the disposal, calculated as the base for its relative value.

Goodwill related to investments in companies based abroad is recorded in those companies' reporting currency and translated into Euro at the exchange rate in force on the balance sheet date.

### Agreement to acquire non-controlling interest

Corticeira Amorim chooses to treat multiple transactions in a business combination as separate acquisitions.

When the facts and circumstances indicate that Corticeira Amorim has no control over the shares subject to the agreement, Corticeira

Amorim chooses the approach of full recognition of non-controlling interest, in which non-controlling interest continue to be recognised in equity until the moment when the subsequent agreement is implemented. The recognised value of non-controlling interest changes due to allocation of results, changes in other comprehensive income and dividends declared in the reporting period as referred to in note 2 letter b).

When there is an agreement to acquire an additional interest in a subsidiary, a financial liability is recorded. The financial liability for the agreement is accounted for under IFRS 9. On initial recognition, the corresponding debit is made to another component of "Equity" attributable to the parent company. Subsequent changes in the value of the financial liability that result from the remeasurement of the present value payable are recognised in the income statement attributable to the parent company.

When the agreement is realised, Corticeira Amorim accounts for an increase in its ownership interests. At the same time, the financial liability and recognises 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 recognised 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 recognised as an expense in the period in which they are incurred.

Financial charges related to financing for production/acquisition of assets are added to the cost of these assets.

Depreciation is calculated on the straight-line basis, over the following years, which represent a reasonable estimate of the useful lives:

	Number of years
Buildings	20 to 50
Basic equipment	4 to 10
Transportation equipment	4 to 7
Office equipment	4 to 8

Depreciation is charged since the beginning of the moment in which the asset is ready to use. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Current maintenance on repair expenses are charged to the actual income statement in which they occurred. Cost of operations that can extend the useful expected life of an asset, or from which are expected higher and significant future benefits, are capitalised.

In the event of impairment loss, the value of the tangible fixed asset is adjusted, with the respective adjustment considered a loss for the year.

Gains and losses and disposals are included in the income statement.

### D. INTANGIBLE ASSETS

Intangible assets are initially measured at cost. Subsequently they are measured at cost less accumulated depreciation.

Research expenditures are recognised in the income statement as incurred.

Expenditure on project development will only be capitalised from the moment it is demonstrate its technical feasibility, the company has the intention and the ability to complete, use or sell it and that future economic benefits are expected from it.

Amortisation of the intangible assets is calculated by the straight-line method, and recorded as the asset qualifies for its required purpose:

	Number of years
Industrial property	10 to 20
Software	3 to 6

The estimated useful lives 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 they are measured at acquisition cost less cumulative depreciations and impairment, until the residual value.

Periods and methods of depreciation are those indicated in the note of tangible fixed assets.

Properties are derecognised when sold. When used in regular activity they are reclassified as a tangible fixed asset. When land and buildings are no longer assigned to the Group's activities, they will be reclassified from tangible fixed asset to an investment property.

### G. NON-FINANCIAL ASSETS IMPAIRMENT

Intangible assets with indefinite useful lives are not amortised but are annually tested for impairment, or more frequently if there are events or changes in circumstances that indicate impairment.

Assets under depreciation are tested for impairment purposes whenever an event or change of circumstances indicates that its book value cannot be recovered.

For the estimate of impairments, assets are allocated to the lowest level for which there is separate identifiable cash flows (cash generating units).

In assessing impairment, both internal and external sources of information are considered. Tests are carried out if the level of

profitability of cash-generating units is consistently below a minimum threshold, from which there is risk of impairment of assets. Impairment tests are also performed whenever management makes significant changes in operations (for example, total or partial discontinuation of the activity).

Impairment tests are performed internally. Whenever impairment tests are performed, future cash flows are discounted at a specific rate for the cash-generating unit, which includes the risk of the market where it operates.

The Group uses external experts (appraisers) only to determine the market value of land and buildings in situations of discontinuation of operations, where they are no longer recovered by use.

Impairment losses are recognised 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 cannot 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

Upon initial recognition, financial assets are classified and subsequently measured at amortised cost, at fair value through other comprehensive income (OCI), or at 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

marketplace (regular way trades) are recognised on the trade date, that is, the date that Corticeira Amorim commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

#### Financial assets at amortised cost (debt instruments)

This category is the most relevant to Corticeira Amorim. Corticeira Amorim measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and other debtors.

#### Financial assets at fair value through OCI (debt instruments)

Corticeira Amorim measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding it to collect the contractually-foreseen cash flows and the cash flow proceeding from its sale;
- 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, 2020, 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, 2020, 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.

For debt instruments at fair value through OCI, Corticeira Amorim applies the low credit risk simplification. At every reporting date, Corticeira Amorim evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, Corticeira Amorim reassesses the internal credit rating of the debt instrument.

Corticeira Amorim considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, Corticeira Amorim may also consider a financial asset to be in default when internal or external information indicates that Corticeira Amorim is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## 2) Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Corticeira Amorim financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, reimbursable grants and derivative financial instruments.

The Group contracts confirming operations with financial institutions, which will be classified as reverse factoring agreements. These agreements are not used to manage the liquidity needs of the group as long as the payment remains on the due date of the invoices (on that date the advance amounts are paid to the financial institution by the group). For this reason, and since they do not give rise to financial expenses for the group, the amounts of the invoices advanced to the suppliers that adhere to these contracts are kept in liabilities, in trade payables, and the payments at the due time are treated as operational payments. The supplier confirming operations are classified as operating in the Statement of Cash Flows.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

#### Loans and borrowings

This is the category most relevant to Corticeira Amorim. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and also including reimbursable grants at nil or below-market rate of interest.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## 3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 4) Derivative financial instruments and hedge accounting

### Initial recognition and subsequent measurement



Corticeira Amorim uses derivative financial instruments, such as forward currency contracts, currency swaps, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, Corticeira Amorim formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how Corticeira Amorim will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- i. There is 'an economic relationship' between the hedged item and the hedging instrument;
- ii. The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- iii. The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

#### Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of Corticeira Amorim commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

#### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Corticeira Amorim only designates the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

#### Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

As of December 31, 2020, Corticeira Amorim had no hedging instruments for a net investment.

## **I. INVENTORIES**

Inventories are valued at the lower of acquisition cost or production cost and net realisable value. Acquisition cost includes direct and indirect expenses incurred in order to have those inventories at its present condition and place. Production cost includes used raw

material costs, direct labour, other direct costs and other general fixed production costs (using normal capacity utilisation).

Year-end quantities are determined based on the accounting records, which are confirmed by the physical inventory taking. Raw materials, consumables and by-products are valued at weighted average cost, and finished goods and work-in-progress at the average production cost which includes direct costs and indirect costs incurred in production.

Where the net realisable value is lower than production cost, inventory impairment is registered. This adjustment will be reversed or reduced whenever the impairment situation no longer takes place.

The raw materials usually present alternative use without significant loss of value (for example through changes in caliber, reprocessing or use as raw material in other units). In these cases a specific analysis of impairment is made, being that impairment situations in this instance are reduced.

The intermediate and finished products are not as susceptible of alternative use. In these cases, the amount by which inventories are expected to be realised is influenced by the age of those inventories. Thus, in addition to the specific analysis (priority form of determination of net realisable value), the group applies a criteria based on the rotation to estimate the reduction of expected value of these materials in function of their ageing.

## **J. INCOME TAX - CURRENT AND DEFERRED**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where Corticeira Amorim operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in this account heading and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is calculated using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, 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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the

deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The provisions for ongoing tax contingencies related to income tax are classified under deferred taxes. In the case of tax legal proceedings, they are annually increased by calculating interest and penalties defined by law.

## **K. EMPLOYEE BENEFITS**

Corticeira Amorim's Portuguese employees benefit exclusively from the national welfare plan. Employees from foreign subsidiaries are either 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 recognised 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 achievement by Corticeira Amorim with a pre-established level of profits.

## L. PROVISIONS

Provisions are recognised when Corticeira Amorim has a present legal or constructive obligation as a result of past events, when it is more likely than not an outflow of resources will be required to settle the obligation and when a reliable estimation is possible.

Provisions are not recognised for future operating losses. Restructuring provisions are recognised with a formal detail plan and when third parties affected are informed.

The main items of provisions were recorded based on their nominal value. Provisions for ongoing proceedings are annually increased by the calculation of interest and fines, as defined by law. In all other cases, given the uncertainty regarding the timing of the outflow of resources to cover liability, it is not possible to reliably estimate the effect of the discount, which is estimated to be not material.

When there is a present obligation, resulting from a past event, but it is not probable that an 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 recognised in the financial statements but disclosed when it is probable the existence of an economic future inflow of resources.

## M. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recorded when the control of goods and services is transferred to customers for an amount corresponding to the compensation that Corticeira Amorim expects to receive in exchange for such goods or services.

Corticeira Amorim generally acts as the “principal” in its agreements with customers, because Corticeira Amorim typically controls the goods and services before transferring them to customers.

The most significant judgments, estimates and assumptions related to the revenue from contracts with customers are disclosed in Note 4.

Revenue from the sale of products is recognised 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 recognised 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 expectable returns changes.

- Quantity discount

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.

The Floor and Wall Coverings BU offers guarantees of proper operation of its products for certain types of contracts. 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 amortised cost.

The grants received are classified as a financial activity in the Statement of Cash Flows.

## O. RIGHT OF USE AND LEASING

Corticeira Amorim assesses, at the commencement date of the contract, whether it is or contains a lease. That is, if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

Corticeira Amorim applies a unique recognition and measurement approach to all leases, except for short-term and low-value asset leases. Corticeira Amorim recognises lease liabilities corresponding to payments made and right-of-use assets that represent the right to use the underlying assets.

### Right of use

As a lessee, Corticeira Amorim recognises the right of use assets on the lease start date (that is, the date on which the underlying asset is available for use). The right of use assets is measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the right of use assets includes the amount of recognised lease liabilities, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated using the straight-line method over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Number of years
Land	60
Buildings	3 to 10
Vehicles	3 to 5

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are also subject to impairment, in accordance with the policy presented in note g) Impairment of non-financial assets.

### Lease liabilities

At the commencement date of the lease, Corticeira Amorim recognises lease liabilities measured at the present value of the payments to be made over the term of the contract. Lease payments include fixed payments less any incentives receivables, variable lease payments that depend on an index or rate and amounts you expect to pay related to residual value guarantees. Lease payments also include the exercise price of a purchase option, if it is reasonably expected to be exercised by Corticeira Amorim and payments of penalties for terminating the lease, if the lease term reflects the Corticeira Amorim exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, Corticeira Amorim uses an incremental borrowing rate on the lease start date, because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Corticeira Amorim’s lease liabilities are included in interest-bearing debt.

### Short-term lease and lease of low-value assets

Corticeira Amorim applies the short-term lease recognition exemption, i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

### Corticeira Amorim as a lessor

Leases in which Corticeira Amorim does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

As of December 31, 2020, Corticeira Amorim has no assets as a lessor.

## P. EQUITY

Ordinary shares are included in equity.

When Corticeira Amorim acquires own shares, the acquisition value is recognised in equity to be deducted from its amount, in the entry “Treasury Stock”.

## **Q. NON-RECURRING 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 account heading “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 account heading “Cash and cash equivalents” also includes bank overdrafts included in the account heading “Bank loans” and financial assets held for trading.

## **S. LOAN EXPENSES**

The Group capitalises 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 recognises 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 recognise events that, after the balance sheet date, provide information on conditions that occur after the balance sheet date.







# [3.] Financial Risk Management

Corticeira Amorim's 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. The spread of the COVID-19 pandemic and the measures taken to contain it had a significant impact on the financial risks to which Corticeira Amorim may be submitted, requiring the reinforcement of its monitoring and control.

## Market Risk

Regarding market risk, although impacted by the pandemic (exchange rate risk, interest rate and price of raw materials), they were not significantly affected by the current context, maintaining the monitoring procedures reported on December 31, 2019. The volatility of the international markets requires rigorous compliance with the procedures that were already defined, in order to avoid the possible impact of adverse events.

### 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. If the exchange rate hedging policy did not exist, the 1% increase in the USD exchange rate, keeping all other variables constant, would lead to a earnings before tax result of 1.2 M€. As for book orders up to 90 days, each Business Unit responsible will decide according to exchange rate evolution. Book orders, considered relevant, due after 90 days, will be presented by the Business Unit responsible to the Corticeira Amorim Board.

As of December 31, 2020, taking into account the relationship between the amount of the group's exposure to financial assets and liabilities in foreign currency and the notional amount of hedges contracted, exchange rates different from the Euro currency (particularly USD), would have no material effect in the consolidated results of the group. As for hedge book orders any effect would be registered in Equity. As for non-euro net investments in subsidiaries/associate, any exchange rate effect would be registered in Equity, because Corticeira Amorim does not hedge this type of assets. The amount recorded under Exchange rate differences, including the effect of not covering these investments, reached the amount of -9,043 K€ as of December 31, 2019 (-4,127 K€).

### B. INTEREST RATE RISK

As of 31 December 2020, of the total interest-bearing debt, 68 M€ had interest at a fixed rate, of which 15 M€ until 2024 and 35 M€ until 2025. As of December 31, 2019, the value was 32.7 M€.

Interest rate risk results, essentially, from non-current bank financing obtained at a variable rate and from emissions under the commercial paper programme.

As of December 31, 2020, if interest rates were 0.1 percentage points higher, with the remaining variables remaining constant, the pre-tax result would be lower by around 186 thousand euros (150 thousand

euros in 2019) 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 specialised staff, mainly in Portugal, Spain and North Africa. The objective of the buyer's team is to maximise the price / quality ratio of the purchased cork and simultaneously ensure the purchase of sufficient quantity for the desired level of production.

