Consolidated Annual Report 2017

AMORIM

CHAIRMAN'S MESSAGE

Dear Shareholder,

The year of 2017 was characterised by strong, comprehensive growth across the world, resulting in the best performance of the global economy since the financial crisis of 2008. The recovery of international trade was evident. The pace of expansion was faster than expected and occurred in parallel with an attenuation of political risk, a significant improvement in perceptions of sovereign debt risk, an increase in company solidity and a gradual recovery of the labour market.

Portugal registered its fourth consecutive year of economic growth. Confidence indicators recovered on a sustained basis. Growth was driven by private consumption and investment, resulting in an increased contribution from domestic demand, but also of exports. The year was also characterised by an upgrade in Portugal's credit rating to investment grade, leading to a reduction in the interest rates paid on public debt and, as a consequence, in rates for other economic agents.

The year of 2017 was Corticeira Amorim's best year ever in terms of consolidated sales, which totalled €702 million, driven by organic growth and by the impact of integrating Bourrassé and Sodiliège (Cork Stoppers), companies that were acquired in the second half of 2017.

The Cork Stopper Business Unit (BU), which remains the Group's main engine of growth, recorded production levels never before achieved, strengthening its product range and sales in every business segment (wine, sparkling wine and spirits). The Floor and Wall Coverings BU, whose sales grew faster than in 2016, took on new challenges. A new press and sophisticated digital printing technology enabled it to develop a truly innovative product range. The Composite Cork and Insulation BUs maintained a strong level of activity and profits as they underwent internal organisations. These are always difficult, but will doubtless prepare them better for meeting future challenges. The Raw Materials BU, which has been developing its procurement activities in a climate of rising prices, has recorded increasing levels of profitability thanks to the successful implementation of a vast programme of measures to improve operating efficiency.

The Group is engaged in a permanent effort to do more, to do it better and do it with less. For this reason, improving operating efficiency is a permanent process. In fact, the Group's 2017 EBITDA of €133.6 million (+9,2%) corresponded to a high EBITDA-sales ratio of 19%, little changed from 2016 in spite of the acquisition and integration of two companies with profitability levels lower than those of Corticeira Amorim. The financial function continued to benefit from the continuing reduction of interest rates, in spite of an increase in indebtedness resulting from the acquisition of Bourrassé and, to a lesser degree, Sodiliège. Corticeira Amorim's consolidated net profit totalled €73 million, representing earnings-per-share of €0.442.

We are beginning a new cycle that will bring successive new challenges. We nevertheless maintain our goal: to increase our profitability by means of excellent performances. This goal is perfectly within our reach – we operate an outstanding business that is growing in value; the internal conditions are in place; the skill and motivation of our whole team are evident.

Our goals are also totally aligned with the needs of our planet, which, as we know, are under constant pressure. It therefore falls to us to continue growing in an increasingly efficient way. The principles and practices of sustainability have always been intrinsic to Corticeira Amorim's activities, there being an interdependence between our industry and the ecosystem. This means creating wealth at the same time as protecting the environment and creating jobs at the same time as taking action to prevent desertification in areas that often have poor soils and face tough climatic conditions.

The integration in our strategy of materials for advancing sustainable development will add value over the short, medium and long term – a value that derives not just from the competitive advantage we gain from the way this differentiates the Group and its vast range of products and supplies, but also from the increased efficiency of our processes, innovation and the ability to attract talent.

In 2017, we strengthened this commitment. We began the alignment of our sustainability strategy with the United