The cork market is an open market where price is determined by the supply and demand law. The price offered by Corticeira Amorim is determined business by business, and depends essentially on the estimated quality of cork. Corticeira Amorim does not have the ability to set the purchase price of the campaign, and this is a result of the operation of the market.

The purchase is concentrated in a certain period of the year, in which the raw material supply is guaranteed for the whole of the following year, the sales prices of the finished products and margins of the business are defined taking into account the cost of acquiring the raw material and estimated availability for the annual campaign.

## Credit Risk

Credit risk is due, mainly, to receivables from customers related to trade sales.

The credit risk results, essentially, from the accounts receivable from customers resulting from commercial transactions. the context of the pandemic, in the management of credit risk there have been no significant changes in the procedures adopted, having reinforced the collection measures that existed previously. Corticeira Amorim is attentive to the issue of collection of accounts receivable, but in a universe of almost 30,000 customers around the world, the risk is significantly distributed. The credit risk is naturally reduced in face of the dispersion of sales by a very high number of clients, spread across all continents, none representing more than 2% of total sales.

Credit risk is monitored by the operating companies Financial Departments, taking in consideration its history of trade relations, financial situation as well as other types of information that Corticeira Amorim business network has available related with each trading partner. Credit limits are analysed and revised, if necessary, on a regular basis. Due to the high number of customers, spread through all continents, the most important of them weighting less than 3% of total sales, credit risk is naturally diminished.

Normally no guarantees are due from customers. Corticeira Amorim in non-recurring situations use credit insurance.

Credit risk derives also from cash and cash equivalents balances and from financial derivative instruments. Corticeira Amorim previously analysis the ratings of the financial institutions so that it can minimise the failure of the counterparts.

The maximum credit risk is the one that results from the failure to receive all financial assets (December 2020: 263 million euros and December 2019: 220 million euros).

Corticeira Amorim's Cash and Equivalents is dispersed by more than 90 subsidiaries. In 2020 there was a significant increase in this rubric, to address the possible liquidity risk (see next point). In terms of the quality of credit risk, associated to Cash and Equivalents, as of December 31, 2019, Corticeira Amorim selects financial institutions whose rating does not risk the realisation of these assets. It should be noted that of the total Cash and Equivalents (70 M€), about 46 M€ are deposited in a financial institution (private capital) with the following ratings: Moody's Baa1 / P-2; Fitch: BBB+ / F2.

## 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 strategy offers the necessary flexibility to conduct its business.

Financial liabilities' estimated non-discounted cash flows by contractual maturities are as follows:

(thousands of euros)	Up to 1 year	1 to 2 years	2 to 4 years	More than 4 years	Total
Interest-bearing loans (note 22)	124,108	10,712	31,916	16,498	183,234
Other financial liabilities (note 24)	43,040	9,558	10,242	3,470	66,310
Trade payables (note 23)	132,086				132,086
<b>Total as of December 31, 2019</b>	<b>299,234</b>	<b>20,270</b>	<b>42,158</b>	<b>19,968</b>	<b>381,630</b>
Interest-bearing loans (note 22)	88,791	31,603	23,476	37,113	180,983
Other financial liabilities (note 24)	41,238	8,272	7,512	5,650	62,674
Trade payables (note 23)	110,402				110,402
<b>Total as of December 31, 2020</b>	<b>240,431</b>	<b>39,876</b>	<b>30,988</b>	<b>42,763</b>	<b>354,058</b>

Liquidity risk coverage is done, essentially, by the existence of a set of credit lines and commercial paper emission programmes immediately available, and, eventually, by the existence of bank deposits. As a result of the COVID-19 pandemic, Corticeira Amorim reinforced those lines and programmes that were previously available and contracted new financing. Therefore, Corticeira Amorim ended the year with unused credit lines and programmes for issuing commercial paper totalling €260.9 million (at December 31, 2019 the comparable figure was €188 million). If we add Cash and Equivalents, the Liquidity Reserve at the end of 2020 was €331.2 M (€210 M at December 31, 2019).

This way, the COVID-19 pandemic is not expected to undermine Corticeira Amorim's liquidity.

Based on estimated cash flows, 2021 liquidity reserve, composed mainly by non-used credit lines, will be as follows:

2021	million euros
<b>Opening balance</b>	<b>331</b>
Operating cash-flow	128
Capex	-37
Interest and dividends	-26
Income tax	-15
Financial cash-flow (including bank debt payments)	-5
<b>Closing balance</b>	<b>376</b>

*Note: includes dividends to be approved in the April 23, 2021 shareholders meeting*

The financial cash-flow assumes that at the end of 2021, the level of unused credit lines (260.9 M€) is equal to that of the beginning of the year and cash and cash equivalents will be approximately 70 M€.

## Capital Risk

Corticeira Amorim's 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, makes it possible to fulfil this objective. Corticeira Amorim is a solid company with an appropriate and balanced capital structure, responsible for an activity which is fundamental for the sustainability of the whole cork industry. Without the cork stoppers produced by Corticeira Amorim, thousands of wineries and bottlers would not be able to operate in the most varied geographical areas.

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:

	thousands of euros		
	December 31, 2020	December 31, 2019	December 31, 2018
Equity	576,656	539,543	498,234
Assets	1,005,684	994,152	966,074
<b>Equity/ Assets</b>	<b>57.3%</b>	<b>54.3%</b>	<b>51.6%</b>

It is not estimated that any significant adverse effects of the COVID-19 pandemic would threaten the continuity of Corticeira Amorim's operations.

## 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, 2020, derivative financial instruments recognised as assets in the consolidated statement of financial position were 1,973 K€ as assets (31/12/2019: 111 K€) and 164 K€ as liabilities (31/12/2019: 234 K€), as stated in notes 18 and 24.

Corticeira Amorim uses forward outright and options to hedge exchange rate risk, as shown below. Evaluating exchange rate hedge instruments requires the utilisation of observable inputs (level 2). Fair value is calculated using a proprietary model of Corticeira Amorim, developed by Reuters, using discounted cash flows method for forwards outright. As for options, it is used the Black & Scholes model.

The only financial liability with level 3 corresponds to the agreement to acquire the additional interest in subsidiaries. The conditions can be seen in note 24.

## Summary of the derivative financial instruments' fair value:

Nature	Hierarchy	Type	thousand euros			
			2020		2019	
			Notional	Fair Value	Notional	Fair Value
		Cash flow hedge	12,174	576	–	–
		Fair value hedge	26,373	1,436	12,880	111
		Trading derivatives	–	–40	–	–
		<b>Level 2 total</b>	<b>38,547</b>	<b>1,973</b>	<b>12,880</b>	<b>111</b>
<b>Total assets</b>			<b>38,547</b>	<b>1,973</b>	<b>12,880</b>	<b>111</b>
		Cash flow hedge	–	–	24,015	– 272
		Fair value hedge	6,412	– 164	15,333	295
		Trading derivatives	–	–	–	212
		<b>Level 2 total</b>	<b>6,412</b>	<b>– 164</b>	<b>39,349</b>	<b>234</b>
		Agreement for the acquisition of additional ownership interest in a subsidiary	10,000	– 9,962	15,349	14,963
		<b>Level 3 total</b>	<b>10,000</b>	<b>– 9,962</b>	<b>15,349</b>	<b>14,963</b>
<b>Total liabilities</b>			<b>16,412</b>	<b>– 10,126</b>	<b>54,698</b>	<b>15,197</b>

The main inputs used in valuation are forward exchange rate curves and estimates of currency volatility.

### Exchange rate contracts

As of December 31, 2020, options contracts and forward outright related with sales currencies were as follows:

	thousand euros			
	2020		2019	
USD	34,578	93%	40,986	93%
ZAR	2,198	6%	2,572	6%
HUF	299	1%	–	0%
RUB	–	0%	352	1%
<b>Forward - long positions</b>	<b>37,075</b>	<b>100%</b>	<b>43,910</b>	<b>100%</b>
USD	5,236	98%	1,118	100%
HUF	100	2%		
<b>Forward - short positions</b>	<b>5,336</b>	<b>98%</b>	<b>1,118</b>	<b>100%</b>
USD	–		7,200	100%
<b>Options - long positions</b>	<b>–</b>	<b>0%</b>	<b>7,200</b>	<b>100%</b>
USD	2,548	100%		
<b>Options - short positions</b>	<b>2,548</b>	<b>–</b>		

It is expected that hedged highly probable transactions in foreign currencies occur during the first half of 2021. 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 219 thousand euros (2019: +206 thousand euros).

In relation with fair value hedging, during 2019 a loss of 2,077 K€ was recorded in the hedging instruments (2019: loss of 1,087 K€) and a gain of 1,697 K€ was recorded in the hedged items (2019: gain of 136 K€).



# [4.] 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 2 b). The recoverable values of the cash-generating units to which goodwill is allocated are determined based on the calculation of current use values. These calculations require the use of estimates by management.

## Intangible and tangible assets

The life of an asset is the period during which the Company expects that an asset will be available for use and this should be reviewed

at least at the end of each financial year. The determination of the useful lives of assets, the amortisation/depreciation method to be applied, and the estimated losses resulting from the replacement of equipment before the end of its useful life due to technological obsolescence is crucial in determining the amount of amortisation/depreciation to be recognised in the consolidated income statement each period.

These three parameters are defined using management's best estimates for the assets and businesses concerned, and taking account of the practices adopted by companies in the sectors in which the Group operates.

## Provisions

The Group periodically reviews any obligations arising from past events, which should be recognised or disclosed. The subjectivity involved in determining the probability and amount of internal resources required to meet obligations may give rise to significant adjustments, either due to changes in the assumptions made, or due to the future recognition of provisions previously disclosed as contingent liabilities.

## Deferred income tax assets

Deferred income tax assets are recognised only when there is strong assurance that there will be future taxable income available to use the temporary differences or when there are deferred tax liabilities whose reversal is expected in the same period in which the deferred tax assets are reversed. The assessment of deferred income tax assets is undertaken by management at the end of each period taking account of the expected future performance of the Group.

## Expected credit loss

The credit risk on the balances of accounts receivable is assessed at each reporting date, through the use of a collection matrix, which is based on the history of past collections adjusted for the future expectation of evolution of collections, to determine the non-receipt rate. Expected credit losses on accounts receivable are adjusted by the evaluation made, which may differ from the actual risk incurred in the future.

## Fair value of financial assets and liabilities

When the fair value of a financial asset or liability is calculated, on an active market, the respective market price is used. When there is no active market, which is the case with some of Corticeira Amorim's financial assets and liabilities, valuation techniques generally accepted in the market, based on market assumptions, are used.

The Group applies evaluation techniques for unlisted financial instruments, such as derivatives, financial instruments at fair value and instruments measured at amortised cost. The most frequently used valorisation models are models of discounted cash flows and option models, which incorporate, for example, interest rate and market volatility curves.

For certain types of more complex derivatives, more advanced valuation models are used containing assumptions and data that are not directly observable in the market, for which the Group uses the proprietary model specified in Note 3.

## Revenue - return rights / quantity discounts

Some contracts give the customer the right to return goods and volume rebates. The right of return and volume discounts give rise to variable remuneration. When estimating the variable consideration, Corticeira Amorim determined that the use of a combination of the most probable quantity method and the value method expected is most appropriate. Before including any amount of variable consideration in the transaction price, Corticeira Amorim considers whether the amount of the variable consideration is restricted. Corticeira Amorim determined that the variable compensation estimates are not limited based on their historical experience, forecast of business and economic conditions. In addition, uncertainty over variable consideration will be resolved in a short period of time.



# [5.] Consolidated Accounts Preparation Process

The description of the main elements of the internal control system and risk management of the group, in relation to the process of the consolidated accounts, is as follows:

The financial information preparation process is dependent on the actors in the registration process of operations and support systems. In the group there is an Internal Control Procedures Manual and Accounting Manual, implemented at the level of the Corticeira Amorim Group. These manuals contain a set of rules and policies to ensure that in the financial information preparation process homogeneous principles are followed, and to ensure the quality and reliability of financial information.

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

Every quarter, the consolidated financial information by business unit is assessed, validated and approved by the management of each of the group's business units.

Before its release, the consolidated financial information of Corticeira Amorim is approved by the Board of Directors and presented to the Supervisory Board.

# [6.] Companies included in the Consolidated Financial Statements

Company	Head Office	Country	2020	2019
<b>Raw Materials</b>				
<b>Amorim Natural Cork, S.A.</b>	<b>Vale de Cortiças - Abrantes</b>	<b>PORTUGAL</b>	<b>100%</b>	<b>100%</b>
Amorim Florestal, S.A.	Ponte de Sôr	PORTUGAL	100%	100%
Amorim Florestal II, S.A.	Ponte de Sôr	PORTUGAL	100%	100%
Amorim Florestal III, S.A.	Ponte de Sôr	PORTUGAL	100%	100%
Amorim Florestal España, S.L.	San Vicente Alcántara	SPAIN	100%	100%
Amorim Florestal Mediterrâneo, S.L.	Cádiz	SPAIN	100%	100%
Amorim Tunisie, S.A.R.L.	Tabarka	TUNISIA	100%	100%
Comatral – C. de Maroc. de Transf. du Liège, S.A.	Skhirat	MOROCCO	100%	100%
Cosabe – Companhia Silvo–Agrícola da Beira S.A.	Lisbon	PORTUGAL	100%	100%
SIBL – Société Industrielle Bois Liège	Jijel	ALGERIA	51%	51%
Société Nouvelle du Liège, S.A. (SNL)	Tabarka	TUNISIA	100%	100%
Société Tunisienne d'Industrie Bouchonnière	Tabarka	TUNISIA	55%	55%
Vatrya – Serviços de Consultadoria, Lda.	Funchal - Madeira	PORTUGAL	100%	100%
<b>Cork Stoppers</b>				
<b>Amorim Cork, S.G.P.S, S.A.</b>	<b>Santa Maria Lamas</b>	<b>PORTUGAL</b>	<b>100%</b>	<b>100%</b>
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 Cork, S.A.	Santa Maria Lamas	PORTUGAL	100%	100%
Amorim Australasia Pty Ltd.	Adelaide	AUSTRALIA	100%	100%
Amorim Bartop, S.A.	Vergada	PORTUGAL	75%	75%
Amorim Champcork, S.A.	Santa Maria Lamas	PORTUGAL	100%	100%
Amorim Cork América, Inc.	California	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.	Merpins	FRANCE	100%	100%
Amorim Top Series, S.A.	Vergada	PORTUGAL	75%	75%



Company		Head Office	Country	2020	2019
Amorim Top Series Scotland, Ltd		Dundee	SCOTLAND	100%	100%
Biocape – Importação e Exportação de Cápsulas, Lda.		Mozelos	PORTUGAL	60%	60%
Bouchons Prioux		Epernay	FRANCE	91%	91%
Chapuis, S.L.		Girona	SPAIN	100%	100%
Corchera Gomez Barris	(c)	Santiago	CHILE	50%	50%
Corchos de Argentina, S.A.	(b)	Mendoza	ARGENTINA	50%	50%
Corpack Bourrasse, S.A.	(f)	Santiago	CHILE	80%	70%
Elfverson & Co. AB	(f)	Paryd	SWEDEN	75%	53%
Equipar, Participações Integradas, Lda.		Coruche	PORTUGAL	100%	100%
S.A.S. Ets Christian Bourassé	(f)	Tosse	FRANCE	80%	70%
FP Cork, Inc.		California	U. S. AMERICA	100%	100%
Francisco Oller, S.A.		Girona	SPAIN	94%	94%
Hungarocork, Amorim, RT		Budapest	HUNGARY	100%	100%
Indústria Corchera, S.A.	(c)	Santiago	CHILE	50%	50%
Korken Schiesser Ges.M.B.H.		Viena	AUSTRIA	69%	69%
Olimpiadas Barcelona 92, S.L.		Girona	SPAIN	100%	100%
Portocork América, Inc.		California	U. S. AMERICA	100%	100%
Portocork France, S.A.S.		Bordeaux	FRANCE	100%	100%
Portocork Internacional, S.A.		Santa Maria Lamas	PORTUGAL	100%	100%
Portocork Itália, s.r.l		Milan	ITALY	100%	100%
Sagrera et Cie		Reims	FRANCE	91%	91%
S.A. Oller et Cie		Reims	FRANCE	94%	94%
S.C.I. Friedland		Céret	FRANCE	100%	100%
S.C.I. Prioux		Epernay	FRANCE	91%	91%
Socori, S.A.	(f)	Rio Meão	PORTUGAL	80%	70%
Socori Forestal, S.L.	(f)	Cáceres	SPAIN	80%	70%
Société Nouvelle des Bouchons Trescases	(b)	Perpignan	FRANCE	50%	50%
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, S.L.	(c)	Navarrete - La Rioja	SPAIN	50%	50%
Vinolok a.s	(b)	Jablonec nad Nisou	CZECH REP.	50%	50%
Wine Packaging & Logistic, S.A.	(b)	Santiago	CHILE	16%	16%
<b>Floor &amp; Wall Coverings</b>					
<b>Amorim Cork Flooring, S.A.</b>		<b>S. Paio de Oleiros</b>	<b>PORTUGAL</b>	<b>100%</b>	<b>100%</b>
Amorim Benelux, BV		Tholen	NETHERLANDS	100%	100%
Amorim Deutschland, GmbH	(a)	Delmenhorts	GERMANY	100%	100%
Amorim Subertech, 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		Moscow	RUSSIA	100%	100%

Company		Head Office	Country	2020	2019
Amorim Flooring Sweden AB		Mölnådal	SWEDEN	84%	84%
Amorim Flooring UK, Ltd.		Manchester	UN. KINGDOM	100%	100%
Amorim Japan Corporation		Tokyo	JAPAN	100%	100%
Cortex Korkvertriebs, GmbH		Fürth	GERMANY	100%	100%
Dom Korkowy, Sp. Zo. O.	(c)	Kraków	POLAND	50%	50%
Korkkitrio Oy		Tampere	FINLAND	51%	51%
Timberman Denmark A/S	(g)	Hadsund	DENMARK	100%	100%
<b>Composite Cork</b>					
<b>Amorim Cork Composites, S.A.</b>		<b>Mozelos</b>	<b>PORTUGAL</b>	<b>100%</b>	<b>100%</b>
Amorim (UK), Ltd.		Horsham West Sussex	UN. KINGDOM	100%	100%
Amorim Cork Composites, LLC		São Petersburgo	RUSSIA	100%	100%
Amorim Cork Composites, GmbH		Delmenhorts	GERMANY	100%	100%
Amorim Cork Composites, Inc.		Trevor - Wisconsin	U. S. AMERICA	100%	100%
Amorim Deutschland, GmbH	(a)	Delmenhorts	GERMANY	100%	100%
Amorim Industrial Solutions – Imobiliária, S.A.		Corroios	PORTUGAL	100%	100%
Amorim Sports, Lda.	(e)	Mozelos	PORTUGAL	70%	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%
Corkeen Europe	(d)	Mozelos	PORTUGAL	85%	–
Corkeen Global	(d)	Mozelos	PORTUGAL	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%
<b>Insulation</b>					
<b>Amorim Cork Insulation, S.A.</b>		<b>Vendas Novas</b>	<b>PORTUGAL</b>	<b>100%</b>	<b>100%</b>
<b>Holding</b>					
<b>Corticeira Amorim, S.G.P.S., S.A.</b>		<b>Mozelos</b>	<b>PORTUGAL</b>	<b>100%</b>	<b>100%</b>
Ginpar, S.A. (Générale d' Invest. et Participation)		Skhirat	MOROCCO	100%	100%
Amorim Cork Research, Lda.		Mozelos	PORTUGAL	100%	100%
Amorim Cork Services, Lda.		Mozelos	PORTUGAL	100%	100%
Amorim Cork Ventures, Lda.		Mozelos	PORTUGAL	100%	100%
Corecochic – Corking Shoes Investments, Lda.	(b)	Mozelos	PORTUGAL	50%	50%
Gröwancork – Estruturas isoladas com cortiça, Lda.	(h)	Mozelos	PORTUGAL	75%	25%
TDCork – Tapetes Decorativos com Cortiça, Lda.	(b)	Mozelos	PORTUGAL	25%	25%
Soc. Portuguesa de Aglomerados de Cortiça, Lda.		Montijo	PORTUGAL	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 set-up in 2020

e. Decrease in the percentage of interest

f. Increase in the percentage of interest

g. Percentage interest of 80% being recognised as a 100% interest as a result of put and call option agreements on the remaining interest.

h. Consolidates by the Equity Method until 2019 and by the full method in 2020.

The percentages indicated are the percentages of interests and not of control.

For entities consolidated by the full consolidation method, the percentage of voting rights held by “Non-Controlling Interests” is equal to the percentage of share capital held.

# [7.] Exchange Rates used in Consolidation

Exchange rates		December 31, 2020	Average 2020	Average 2019	December 31, 2019
Argentine Peso	ARS	102,687	80,877	53,851	67,103
Australian Dollar	AUD	1,590	1,655	1,611	1,600
Lev	BGN	1,956	1,956	1,956	1,956
Brazilian Real	BRL	6,374	5,894	4,413	4,516
Canadian Dollar	CAD	1,563	1,530	1,485	1,460
Swiss Franc	CHF	1,080	1,071	1,112	1,085
Chilean Peso	CLP	866,820	902,158	786,305	842,430
Yuan Renminbi	CNY	8,023	7,875	7,735	7,821
Czech Koruny	CZK	26,242	26,455	25,670	25,408
Danish Krona	DKK	7,441	7,454	7,466	7,472
Algerian Dinar	DZD	160,674	144,517	133,320	133,159
Euro	EUR	1,000	1,000	1,000	1,000
Pound Sterling	GBP	0,899	0,890	0,878	0,851
Hong Kong Dollar	HKD	9,468	8,855	8,769	8,733
Forint	HUF	363,890	351,249	325,297	330,530
Yen	JPY	126,490	121,846	122,006	121,940
Moroccan Dirham	MAD	10,872	10,817	10,759	10,721
Zloty	PLN	4,560	4,443	4,298	4,257
Ruble	RUB	91,467	82,725	72,365	69,452
Swedish Krona	SEK	10,034	10,485	10,589	10,447
Tunisian Dinar	TND	3,290	3,195	3,277	3,126
Turkish Lira	TRL	9,113	8,055	6,358	6,684
US Dollar	USD	1,227	1,142	1,119	1,123
Rand	ZAR	18,022	18,765	16,176	15,777

# [8.] Segment Report

Corticeira Amorim is organised in the following Business Units (BU): Raw Materials, Cork Stoppers, Floor and Wall Coverings, Composite Cork and Insulation Cork.

There are no differences between the measurement of profit and loss and assets and liabilities of the reportable segments, associated to differences in accounting policies or centrally allocated cost allocation policies or jointly used assets and liabilities.

For purposes of this Report, the Business approach was selected as the primary segment. This is consistent with the formal organisation 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:

thousands euros								
2020	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjustm.	Consolidated
Trade sales	11,234	516,595	109,172	92,772	10,218	124	–	740,113
Other BU sales	168,738	10,747	2,924	2,413	2,119	5,795	–192,737	–
<b>Total sales</b>	<b>179,972</b>	<b>527,341</b>	<b>112,096</b>	<b>95,185</b>	<b>12,337</b>	<b>5,919</b>	<b>–192,737</b>	<b>740,113</b>
<b>EBITDA (current)</b>	<b>15,493</b>	<b>97,253</b>	<b>1,837</b>	<b>8,342</b>	<b>877</b>	<b>–2,674</b>	<b>1,384</b>	<b>122,512</b>
<b>Assets (non-current)</b>	<b>38,545</b>	<b>206,705</b>	<b>36,882</b>	<b>47,500</b>	<b>4,619</b>	<b>1,722</b>	<b>31,013</b>	<b>366,986</b>
<b>Assets (current)</b>	<b>167,081</b>	<b>309,193</b>	<b>68,118</b>	<b>51,584</b>	<b>9,209</b>	<b>49,823</b>	<b>–16,309</b>	<b>638,699</b>
<b>Liabilities</b>	<b>42,565</b>	<b>142,403</b>	<b>41,736</b>	<b>28,726</b>	<b>2,290</b>	<b>14,015</b>	<b>157,293</b>	<b>429,029</b>
<b>Capex</b>	<b>5,232</b>	<b>27,203</b>	<b>3,300</b>	<b>5,514</b>	<b>979</b>	<b>443</b>	<b>–</b>	<b>42,670</b>
<b>Year depreciation</b>	<b>–4,083</b>	<b>–22,212</b>	<b>–6,174</b>	<b>–3,487</b>	<b>–496</b>	<b>–95</b>	<b>–</b>	<b>–36,547</b>
<b>Gains/Losses in associated companies</b>	<b>–</b>	<b>2,111</b>	<b>0</b>	<b>3</b>	<b>–</b>	<b>–9</b>	<b>–</b>	<b>2,105</b>
2019	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjustm.	Consolidated
Trade sales	14,798	549,196	106,025	99,241	11,753	47	–	781,060
Other BU sales	189,993	9,891	2,606	5,244	2,401	4,360	–214,495	–
<b>Total sales</b>	<b>204,791</b>	<b>559,087</b>	<b>108,631</b>	<b>104,484</b>	<b>14,154</b>	<b>4,407</b>	<b>–214,495</b>	<b>781,060</b>
<b>EBITDA (current)</b>	<b>18,109</b>	<b>101,056</b>	<b>–2,515</b>	<b>12,389</b>	<b>222</b>	<b>–3,023</b>	<b>–1,514</b>	<b>124,724</b>
<b>Assets (non-current)</b>	<b>37,410</b>	<b>198,534</b>	<b>38,021</b>	<b>45,649</b>	<b>4,180</b>	<b>1,553</b>	<b>31,488</b>	<b>356,836</b>
<b>Assets (current)</b>	<b>188,400</b>	<b>331,926</b>	<b>61,904</b>	<b>55,844</b>	<b>9,832</b>	<b>183</b>	<b>–10,773</b>	<b>637,316</b>
<b>Liabilities</b>	<b>44,398</b>	<b>159,814</b>	<b>42,698</b>	<b>35,274</b>	<b>2,264</b>	<b>9,431</b>	<b>160,729</b>	<b>454,609</b>
<b>Capex</b>	<b>8,847</b>	<b>33,529</b>	<b>4,873</b>	<b>10,910</b>	<b>451</b>	<b>143</b>	<b>–</b>	<b>58,752</b>
<b>Year depreciation</b>	<b>–3,795</b>	<b>–21,257</b>	<b>–6,207</b>	<b>–3,259</b>	<b>–544</b>	<b>–115</b>	<b>–</b>	<b>–35,177</b>
<b>Gains/Losses in associated companies</b>	<b>–</b>	<b>2,551</b>	<b>2,874</b>	<b>166</b>	<b>–</b>	<b>–10</b>	<b>–</b>	<b>5,581</b>

Adjustments = eliminations inter-BU and amounts not allocated to BU.

EBITDA = Profit before net financing costs, depreciation, non-controlling interests, income tax and non-recurring results.

Provisions and asset impairments were considered the only relevant non-cash material cost.



The decision to report EBITDA figures allows a better comparison of the different BU performances, disregarding the different financial situations of each BU. This is also coherent with the existing Corporate Departments, as the Financial Department is responsible for the bank negotiations, being the tax function the responsibility of the Holding Company.

Cork Stoppers BU main product is the different types of existing cork stoppers. The main markets are the bottling countries, from the traditional ones like France, Italy, Germany, Spain and Portugal, to the new markets like USA, Australia, Chile, South Africa and Argentina.

Raw Materials BU is, by far, the most integrated in the production cycle of Corticeira Amorim, with 90% of its sales to others BU, in particular the sale of cork boards and disks to the Cork Stoppers BU.

The remaining Business Units produce and sell a wide range of products that use the raw material left over from the production of stoppers, as well as the cork raw material that is not susceptible to be used in the production of stoppers. Main products are cork floor tiles, cork rubber for the automotive industry and anti-vibration 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 composite products in 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 totalise 361 M€, and are mostly composed by inventories (131 M€), trade receivables (111 M€) and tangible fixed assets (69 M€).

In non-current assets, it is important to note the 215 M€ (2019: 208 M€) of tangible fixed assets, 5.4 M€ (2019: 5.4 M€) of property investment, 10.4 M€ (2019: 7.6 M€) of intangible assets and 0.1 M€ (2019: 0.1 M€) of other financial assets, located in Portugal.

Sales distribution by market			thousand euros	
Markets		2020		2019
European Union	477,744	64.6%	512,289	65.6%
Of which: Portugal	44,753	6.0%	54,736	7.0%
Other European countries	28,777	3.9%	31,321	4.0%
United States	138,131	18.7%	135,814	17.4%
Other countries in Americas	47,660	6.4%	46,976	6.0%
Australasia	37,530	5.1%	42,026	5.4%
Africa	10,271	1.4%	12,634	1.6%
TOTAL	<b>740,113</b>	<b>100%</b>	<b>781,060</b>	<b>100%</b>

The value of sales relates in its entirety, as in 2019, to contracts covered by IFRS 15 - Revenue from contracts with customers.

# [9.] Tangible Assets

	thousand euros				
	Land and buildings	Machinery	Other	Tangible fixed assets in progress	Total Tangible Assets
Gross Value	273,001	429,431	35,482	40,365	778,279
Depreciation and impairments	- 163,982	- 326,056	- 30,777	-	- 520,815
<b>Opening balance (Jan 1, 2019)</b>	<b>109,019</b>	<b>103,375</b>	<b>4,705</b>	<b>40,365</b>	<b>257,464</b>
Increase	11,362	22,981	3,139	15,085	52,567
Period deprec. and impairments	- 5,834	- 23,845	- 2,235	-	- 31,914
Sales and other decreases	- 70	- 736	- 11	- 30	- 847
Transfers and reclassifications	1,470	23,348	1,300	- 24,989	1,129
Exchange Rate differences	160	52	3	- 15	200
<b>Gross Value</b>	<b>282,493</b>	<b>469,983</b>	<b>38,047</b>	<b>30,416</b>	<b>820,940</b>
<b>Depreciation and impairments</b>	<b>- 166,386</b>	<b>- 344,808</b>	<b>- 31,146</b>	<b>-</b>	<b>- 542,340</b>
<b>Closing balance (Dec 31, 2019)</b>	<b>116,107</b>	<b>125,175</b>	<b>6,901</b>	<b>30,416</b>	<b>278,600</b>
Gross Value	282,493	469,983	38,047	30,416	820,940
Depreciation and impairments	- 166,386	- 344,808	- 31,146	-	- 542,340
<b>Opening balance (Jan 1, 2020)</b>	<b>116,107</b>	<b>125,175</b>	<b>6,901</b>	<b>30,416</b>	<b>278,600</b>
Increase	8,645	18,227	1,354	8,394	36,621
Period deprec. and impairments	- 5,783	- 24,441	- 1,848	-	- 32,072
Sales and other decreases	- 317	- 1,051	- 387	- 159	- 1,914
Transfers and reclassifications	508	12,600	778	- 12,096	1,790
Exchange Rate differences	- 1,065	- 216	- 48	- 20	- 1,349
<b>Gross Value</b>	<b>291,734</b>	<b>485,471</b>	<b>38,207</b>	<b>26,536</b>	<b>841,948</b>
<b>Depreciation and impairments</b>	<b>- 173,640</b>	<b>- 355,176</b>	<b>- 31,456</b>	<b>-</b>	<b>- 560,272</b>
<b>Closing balance (Dec 31, 2020)</b>	<b>118,094</b>	<b>130,296</b>	<b>6,751</b>	<b>26,536</b>	<b>281,676</b>

Impairment losses recognised in 2019 and 2020 were recognised on the "Depreciation/Amortisation" line in the consolidated income statement by nature.

Expenses to place the assets in the required location and condition related with tangible fixed assets had no impact.

No interest was capitalised during the period.

# [10.] Intangible Assets and Goodwill

thousand euros		
	Intangible Assets	Goodwill
Gross Value	14,424	14,090
Depreciation and impairments	-6,839	-103
<b>Opening balance (Jan 1, 2019)</b>	<b>7,585</b>	<b>13,987</b>
Increase	4,615	98
Period deprec. and impairments	-1,043	-
Sales and other decreases	-20	-
Transfers and reclassifications	-287	-
Exchange Rate differences	2	-341
<b>Gross Value</b>	<b>18,613</b>	<b>13,847</b>
<b>Depreciation and impairments</b>	<b>-7,761</b>	<b>-103</b>
<b>Closing balance (Dec 31, 2019)</b>	<b>10,852</b>	<b>13,744</b>
Gross Value	18,613	13,847
Depreciation and impairments	-7,761	-103
<b>Opening balance (Jan 1, 2020)</b>	<b>10,852</b>	<b>13,744</b>
Increase	7,662	-
Period deprec. And impairments	-1,894	-
Sales and other decreases	64	-
Transfers and reclassifications	-489	-152
Exchange Rate differences	-24	154
<b>Gross Value</b>	<b>25,934</b>	<b>13,849</b>
<b>Depreciation and impairments</b>	<b>-9,764</b>	<b>-103</b>
<b>Closing balance (Dec 31, 2020)</b>	<b>16,170</b>	<b>13,746</b>

Intangible Assets essentially include software, autonomous product development projects and innovative solutions.

With the exception of goodwill, there are no intangible assets of indefinite life.

Detail of goodwill according to the following table:

thousand euros						
2019	Opening balance	Increase	Decrease	Reclassi- -fication	Transalation differences	End balance
Bourrassé	9,745					9,745
Elfverson	4,242				-341	3,901
Korkkitrio	-	98				98
<b>Goodwill</b>	<b>13,987</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>-341</b>	<b>13,744</b>

thousand euros						
2020	Opening balance	Increase	Decrease	Reclassi- -fication	Transalation differences	End balance
Bourrassé	9,745					9,745
Elfverson	3,901			-152	154	3,903
Korkkitrio	98					98
<b>Goodwill</b>	<b>13,744</b>	<b>-</b>	<b>-</b>	<b>-152</b>	<b>154</b>	<b>13,746</b>

As stated in note 2 b), impairment tests are made each year. Cash flows were estimated, based on the budget and plans approved by management. The growth assumptions contemplated the expected growth in the wine, champagne and sparkling wine markets, as well as the evolution of the market share of the subsidiaries in this business. In the tests, growth rates of 15% and 31% were used in Bourrassé and Elfverson, respectively, for the period 2020-2022 and 1.6% and 1.8% for the following years. The discount rate used was 6.98%.

The results of the impairment tests show that the recoverable amounts are sufficiently higher than the accounting values, even in the case of unfavourable developments in the main variables.

Compared to the previous year there has been a reduction of the positive difference between the recoverable amount and the book value of the goodwill and assets allocated to Bourrassé and Elfverson. This reduction results from the revision of the growth perspectives in the context of the COVID-19 pandemic. However, 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. Only in a scenario of loss of 15% of sales foreseen in the business plans, the group would recognise impairment losses on the recorded goodwill.





## [11.] Right of Use

thousand euros

	Right of use
Gross value	9,560
Depreciation and impairments	-3,402
<b>Opening balance (Jan 1, 2019)</b>	<b>6,158</b>
Increase	1,967
Period deprec. and impairments	-2,087
Sales and other decreases	0
Transfers and reclassifications	0
Exchange Rate differences	0
<b>Gross value</b>	<b>10,187</b>
<b>Depreciation and impairments</b>	<b>-4,150</b>
<b>Closing balance (Dec 31, 2019)</b>	<b>6,037</b>
Gross value	10,187
Depreciation and impairments	-4,150
<b>Opening balance (Jan 1, 2020)</b>	<b>6,037</b>
Increase	2,180
Period deprec. and impairments	-341
Sales and other decreases	-70
Transfers and reclassifications	-1,568
Exchange Rate differences	4
<b>Gross value</b>	<b>11,531</b>
<b>Depreciation and impairments</b>	<b>-5,289</b>
<b>Closing balance (Dec 31, 2020)</b>	<b>6,241</b>

Depreciation of the right of use includes leases previously classified as financial, included in tangible assets.

## [12.] Investment Property

thousand euros

	Investment Property
Gross value	22,071
Depreciation and impairments	-16,589
<b>Opening balance (Jan 1, 2019)</b>	<b>5,481</b>
Increase	-
Period deprec. and impairments	-71
Sales and other decreases	-24
Transfers and reclassifications	-
Exchange Rate differences	-
<b>Gross value</b>	<b>22,116</b>
<b>Depreciation and impairments</b>	<b>-16,730</b>
<b>Closing balance (Dec 31, 2019)</b>	<b>5,387</b>
Gross value	22,116
Depreciation and impairments	-16,730
<b>Opening balance (Jan 1, 2020)</b>	<b>5,387</b>
Increase	5
Period deprec. and impairments	-113
Sales and other decreases	-
Transfers and reclassifications	124
Exchange Rate differences	-
<b>Gross value</b>	<b>22,121</b>
<b>Depreciation and impairments</b>	<b>-16,718</b>
<b>Closing balance (Dec 31, 2020)</b>	<b>5,403</b>

The amount of 5,403 K€, referred as Investment Property (December 2019: 5,387 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 (Interchampaigne with a value of 1,358 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 872 K€ whose yield, updated to a market WACC, will correspond approximately to the amount by which they are recorded (cost model) in the financial statements.

These properties are not generating income and conservation and repair costs are insignificant.



# [13.] Investments in Associates and Joint-Ventures

thousand euros

	2020	2019
<b>Opening Balance</b>	<b>22,366</b>	<b>9,537</b>
In / Out	–	11,000
Results	2,105	2,708
Dividends	– 350	– 500
Exchange rate differences	– 1,863	– 1,071
Other	1,789	693
<b>End Balance</b>	<b>24,046</b>	<b>22,366</b>
Equity method	2,105	2,708
Gains on disposal of associates	–	2,874
<b>Share of (loss)/profit of associates and joint-ventures</b>	<b>2,105</b>	<b>5,581</b>

The associates and joint-ventures are entities through which the group operates in the markets in which they are based, acting as distribution channels of products.

Gain on the disposal of associates due to the final recognition of the contingent amount receivable from the sale of US Floors, occurred in 2016, which was received in the year.

The book values are described by subsidiary:

2020	Share in net assets	Goodwill	Total	Contribution to net income
Trescases (50%)	5,041	1,715	6,756	656
Wine Packaging & Logistic (50%)	1,270	–	1,270	50
Corchos Argentina (50%)	3,516	–	3,516	224
Vinolok (50%)	12,099	–	12,099	1,181
Other	404	–	404	– 6
<b>End balance</b>	<b>22,331</b>	<b>1,715</b>	<b>24,046</b>	<b>2,105</b>
2019	Share in net assets	Goodwill	Total	Contribution to net income
Trescases (50%)	4,735	1,715	6,450	1,250
Wine Packaging & Logistic (50%)	1,254	–	1,254	–
Corchos Argentina (50%)	2,986	–	2,986	1,153
Vinolok (50%)	11,266	–	11,266	149
Other	410	–	410	156
<b>End balance</b>	<b>20,651</b>	<b>1,715</b>	<b>22,366</b>	<b>2,708</b>

A summary of the respective financial information is presented below:

2020	Trescases	Corchos Argentina	Vinolok	Wine Packaging & Logistic
	K €	K ARS	K CZK	K CLP
Current assets	25,369	NA	334,191	838,109
Non-current assets	1,387	NA	453,160	6,526,874
Assets	26,756	NA	787,352	7,364,983
Equity	11,496	736,263	583,424	3,336,201
Current liabilities	9,260	NA	69,062	1,328,782
Non-current liabilities	6,000	NA	83,333	2,700,000
Sales	36,097	NA	397,902	2,476,983
Operating profit	1,520	NA	64,962	449,180
Net income	1,083	40,819	62,506	146,780
Comprehensive income	1,083	40,819	62,506	146,780
2019	Trescases	Corchos Argentina (*)	Vinolok	Wine Packaging & Logistic
	K €	K ARS	K CZK	K CLP
Current assets	22,391	462,747	231,242	1,746,947
Non-current assets	1,256	65,215	544,155	6,792,747
Assets	23,647	527,962	775,397	8,539,694
Equity	11,113	438,863	572,451	3,241,879
Current liabilities	12,534	85,341	102,946	1,997,815
Non-current liabilities	–	3,758	100,000	3,300,000
Sales	36,007	540,373	146,232	2,773,265
Operating profit	1,815	234,120	5,313	756,816
Net income	1,255	175,122	6,833	396,343
Comprehensive income	1,255	175,122	6,833	396,343

NA - Financial statements of the associate were not finalised on the date of approval of the consolidated accounts

(\*) – Final statutory values after accounting for the hyperinflation adjustment that was not available at the close of 2019 accounts

The information in the Vinolok Income Statement corresponds to the period from July to December 2019 since the participation was only acquired at the end of the first half of 2019.

In addition to the above, the Group has significant influence on a set of other individually immaterial associates.

## [14.] Other Financial Assets

Assets included in other financial assets (December 31, 2020: 1,603 K€, December 31, 2019: 1,550 K€) refer to financial assets at fair value through profit or loss, including essentially equity instruments. They are measured at fair value and when it is estimated that there are no significant differences in relation to the cost this is maintained. The assets were acquired with the main purpose of sale or resale, as appropriate, and in certain cases ensuring the maintenance and survival of entities that Corticeira Amorim considers partners for its business. The effective management of the underlying operations and assets continues to be exclusively provided by the partners, serving the financial participation as a mere “guarantee” of the investment made.

## [15.] Deferred Tax / Income Tax

### Deferred tax and income tax

The difference between the tax due for the current period and prior periods and the tax already paid or to be paid of said periods is booked as deferred income tax in the consolidated income statement and amounts to 279 K€ (31/12/2019: 1,331 K€).

On the consolidated statement of financial position this effect, excluding tax contingencies, amounts to 14,672 K€ (31/12/2019: 14,396 K€) as asset, and to 50,570 K€ (31/12/2019: 50,370 K€) as liability.

According to IFRIC 23, from 2019 the deferred tax liability item now includes provisions for tax contingencies in the amount of 43,332 K€ (31/12/2019: 42,694 K€). In September 2019, the IFRS Interpretation Committee issued a document in which it concluded that a company is required to present liabilities relating to uncertainty over income tax treatment in current tax or deferred tax. Corticeira Amorim considers that taking into account the previous treatment (in which these liabilities were presented as non-current) and the fact that these contingencies do not imply a transfer of economic resources in the short term, it would be more appropriate to present it under the account heading Deferred tax.

Deferred tax related with items directly registered in equity was -38 K€ (debt balance) and relates to hedge accounting. No other deferred tax values related with other equity movements were booked.

It is conviction of the Board that, according to its business plan, the amounts registered in deferred tax assets will be recovered as for the tax carry forward losses.

thousand euros		
	2020	2019
Related with Inventories and third parties	7,637	6,760
Related with tax losses carry forward	2,177	2,650
Related with fixed tangible assets / intang. / inv. prop	1,049	1,102
Related with other deductible temporary differences	3,809	3,884
<b>Deferred tax assets</b>	<b>14,672</b>	<b>14,396</b>
Related with fixed tangible assets	4,613	4,217
Related with other taxable temporary differences	2,624	3,459
Tax contingencies	43,332	42,694
<b>Deferred tax liabilities</b>	<b>50,570</b>	<b>50,370</b>
Current income tax	-11,781	-13,283
Deferred income tax	279	1,331
<b>Income tax</b>	<b>-11,502</b>	<b>-11,951</b>

The difference between the variation in the financial position (net of 77 K€) and the value recognised in income statement (279 K€) is justified by the exchange rate effect in the non-euro subsidiaries financial position, by the variation in deferred tax related with other comprehensive income of 38 K€ (credit) and by the integration of the new companies within the consolidated perimeter.

Following chart explains the effective income tax rate, starting from the original income tax rate of most of Portuguese companies:

Income Tax Reconciliation	2020	2019
<b>Income tax - legal</b>	<b>21.0%</b>	<b>21.0%</b>
Effect of additional tax rates over base rate (Portugal)	4.7%	4.3%
Effect of tax benefits	-5.1%	-6.1%
Effect of provisions for contingencies	-3.4%	-3.0%
Effect of non-taxable gains and losses	0.1%	0.1%
Effect of different tax rates (foreign subsidiaries)	0.5%	0.5%
Effect of recognising/non-recognising of differed taxes (foreign subs.)	0.0%	-0.3%
Equity method	-0.6%	-0.6%
Effect of tax benefit related to subsidiaries issued shares	0.0%	-0.6%
Effect of excess tax estimate and others	-2.8%	-2.3%
<b>Income tax - effective tax rate (1)</b>	<b>14.4%</b>	<b>13.1%</b>
(1) Income tax / Pre-tax profit		

During 2020, a total of 6.4 M€ (2019: 13.4 M€) of income tax was paid. Of this amount, 15 K€ (2018: 3.5 M€) was paid in Portugal. In 2020, part of the payments on account of the 2019 (RETGS) (€9.5 M) were received, which were higher than the tax assessed for the year ending in 2019. In terms of income tax, the decrease in the effective rate was mainly due to the fact that provisions for tax losses of a subsidiary in Spain were reversed and due to the reversal of provisions for tax benefits.

Corticeira Amorim and a large group of its Portuguese subsidiaries are taxed since January 1, 2001, as a group special regime for tax purposes (RETGS), as according to article 69, of the income tax code (CIRC). The option for this special regime is renewable every year, except in case of renunciation.

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 2020 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 -38 K€ (-36 K€ in 2019).

The amount of deferred taxes, excluding tax contingencies, is essentially related to temporary differences that can be realised in the short term. The recovery of tax assets is based on future forecasts for normal rates of return for companies and growth in line with those of Business Units.

Tax losses carried forward are related with foreign subsidiaries. Total amounts to 16.1 M€, of which around 9.6 M€ are considered to be utilised. This report has a term of use beyond 2023.

Tax relating to components of other comprehensive income is as follows:

thousand euros	2020		
	Before tax	Tax	After tax
<b>Items that could be reclassified through income statement:</b>			
Change in derivative financial instruments fair value	257	- 38	219
Change in Exchange Rate differences	- 3,317	-	- 3,317
Share of other comprehensive income of investments accounted for using the equity method	- 76	-	- 76
Other comprehensive income	2	-	2
<b>Other comprehensive income</b>	<b>- 3,134</b>	<b>- 38</b>	<b>- 3,172</b>

thousand euros	2019		
	Before tax	Tax	After tax
<b>Items that could be reclassified through income statement:</b>			
Change in derivative financial instruments fair value	242	- 36	206
Change in Exchange Rate differences	624	-	624
Share of other comprehensive income of investments accounted for using the equity method	- 378	-	- 378
Other comprehensive income	- 832	-	- 832
<b>Other comprehensive income</b>	<b>- 344</b>	<b>- 36</b>	<b>- 380</b>



## Income tax (Statement of financial position)

thousand euros		
	2020	2019
Income tax - minimum advances	9	9
Income tax - advances / to be recovered	4,733	11,603
Income tax - withholding	95	161
Income tax - special payment (RERD)	2,093	2,093
Income tax - special payment (RERD) impairment	- 2,093	- 2,093
Income tax - special payment (PERES)	5,330	5,383
Income tax - special payment (PERES) impairment	- 5,330	- 5,383
Income tax (assets)	<b>4,838</b>	<b>11,773</b>
Income tax - Estimation and others	1,767	1,911
Income tax (liabilities)	<b>1,767</b>	<b>1,911</b>

In 2013, Corticeira Amorim made the payment instituted by DL 151-A / 2013 (RERD) in the amount of 4.3 M€, a payment that does not imply the abandonment by Corticeira Amorim of defending the respective processes. In 2016, a final decision was made on one of the paid processes relating to stamp taxes, which was partially won by Corticeira Amorim, which received 1.2 M€ of the amount paid of 1.7 M€. In 2019, the final decision of another process was won by Corticeira Amorim, which implied the receipt of 0.5 M€. In this way, the amount that remains open for ongoing proceedings paid under the RERD is 2.1 M€.

At the end of 2016, a special Plan for the Reduction of Indebtedness to the State (PERES) was approved by Decree-Law no. Corticeira Amorim decided to partially adhere to that measure. In December, approximately 7.4 M€ were paid in respect of Stamp Tax / VAT (2 M€) and Income Tax (IRC) in the amount of 5.4 M€. Of the amount paid, an amount of less than 100 K€ was received due to legal proceedings won by Corticeira Amorim. The remaining payments are still open.

To be noted that Corticeira Amorim had no outstanding debts to the social security and tax authorities, wherein the amounts in question concern those subject to court litigation. The processes that were chosen for adhesion to the special plan were old cases, wherein the amounts of interest due on late payments and fines to be paid, would be high in the event of losing the litigation.

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 proceedings are still in court, Corticeira Amorim will continue to fight for its rights.

The liability amount under this account heading includes the estimate of income tax payable by some foreign subsidiaries when the tax return for the year 2020 is presented.

## Provisions for tax contingencies

In the year ended December 31, 2020, contingencies to deferred taxes with the item ending with 43.3 million euros. During the year, the provisions in the Balance Sheet increased by 638 K€.

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 2018.

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 (S.G.P.S.), and with the acceptance as tax costs of losses related with the closing of subsidiaries.

At the end of each year, an analysis of the tax cases is made. The procedural development of each case is important to decide new provisions, or reverse or reinforce existing provisions. Provisions correspond to situations that, for its procedural development or for doctrine and jurisprudence newly issued, indicate a probability of an unfavourable outcome for Corticeira Amorim and, if that happens, a cash outflow can be reasonably estimated. Note that during the year there were no developments worthy of note in the processes mentioned above.

The value of tax processes to date for the 2020 accounts amounted to 8.2 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 2020 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 realisation of benefits, has led Corticeira Amorim to record provisions in order to take account of future breaches of such requirements. It should be noted that the determination of the tax benefits cannot be concluded, since its constraints extend over several years, in particular as regards the maintenance of jobs. The variation in the provision for tax contingencies relates to the provision to cover the tax benefits mentioned, was 2.3 M€. This provision at the end of 2020 has a value of 34.2 M€.

In 2020 were reversed provisions relating to situations that have prescribed or were concluded with the liquidation by the tax authorities of part of the amount provisioned. The total amount of these reversals was 2.7 M€.

The provision related to a Spanish subsidiary, which at the end of the year totalled 1.3 M€, still remains in the accounts, due to the uncertainty of the tax authorities' acceptance of the existing tax carry forward.

There are no tax proceedings that have not been provisioned, thus, contingent liabilities are zero.

Corticeira Amorim has a large number of other favourable processes. They refer, in essence, to payments related with autonomous taxation, inspection fees and tax benefits. The value of these processes amounts to 1.0 M€, which is not recorded as part of its assets. Total contingent assets amount to 10.3 M€ (including amounts paid under the RERD and PERES).

# [16.] Inventories

thousand euros		
	2020	2019
Goods	14,858	18,169
Raw materials	206,702	218,654
Finished and semi-finished goods	129,182	134,078
Work in progress	21,757	34,431
Finished and semi-finished goods impairments	- 7,353	- 5,764
Raw materials impairments	- 1,036	- 1,728
<b>Inventories</b>	<b>364,109</b>	<b>397,840</b>

thousand euros		
Impairment losses	2020	2019
<b>Initial balance</b>	<b>7,492</b>	<b>6,659</b>
Increases	2,351	1,887
Decreases	1,453	1,054
<b>End balance</b>	<b>8,390</b>	<b>7,492</b>

Raw materials essentially include reproduction cork (“amadia” cork) and virgin cork from pruning the tree (“falca” cork) (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).

## [17.] Trade Receivables

thousand euros		
	2020	2019
Gross amount	173,534	179,179
Impairments	- 12,174	- 13,695
<b>Trade receivables</b>	<b>161,360</b>	<b>165,484</b>

Impairment losses		
	2020	2019
Initial balance (reported)	13,695	13,186
Increases	7,032	2,787
Decreases	- 7,876	- 1,898
Others	- 677	- 381
<b>End Balance</b>	<b>12,174</b>	<b>13,695</b>

Increases and decreases were recognised under the account heading, impairment of assets, in the income statement.

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 recognised. 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 dispense with the need for analysis of specific cases.

Due and past due balances are as follows:

thousand euros		
	2020	2019
Due	125	133
Past due between 0 and 90 days	31	29
Past due between 90 and 120 days	2	2
Past due between 120 and 180 days	3	5
Doubtful and past due over 180 days	12	10
	174	179

## [18.] Other Debtors and other Assets

### Other debtors

Other non-current debtors include advances to suppliers (3,405 K€), which will only be fulfilled for more than 12 months.

thousand euros		
	2020	2019
Advances to suppliers	5,828	6,078
Hedge accounting assets	1,973	111
VAT	20,790	21,336
Stamp tax/VAT - special payment (PERES)	2,051	2,051
Stamp tax/VAT - special payment (PERES) impairment	- 2,051	- 2,051
Others	7,133	9,442
<b>Other debtors</b>	<b>35,724</b>	<b>36,967</b>

As of December 31, 2020, and 2019, there were no overdue amounts of VAT.

### Other assets

thousand euros		
	2020	2019
Accrued income	455	292
Deferred costs	1,947	2,817
<b>Other assets</b>	<b>2,402</b>	<b>3,108</b>

# [19.] Cash and Cash Equivalents

thousand euros	2020	2019
Cash	493	368
Bank balances	61,997	13,829
Term deposits	7,638	7,759
Others	137	187
<b>Cash and cash equivalents as for statement of financial position</b>	<b>70,266</b>	<b>22,143</b>
Overdrafts	- 45,957	- 46,131
<b>Cash and cash equivalents as for cash flow statement</b>	<b>24,309</b>	<b>- 23,988</b>

# [20.] Capital and Reserves

## Share Capital

As of December 31, 2020, the share capital is represented by 133,000,000 ordinary registered shares, conferring dividends, with a par value of 1 Euro.

The Board of Directors may decide to increase the share capital, on one or more occasions, in the modalities permitted by law, up to the amount of 250,000,000 Euros.

## Treasury stock

As of December 31, 2020, Corticeira Amorim held no treasury stock.

No purchases were registered during 2020.

## 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.

The amounts specified in the account headings of legal reserve and share premium derive from Corticeira Amorim, S.G.P.S., S.A..

## Other reserves

Value is composed from other reserves account and prior year's results of Corticeira Amorim, S.G.P.S., S.A. books, as well as non-distributed cumulative results of Corticeira Amorim, S.G.P.S., S.A. subsidiaries.

## Dividends

In the Shareholders' General Meeting of June 26, 2020, a dividend distribution of 0.185 euros per share was approved. The respective payment was made on July 20, 2020.

thousand euros	2020	2019
Approved dividends	24,605	35,910
<b>Dividends paid</b>	<b>24,605</b>	<b>35,910</b>

At the next general meeting a dividend distribution proposal of 24.6 M€ will be deliberated.

## Results per share

As of December 31, 2020 and 2019, there are no dilutive effects on the number of shares outstanding.

# [21.] Non- -Controlling Interest

thousand euros	2020	2019
<b>Initial balance</b>	<b>30,081</b>	<b>31,871</b>
In	70	562
Out	- 5,056	- 4,397
Results	4,285	4,514
Dividends	- 1,948	- 1,901
Exchange rate differences	- 264	- 380
Others	- 220	- 188
<b>End balance</b>	<b>26,948</b>	<b>30,081</b>

The amount of dividends corresponds to the amounts paid by the entities to non-controlling interests.

Out value for 2020 is essentially related to the acquisition of 10% of Bourrassé and to the acquisition of 30% of Elfverson. The acquisitions of non-controlling interests implied payments of 7.1 M€.

Balances separated as follows:

thousand euros	2020			2019		
	Balance sheet	Net income	Dividends paid	Balance sheet	Net income	Dividends paid
<b>Amorim Bartop</b>	2,738	- 5	1,011	278	- 3	1,036
<b>Amorim Top Series</b>	1,532	1,063	-	2,970	1,469	-
<b>Ets. Christian Bourrassé</b>	3,670	271	-	4,818	420	-
<b>Francisco Oller</b>	1,575	- 46	-	1,621	9	-
<b>Industria Corchera</b>	6,798	732	144	6,345	339	90
<b>Socori</b>	5,317	622	-	7,042	630	-
<b>Elfverson</b>	- 126	- 31	-	981	311	-
<b>Trefinos</b>	1,761	425	364	1,699	230	436
<b>Victor y Amorim</b>	1,004	332	345	1,017	291	300
<b>Outros</b>	2,680	923	84	3,309	817	39
<b>End balance</b>	<b>26,948</b>	<b>4,285</b>	<b>1,948</b>	<b>30,081</b>	<b>4,514</b>	<b>1,901</b>



The main financial indicators as they result from the statutory accounts are as follows:

thousand euros

2020	Bourrassé	Socori	Trefinos	Francisco Oller	Elfverson	Amorim Bartop	Amorim Top Series	Industria Corchera	Victory y Amorim
	K €	K €	K €	K €	K SEK	K €	K €	K CLP	K €
Current assets	19,315	42,403	16,710	11,636	28,349	2,355	16,408	12,342,167	2,548
Non-current assets	13,595	15,917	16,141	21,160	18,496	12,061	4,394	4,308,561	892
Assets	32,911	58,320	32,850	32,796	46,845	14,416	20,801	16,650,728	3,440
Total equity	19,401	34,770	19,574	25,218	20,333	11,005	11,071	11,711,824	2,010
Current liabilities	12,968	19,444	11,392	4,913	8,108	3,411	8,467	4,938,904	1,279
Non-current liabilities	542	4,106	1,884	2,665	18,404	–	1,264	–	152
Sales	40,967	50,123	41,034	21,003	49,136	–	38,444	16,310,603	7,382
Operating profit	1,314	3,471	6,381	– 920	1,864	5,010	6,472	1,673,029	885
Net income	923	3,176	4,695	– 688	115	4,979	5,061	1,364,269	664
Comprehensive income	923	3,176	4,695	– 688	115	4,979	5,061	1,364,269	664
Cash flow from operating activities	– 1,397	8,539	7,753	3,978	– 2,069	99	8,786	1,524,410	902
Cash flow from investing activities	– 204	– 2,970	– 2,262	– 1,559	– 2,299	2,976	– 962	– 580,253	– 140
Cash flow from financing activities	– 635	– 1,520	– 4,208	– 2,373	– 257	– 2,999	– 7,821	– 337,834	– 709
Net cash flow	– 2,236	4,050	1,282	46	– 4,626	76	3	606,323	53

thousand euros

2019	Bourrassé	Socori	Trefinos	Francisco Oller	Elfverson	Amorim Bartop	Amorim Top Series	Industria Corchera	Victory y Amorim
	K €	K €	K €	K €	K SEK	K €	K €	K CLP	K €
Current assets	18,291	43,891	15,387	17,327	24,680	3,663	24,352	11,652,357	2,463
Non-current assets	13,711	16,642	16,261	20,821	18,659	10,009	4,072	3,862,095	838
Assets	32,002	60,534	31,649	38,148	43,339	13,672	28,424	15,514,452	3,301
Total equity	18,478	31,595	18,825	25,812	20,218	5,068	16,010	10,576,571	2,036
Current liabilities	12,661	24,142	10,629	10,033	6,403	8,604	11,340	4,937,881	114
Non-current liabilities	863	4,798	2,195	2,304	16,718	–	1,075	–	151
Sales	43,457	51,171	39,444	26,353	59,518	–	39,493	14,533,670	7,985
Operating profit	1,515	1,219	3,316	185	8,501	– 1	7,768	874,766	1,039
Net income	1,117	1,353	2,468	80	3,514	– 7	6,007	755,237	807
Comprehensive income	1,117	1,353	2,468	80	3,514	– 7	6,007	755,237	807
Cash flow from operating activities	3,567	8,497	7,390	963	10,499	406	1,952	– 1,228,958	483
Cash flow from investing activities	– 2,161	– 2,024	– 3,170	– 1,210	– 5,711	2,267	– 1,081	– 1,283,691	– 131
Cash flow from financing activities	– 1,058	– 2,926	– 4,880	245	– 284	– 2,666	– 1,064	– 17 482	– 619
Net cash flow	348	3 546	– 659	– 2	4 504	6	– 192	– 2 530 131	– 267

# [22.] Interest Bearing Debt

At year-end, current interest-bearing loans was as follows:

thousand euros	2020	2019
Overdrafts and bank loans	61,810	67,426
Leasing	1,893	1,683
Factoring	89	–
Commercial paper	25,000	55,000
<b>Interest-bearing loans - current</b>	<b>88,791</b>	<b>124,108</b>

Loans were denominated in euros, except 15% (Dec. 2019: 15%).

Non-current interest-bearing loans was as follows:

thousand euros	2020	2019
Bank loans	27,514	34,554
Leasing	4,760	4,572
Commercial paper	20,000	20,000
Bond loans	39,918	–
<b>Interest-bearing loans - non-current</b>	<b>92,192</b>	<b>59,126</b>

At the end of the period, 96% of loans were denominated in euros (Dec. 2019: 94%).

As of December 31, 2020, maturity of non-current interest-bearing debt was as follows:

	thousand euros
Between 01/01/2022 and 31/12/2022	31,603
Between 01/01/2023 and 31/12/2023	6,995
Between 01/01/2024 and 31/12/2024	16,481
After 01/01/2025	37,113
<b>Total</b>	<b>92,192</b>

From non-current and current interest-bearing debt, 113 M€ carries floating interest rates. Remaining 68 M€ carries fixed interest rate. Average cost, during 2020, for all the credit utilised was 1.01% (2019: 1.14%).

On March 5, 2015, Corticeira Amorim entered into a loan agreement with the EIB in the amount of 35 M€, ten years, with a four-year grace period. This loan allowed Corticeira Amorim to expand substantially its maturity curve at a competitive price.

In May 21, 2019, Corticeira Amorim contracted a commercial paper programme with guarantee of subscription by a bank entity. The programme has an effective maturity of 3 years, so the emissions made during the first two years are classified as non-current. Only Corticeira Amorim has the option to revoke the programme when the first year of the contract has passed.

On 3 December 2020, Corticeira Amorim launched its first Green Bond issue, in the amount of € 40 M, by private subscription, without guarantees and for a period of 5 years, earning interest at a fixed rate every six months and with staggered repayment (25% at the end of the 4th year and 75% at maturity). This issue was an important milestone in its sustainability strategy, reaffirming its ongoing commitment to the application of ESG (Environmental, Social and Governance). As of December 2020, 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 2020, 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, 2020, one foreign subsidiaries have a 27.6 thousand euro loan mortgage guarantee on assets. These assets are booked on Statement of financial position of those subsidiaries.

Corticeira Amorim uses credit lines (for a total of 49 M€) with associated financial covenants. These included ratios accomplishment that allowed for an accompaniment of the financial position of the company, namely:

- Interest coverage rate;
- Fixed charge coverage ratio;
- Net income; and
- Net debt/ EBITDA (Interest-bearing loans and equivalent) / total cash-flow

The above ratios are not restrictive and the requirements contained in the contracts that formalised the referred financing were largely and fully complied with. In the event of non-compliance, there would be a possibility that this would lead to the early repayment of the debts.

In addition, it is important to inform that the capacity to ensure debt service was further enhanced by the existence, as of December 31, 2020, of 260.9 million euros of credit lines approved, but not used.

## [23.] Trade Payables

thousand euros	2020	2019
Trade payables – current account	55,814	63,220
Trade payables – confirming	40,852	59,994
Trade payables – invoices pending	13,736	8,872
<b>Trade payables</b>	<b>110,402</b>	<b>132,086</b>

From the total values, 50% comes from Cork Stoppers BU (2019: 53%) and 24% from Raw Materials BU (2019: 21%).

## [24.] Other Financial Liabilities and Other Liabilities

### Other financial liabilities

thousand euros	2020	2019
Repayable grants	16,389	12,568
Agreement to acquire non-controlling interests	5,007	10,007
Other	40	695
<b>Other financial liabilities - non current</b>	<b>21,436</b>	<b>23,269</b>
Repayable grants	1,597	2,464
Agreement to acquire non-controlling interests	4,955	4,955
Accrued costs - supplies and services	3,208	3,545
Accrued costs - others	6,697	8,337
Other deferred income - others	302	93
VAT	6,458	8,470
State and social security - withholding and others	6,673	5,907
Other	11,348	9,269
<b>Other financial liabilities - current</b>	<b>41,238</b>	<b>43,040</b>

In Other financial liabilities is included a value of 164 K€ (2019: 234 K€), which refers to exchange rate hedge derivatives.

In Other financial liabilities – non-current (21,436 K€), maturity is as follows: from 1 to 2 years (8,274 K€), from 2 to 4 years (7,512 K€) and more than 4 years (5,650 K€).

The agreement to acquire non-controlling interests results from the purchase of S.A.S. ETS CHRISTIAN BOURRASÉ, 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 BOURRASÉ’s performance in next years. The first tranche of 10% was acquired during the month of July, and in June 2020 the second tranche corresponding to +10% of Bourrasé will be acquired. The amount recognised in other financial liabilities corresponds to the remaining amount payable for the missing 20%, discounted at Corticeira Amorim’s average financing rate. Changes to the present value are recognised in financial income and expenses. The increase of 1 p.p. of the financing rate would have an immaterial effect on the liability recognised.

## Other Liabilities

thousand euros	2020	2019
Non-repayable subsidies	3,116	3,081
Accrued costs - staff costs	14,100	12,154
<b>Other liabilities - current</b>	<b>17,216</b>	<b>15,235</b>

The balances on subsidies have evolved as follows:

	thousand euros	
<b>Non-repayable subsidies</b>	<b>2020</b>	<b>2019</b>
<b>Opening balance</b>	<b>3,081</b>	<b>3,818</b>
Transfer to gains	- 2,436	- 978
Received during the year	1,982	-
Reclassifications/transfers	489	241
<b>End balance</b>	<b>3,116</b>	<b>3,081</b>

	thousand euros	
<b>Non-repayable subsidies</b>	<b>2020</b>	<b>2019</b>
<b>Opening balance</b>	<b>15,032</b>	<b>17,457</b>
Transfer to gains	- 613	- 5,031
Received during the year	3,775	2,679
Reclassifications/transfers	- 209	- 72
<b>End balance</b>	<b>17,985</b>	<b>15,032</b>

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 amortised cost.

Most of the subsidies received by Corticeira Amorim is intended for investments aimed at increasing the production capacity and modernisation of industrial facilities, improving the quality of manufactured products, or improving energy and utilising its main raw material (cork).

Most of the projects that gave rise to subsidies 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 subsidy is converted into non-refundable.

There are no unpaid amounts associated with subsidies classified as non-repayable, nor are there conditions that are not yet to be met for recognition.

# [25.] Provisions

thousand euros	2020	2019
Tax contingencies	612	707
Guarantees to customers	475	936
Others	2,262	2,133
<b>Provisions</b>	<b>3,349</b>	<b>3,777</b>

thousand euros

		Tax Contingencies			Customer Guarantees	Others
		Income tax	Stamp tax	Others		
<b>Opening balance 2019</b>		<b>40,759</b>	<b>62</b>	<b>8</b>	<b>577</b>	<b>43,081</b>
<b>Reclassification</b>		<b>- 40,759</b>		<b>573</b>		<b>- 40,186</b>
	Other costs - Note 30			64		612
Recognition	Sales				360	360
	Other gains - Note 30					- 161
Exchange Rate differences						16
Perimeter variation						-
Direct allocation						53
<b>End balance 2019</b>		<b>-</b>	<b>62</b>	<b>645</b>	<b>936</b>	<b>3,777</b>

thousand euros

		Tax Contingencies			Customer Guarantees	Others
		Income tax	Stamp tax	Others		
<b>Opening balance 2020</b>		<b>-</b>	<b>62</b>	<b>645</b>	<b>936</b>	<b>3,777</b>
	Other costs - Note 30					135
Recognition	Sales				- 462	- 462
	Other gains - Note 30			-95		- 152
Exchange Rate differences						- 8
Perimeter variation						-
Direct allocation						154
<b>End balance 2020</b>		<b>-</b>	<b>62</b>	<b>550</b>	<b>475</b>	<b>3,349</b>

In the year ended December 31, 2020, the most significant variation occurred in the item customer guarantees which are essentially from the Floor and Wall Coverings business unit, and are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The reduction was due to the decrease in the number of claims that occurred in 2020. In the year ended December 31, 2019, the movement in Income tax contingencies corresponds to the reclassification of contingencies to deferred taxes (Note 15) resulting from the issue of IFRIC 23, in the amount of 40.8 million euros.

Claims by the tax authorities are related with income tax, stamp tax and marginally VAT.

## Other contingencies

Other contingencies include provisions for termination of employment and ongoing legal proceedings.

Regarding the ongoing legal proceedings, it should be noted that, following the acquisition of 100% of the shares of the subsidiary Cosabe, carried out in October 2018, and subsequent legal action by

a third party claiming a preference right, Corticeira Amorim informs that the first instance sentence favourable to its claims was issued. The third party appealed the second instance sentence to the Supreme Court of Justice. Given that the said sentence is subject to judicial appeal, and in the unlikely event that the appeal sentence is unfavourable, there is no financial risk on the amount invested, because in that circumstance, Corticeira Amorim would be reimbursed for 100% of the investment made, and have the possibility of legally requesting cover loss damage liability. In this sense, Corticeira Amorim will proceed with the projected investments in the Herdade da Baliza as an integral part of its Forestry Intervention Project.



## [26.] Post- -Employment Benefits

thousand euros		Post-employment benefits
<b>Opening balance 2019</b>		<b>1,621</b>
Recognition	Others	83
Reversal	Other gains - note 30	- 16
<b>End balance 2019</b>		<b>1,687</b>

thousand euros		Post-employment benefits
<b>Opening balance 2020</b>		<b>1,687</b>
Recognition	Others	382
<b>End balance 2020</b>		<b>2,068</b>

At the Elfverson subsidiary, the company provides a defined benefit pension plan for administrative employees born in 1978 or earlier. The plan is managed by the PRI Pensionsgaranti. In order to estimate its liabilities for the payment of these benefits, the procedure for calculating the actuarial liabilities was determined in accordance with the "Projected Unit Credit Method", in accordance with IFRS.

The main assumptions assumed were as follows: discount rate 1.0%, salary increase 1.9%; 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 962 K€ (2019: 657 K€).

Amorim Cork Italia has responsibilities regarding TFR (trattamento di fine rapporto). This is due by the company to the employee when the contractual relationship ends, whether the company or the employee to terminate the connection or at the time of retirement. This amount equals about 1 month / year of work. Amorim Cork Italia has accrued this amount, following the update rules defined by the government (a law is issued annually with the revaluation percentage of amounts from previous years). The value of the liabilities is approximately 636 K€ (2019: 588 K€).

Remaining amounts related mainly to the liabilities of the Bourrassé (235 K€), Korken Schiesser (168 K€) and Portocork Italia (64 K€).

## [27.] Third Party Supplies and Services

thousand euros		
	2020	2019
Communications	1,241	1,309
Data systems	7,263	6,418
Insurance	3,895	3,884
Subcontractors	2,128	2,595
Energy	14,291	14,399
Security	1,278	1,361
Professional fees	1,229	1,589
Tools	1,955	2,316
Oil and gas	1,954	2,074
Royalties	1,187	915
Rentals	4,999	4,659
Transports	28,830	26,520
Representation expenses	628	1,288
Travel	2,555	5,180
Commissions	8,036	8,767
Specialised services	11,000	9,778
Advertising	5,107	7,782
Maintenance	13,072	12,973
Others	12,552	10,946
<b>Third party supplies and services</b>	<b>123,200</b>	<b>124,753</b>

## [28.] Staff Costs

thousand euros		
	2020	2019
Board remuneration	606	839
Employee remuneration	107,574	109,280
Social Security and other	22,321	22,511
Severance costs	400	2,766
Post-employment benefits	783	503
Other	6,490	4,087
Capitalised costs	-119	- 84
<b>Staff costs</b>	<b>138,054</b>	<b>139,902</b>
<b>Average number of employees</b>	<b>4,420</b>	<b>4,505</b>
<b>Final number of employees</b>	<b>4,357</b>	<b>4,428</b>

Board's remuneration includes Corticeira Amorim, S.G.P.S., SA and any of its subsidiaries. Includes also Statutory Audit Committee and General Meeting board members expenses.

Contributions related with defined contributions plans amounted to 783 K€ (2019: 503 K€).

## [29.] Impairments of Assets

thousand euros		
	2020	2019
Receivables	- 548	1,458
Tangible, intangible assets and others	- 97	- 263
<b>Impairments of assets and non-current costs</b>	<b>- 645</b>	<b>1,194</b>

Receivables include customers and other debtors.

## [30.] Other income and Gains / Other Costs and Losses

thousand euros		
	2020	2019
Exchange rate hedging: var. derivative fair value (note 3a))	1,697	136
Gain in fixed assets and investment p. disposals	21	828
Provisions reversals	152	161
Operating subsidies	372	314
Investment subsidies	2,436	978
Supplementary income	3,159	1,972
Building revenues	282	318
Own works	–	272
Other	5,390	5,069
<b>Other income and gains</b>	<b>13,509</b>	<b>10,046</b>

thousand euros		
	2020	2019
Exchange rate hedging: exchange rate differences (note 3)	2,077	1,087
Taxes	1,937	2,052
Provisions	199	549
Loss in fixed assets and investment p. disposals	49	55
Bank charges	448	446
Bad debts	920	279
Loss in inventory differences	194	177
Donations and fees	684	480
Other	242	1,726
<b>Other costs and losses</b>	<b>6,752</b>	<b>6,851</b>

## [31.] Non-Recurring Results

Non-recurring expenses increased as a result of the payment of an extraordinary bonus to employees of the Corticeira Amorim Group and restructuring costs, mostly due to severance payments in the Cork Stoppers, Floor and Wall Coverings and Composite Cork business units.

thousand euros		
	2020	2019
Restructuring costs	– 2,691	– 1,384
Reversal of provisions in the investment in Amorim Argentina	– 3,125	–
Transaction costs	–	– 236
<b>Non-recurring results</b>	<b>– 5,816</b>	<b>– 1,620</b>

## [32.] Financial Costs and Financial Income

thousand euros	2020	2019
Interest costs - bank loans	1,186	1,528
Interest costs - other entities	543	- 98
Stamp tax	145	166
Interest costs - other	493	580
	<b>2,368</b>	<b>2,177</b>
Interest gains - bank deposits	15	28
Interest gains - other loans	20	6
Interest gains - delayed payments	172	19
Interest gains - other	20	28
	<b>227</b>	<b>81</b>
<b>Net financial costs</b>	<b>2,140</b>	<b>2,096</b>

Interest costs – other entities includes 60 K€ (2019: 61 K€) is included to apply the amortised cost and the effect of updating the liability for the acquisition of non-controlled interests (30 K€).

## [33.] Related-Party Transactions

Corticeira Amorim consolidates directly in AMORIM – INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. with its registered office at Mozelos (Santa Maria da Feira, Portugal), the Amorim Group holding company.

As of December 31, 2020, the financial stake of AMORIM – INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. in Corticeira Amorim was 51%, corresponding to 51% of voting rights.

Corticeira Amorim 's transactions with related companies are, in general, due to the rendering of services through some of AIP subsidiaries (Amorim Serviços e Gestão, S.A., Amorim Viagens e Turismo, S.A., OSI – Sistemas Informáticos e Electrotécnicos, Lda.). Total sales of these subsidiaries to the remaining Corticeira Amorim companies totalled 11,862 K€ (2019: 11,107 K€).

Sales from Quinta Nova, S.A., AMORIM - INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. subsidiary to Corticeira Amorim subsidiaries was 28 K€ (2019: 46 K€). Purchases totalled 32 K€ (2019: 318 K€).

Cork acquired during 2020, from companies held by the main indirect shareholders of Corticeira Amorim, amounted to 1,339 K€ (2019: 444 K€). This corresponds to less than 2% of total acquisitions of that cork raw-material.

Balances at year-end 2020 and 2019 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%.

Total short-term remuneration of key personnel (including the executive committee of S.G.P.S. and general managers of the Business Units) of Corticeira Amorim reached in the year the amount of 2,507 K€ (2019: 2,840 K€). The value of post-employment benefits, other long-term benefits, termination benefits and share-based payments is null.

# [34.] Auditor's Fees

EY auditor's remuneration for the group of subsidiaries and for Corticeira Amorim was 323 K€ (2019: 312 K€) and detailed as follows:

thousand euros					
Nature of service		Audit	Review of interim financial information and other assurance engagements	Other services	TOTAL
EY SROC	Corticeira Amorim	Value	29,000	19,000	48,000
		%	60%	40%	100%
	Entities that integrate the group	Value	157,600	2,500	198,350
		%	79%	1%	100%
	Total	Value	186,600	21,500	246,350
		%	76%	9%	100%
	Corticeira Amorim	Value	0	0	0
		%	0%	0%	0%
EY global network companies	Entities that integrate the group	Value	72,800	4,000	76,800
		%	95%	5%	100%
	Total	Value	72,800	4,000	76,800
		%	95%	5%	100%
Total	Corticeira Amorim	Value	29,000	19,000	48,000
		%	60%	40%	100%
	Entities that integrate the group	Value	230,400	6,500	275,150
		%	84%	2%	100%
	Total	Value	259,400	25,500	323,150
		%	80%	8%	100%

The Review of interim financial information and other assurance engagements line includes the limited review of the consolidated financial statements for the six-month period ended June 30, 2020, the independent review of the sustainability report, certification of expenses included in the framework of a supported research and development project and other certifications within the scope of supported investment projects.

The Other services item includes a study to assess the Group's environmental, social and economic impacts.



# [35.] 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 shares.

	2020	2019
Total issued shares	133,000,000	133,000,000
Average nr. of treasury shares	–	–
Average nr. of outstanding shares	133,000,000	133,000,000
Net profit (thousand euros)	64,326	74,947
Net profit per share (euros)	0,484	0,564

## b) Guarantees

During its operating activities Corticeira Amorim issued guarantees in favour of third-parties amounting to 1,023 K€ (Dec. 2019: 1,624 K€).

thousand euros		
Beneficiary	Amount	Purpose
Government agencies	533	Capex grants / subsidies
Other	490	Miscellaneous guarantees
<b>TOTAL</b>	<b>1,023</b>	

Cork purchase commitments amount to 19,055 K€ (2021: 9,886 K€; 2022: 2,742 K€, 2023: 1,659 K€ e 2024 and further 4,767 K€).

## c) Financial assets and liabilities

Financial assets are mainly registered in the loans and other receivables account heading. As for financial liabilities they are included in the amortised liabilities account heading.

Detail is as follows:

thousand euros	Financial assets at amortised cost	Financial assets at fair value	Derivatives designated as hedging	Derivatives not designated as hedging	Total
Trade receivables (note 17)	165,484				165,484
Other debtors (note 18)	30,778		111		30,889
Other financial assets (note 14)		1,550			1,550
Cash and cash equivalents (note 19)	22,144				22,144
<b>Total as of December 31, 2019</b>	<b>218,405</b>	<b>1,550</b>	<b>111</b>	<b>–</b>	<b>220,066</b>
Trade receivables (note 17)	161,360				161,360
Other debtors (note 18)	27,923		1,973		29,896
Other financial assets (note 14)		1,603			1,603
Cash and cash equivalents (note 19)	70,266				70,266
<b>Total as of December 31, 2020</b>	<b>259,549</b>	<b>1,603</b>	<b>1,973</b>	<b>–</b>	<b>263,125</b>

milhares de euros	Loans and payables	Accounts payable	Agreement to acquire non-controlling interests	Derivatives designated as hedging	Derivatives not designated as hedging	Total
Interest-bearing loans (note 22)	183,234					<b>183,234</b>
Trade payables (note 23)		132,086				<b>132,086</b>
Other financial liabilities (note 24)	15,032	36,081	14,962	23	212	<b>66,310</b>
<b>Total as of December 31, 2019</b>	<b>198,266</b>	<b>168,167</b>	<b>14,962</b>	<b>23</b>	<b>212</b>	<b>381,630</b>
Interest-bearing loans (note 22)	180,983					<b>180,983</b>
Trade payables (note 23)		110,402				<b>110,402</b>
Other financial liabilities (note 24)	17,985	34,491	9,962	23	212	<b>62,674</b>
<b>Total as of December 31, 2020</b>	<b>198,968</b>	<b>144,893</b>	<b>9,962</b>	<b>23</b>	<b>212</b>	<b>354,058</b>

Customers balances are denominated in USD (7.9%), CLP (5.9%), AUD (1.8%), GBP (1.8%), DKK (0.8%) and ZAR (1.1%) and the remainder is almost totally euro based. Exchange rate 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 accounting value. The remaining fixed-rate non-current debt corresponds to the Green Bonds, which were issued at the end of 2020.

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 recognising in income, maturities and current interest rate levels, difference between book value and fair value is not significant.

#### d) Reconciliation of Alternative Performance Measures

According to the guidelines of the ESMA (European Sales and Marketing Association) of October 2015 on Alternative Performance Measures (APM), Corticeira Amorim presents below a table to reconcile APMs that are not directly readable in the primary financial statements.

Management report	Consolidated financial statements
Gross margin	Sales - Cost of goods sold and materials consumed + Change in manufactured inventories
Gross margin %	Gross margin / (Sales + Change in manufactured inventories)
Operational costs	Third party supplies and services + Staff costs + Impairments of assets - Other income and gains + Other costs and losses + Depreciation
Working capital	Inventories + trade receivables - trade payables + other operating assets - other operating liabilities
Invested capital	Goodwill + tangible fixed assets + intangible assets + right of use + working capital + investment properties + Investments in associates and joint ventures + other operating assets / (liabilities)
Net interest-bearing debt / consolidated debt	Current and non-current Interest-bearing loans - cash and cash equivalents
Financial autonomy	Equity / Total assets

# [36.] Subsequent Events

In the context of the pandemic caused by COVID-19, Corticeira Amorim's key priorities remained unchanged from the very first moment: the protection of the health and safety of employees and the determination to continue to serve customers. The safest practices were adopted, based on a strict Contingency Plan implemented in all industrial units and in its extensive distribution network. This plan included a set of wide-ranging measures that are essential to ensure the continued well-being of the more than 4,300 employees worldwide, the safe operation of the various plants and business continuity.

In 2021 the degree of uncertainty is still high, the evolution and extent of the ongoing vaccination process, the effectiveness of the vaccine, balanced by the possible need to implement additional containment measures, will determine the effects on the global economy and consumption patterns and, consequently, on Corticeira Amorim's business.

At the date of issuance of this report, there were no other material events that could materially affect the financial position and future results of Corticeira Amorim and all subsidiaries included in the consolidation.

Mozelos, March 29, 2021

## **The Board**

of Corticeira Amorim, S.G.P.S., S.A..







# Reports and Opinions of the Supervisory and Auditing Bodies

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Cork, whose natural temperature is very close to that of the human body, transmits a feeling of comfort that is difficult to replicate using any other material.

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## CORTICEIRA AMORIM, S.G.P.S., SA

### REPORT AND OPINION OF THE SUPERVISORY BOARD - 2020 FINANCIAL YEAR

Dear Shareholders,

Pursuant to the Law and the mandate given to us, we hereby submit our Report on our supervisory activity and issue our Opinion on the Management Report and Individual and Consolidated Financial Statements presented by the Board of Directors of CORTICEIRA AMORIM, S.G.P.S., SA for the year ended 31 December 2020.

#### I - ACTIVITY CARRIED OUT

The Supervisory Board regularly monitored the activities developed by the Company and its main subsidiaries and supervised compliance with the Law and the Articles of Association, having inspected the work conducted by the Company's management, the effectiveness of the risk management, internal auditing and internal audit systems and the preparation and disclosure of individual and consolidated financial information. In addition, the Board monitored the accuracy of the accounting records, of the individual and consolidated financial statements and of the accounting policies and valuation criteria adopted by the company. It also appraised the reasonableness of the management's estimates and judgments in matters that presuppose a higher level of subjectivity, in order to verify that they lead to an adequate expression of the company's assets and its individual and consolidated results and cash flows.

During this financial year, most meetings and other work inherent to the functions of the Supervisory Board were held electronically; this did not affect the frequency and thoroughness of the necessary contact with Supervisory Board interlocutors and we consider that, overall, it did not have a significant impact on the performance of our duties.

In carrying out its duties, the Supervisory Board met regularly with representatives of the External Audit Firm, in order to monitor the auditing work carried out, from the planning stage to the respective conclusions of the final audit, and also appraised its independence. In this regard, the Supervisory Board analysed the proposals presented to it for the provision of services other than auditing services by the Statutory Auditor, and approved those that respected permitted services that would not affect the independence of the Statutory Auditor and fulfilled other legal requirements. In accordance with its duty and responsibility, the Supervisory Board monitored the transactions carried out with shareholders who have qualifying shareholdings, and also monitored the operation of the system for reporting irregularities.

The Supervisory Board also met with the departmental representatives with responsibility for preparing the individual and consolidated accounts, as well as with the Internal Auditor and the heads of the legal and tax Departments, and it received full collaboration from them. The Supervisory Board also met with the Board of Directors and the Executive Committee, which clarified all issues raised by it and explained the Company's plans and objectives. During the 2020 financial year, it was particularly important to monitor the impact of the COVID-19 pandemic on the Group's activities, as well as the measures taken to mitigate it, both in terms of the continuity of industrial and sales operations and the protection of all employees involved in on-site activities.

The Supervisory Board analysed the Legal Certifications of the Accounts and the Auditor's Report on the Individual and Consolidated Financial Statements for the year of 2020, which comprise the Consolidated and Individual Statements of the Financial Position on December 31, 2020, the Individual and Consolidated Statements of Results by Nature of Expense, the Individual and Consolidated Statements of Comprehensive Income, the Individual and Consolidated Statements of Changes in Equity and the Individual and Consolidated Statements of Cash Flows and related notes. No reservations were raised in relation to any of these documents. The Supervisory Board also analysed (1) the Confirmation of Independence and (2) the Additional Report sent to it by the External Audit Firm, both sent on the date of completion of the auditing work.

The Supervisory Board also analysed the Corporate Governance Report, with the sole responsibility to certify whether it includes all the elements stipulated in Article 245-A of the Portuguese Securities Code, which the Supervisory Board verified.

The Supervisory Board would like to express its gratitude to Manuel Carlos de Carvalho Fernandes, who performed his duties as Chairman of this Body until 23 December 2020, having resigned from the post on that date. Pursuant to the relevant legal and regulatory provisions, alternate member Maria Cristina Galhardo Vilão took up her post, while Eugénio Luiz Lopes Franco Ferreira was elected Chairman of the Supervisory Board.

#### II - OPINION

Within the framework of the Supervisory Board's powers, it is hereby stated that, to the best of the Board's knowledge and belief, the aforementioned accounts statements have been drawn up in accordance with the applicable accounting standards, and give a true and appropriate image of the assets and liabilities, financial situation and results of CORTICEIRA AMORIM, S.G.P.S., SA and the GROUP led by it, and that the annually report faithfully presents the evolution of the GROUP's business, performance and position, and contains an appropriate description of the main risks and uncertainties faced. The Board also certifies that the Corporate Governance Report includes all elements stipulated in article 245-A of the Securities Code.

Under these terms, and taking into account the steps taken, the opinions and the information received from the Board of Directors, the Company Services, the Statutory Auditor and the External Auditor, the Supervisory Board is of the opinion that:

1. The Individual and Consolidated Management Report for the year of 2020 should be approved;
2. The Individual and Consolidated Financial Statements for the year of 2020 should be approved;
3. The proposal for the appropriation of profits presented by the Board of Directors, which is duly substantiated, should be approved.

Mozelos, 30 March 2021

The Supervisory Board

Eugénio Luís Lopes Franco Ferreira - Chairman

Marta Parreira Coelho Pinto Ribeiro - Member

Maria Cristina galhardo Vilão - Member

*(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)*

## Statutory and Auditor's Report

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying consolidated financial statements of Corticeira Amorim, SGPS, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 31 December 2020 (showing a total of 1.005.684 thousand euros and a total equity of 576.656 thousand euros, including a net profit for the year attributable to the equity holders of the Group of 64.326 thousand euros), the Consolidated Statement of Income by Nature, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Corticeira Amorim, SGPS, S.A. as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

##### 1. Inventories

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As at 31 December 2020, Inventories amount to 364.109 thousand euros, net of impairment losses of 8.390 thousand euros, and represent around 36% of total assets.</p> <p>They are comprised of cork, cork stoppers and other cork derived processed products, which are spread across several locations.</p>	<p>Our audit approach included the performance of the following procedures:</p> <ul style="list-style-type: none"> <li>▶ We obtained an understanding of the inventories process and tested the operational effectiveness of the controls implemented related to the existence and valuation of inventories in the relevant subsidiaries;</li> </ul>

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As disclosed in Note 2 i) of the notes to the consolidated financial statements, inventories are valued at the lower of cost and net realizable value. The Group applies a criteria based on rotation to record impairment losses on inventories. This methodology is based on assumptions made by the Board of Directors to determine appropriate percentages to provide for impairment losses for each category of inventories.</p>	<ul style="list-style-type: none"> <li>▶ We attended the physical counts of inventories in all relevant subsidiaries and geographies, carried at or near year-end, with the focus on the identification of indicators of impairment of inventories due to obsolescence or damage as well as evaluating their correct classification;</li> <li>▶ We verified the underlying contractual terms for an extended sample of contracts with suppliers of the main raw material;</li> <li>▶ We performed analytical review procedures on the valuation of finished goods and work in progress and tested in detail the inventories cost accounting process by selecting a representative sample of bill of materials;</li> <li>▶ We tested the underlying assumptions in the determination of impairment losses on inventories, in the light of available information on rotation of inventories, obsolete inventories and consumptions/sales;</li> <li>▶ We were alert to any adverse impacts arising from the covid-19 pandemic on the net realizable value of inventories; and</li> <li>▶ We evaluated the consistency of the criteria utilized in comparison with prior years.</li> </ul> <p>We also considered the adequacy of the applicable disclosures (IAS 2), included in Notes 2 i) and 16 of the notes to the consolidated financial statements.</p>

## 2. Provisions and contingencies

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As disclosed in notes 15 and 25 of the notes to the consolidated financial statements, the Group has identified several tax and legal contingencies. Provisions for tax and legal contingencies are accounted for whenever the Group considers that an unfavourable outcome is probable, in accordance with IAS 37 and, in the case of contingencies related to income tax, in accordance with IFRIC 23. The assessment of the likelihood of the outcome is supported by the opinion of legal and tax advisors.</p> <p>As at 31 December 2020, liabilities from tax contingencies related to income tax amount to 43.332 thousand euros (Note 15) and provisions for tax contingencies amount to 3.349 thousand euros (Note 25). The estimate of the potential outflow of resources requires a high degree of judgement by the</p>	<p>Our audit approach included the performance of the following procedures:</p> <ul style="list-style-type: none"> <li>▶ Understanding and evaluating the monitoring processes for tax contingencies and reviewing all existing documentation;</li> <li>▶ Performing an analysis of pending tax claims, as well as potential tax contingencies, with the support of our tax specialists;</li> <li>▶ Making inquiries to the Board of Directors and to the Directors of the legal and tax departments regarding the basis for their estimates and judgements;</li> <li>▶ Analysing the replies to the information requests made to the external lawyers; and</li> <li>▶ Evaluating the consistency of the criteria utilized in comparison with the prior years, considering the provisions of IFRIC 23.</li> </ul>

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Board of Directors and it is therefore considered a key matter.	We also considered the adequacy of the applicable disclosures, included in Notes 2 j), 2 l), 15 and 25 of the notes to the consolidated financial statements.

## Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- ▶ the preparation of consolidated financial statements that present a true and fair view of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union;
- ▶ the preparation of the Consolidated Management Report, the Corporate Governance Report and the consolidated statement of non-financial information in accordance with applicable laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our

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opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- ▶ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- ▶ communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- ▶ from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- ▶ we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility includes the verification of the consistency of the Consolidated Management Report with the consolidated financial statements, and the verification under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code, as well as the verification that the statement of non-financial information was presented.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### On the Consolidated Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Consolidated Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatement.

### On the Corporate Governance Report

In our opinion, the Corporate Governance Report includes the information required of the Group in accordance with article 245-A of the Securities Code, and we have not identified any material misstatements of the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of n.º 1 of the said article.

### On the Statement of non-financial information

Pursuant to article 451, nr. 6, of the Commercial Companies Code, we inform that the Group has included in its Consolidated Annual Report the statement of non-financial information as per article 508-G of the Commercial Companies Code.

### On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- ▶ We were appointed as auditors of Corticeira Amorim, SGPS, S.A. (the Group's parent company) for the first time in the shareholders' general meeting held on 7 April 2017 for a mandate from 2017 to 2019.

In the shareholders' general meeting held on 26 June 2020 we were appointed for a new mandate from 2020 to 2022;

- ▶ Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the consolidated financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement in the consolidated financial statements due to fraud;
- ▶ We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group as of today; and
- ▶ We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Group in conducting the audit.

Oporto, 30 March 2021

Ernst & Young Audit & Associados – SROC, S.A.  
Sociedade de Revisores Oficiais de Contas  
Represented by:

*(Signed)*

Rui Manuel da Cunha Vieira - ROC nr. 1154  
Registered with the Portuguese Securities Market Commission under license nr. 20160766



# Consolidated Annual Report **2020**

**Corticeira Amorim, S.G.P.S., S.A. — Public Company**

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**CORTICEIRA AMORIM**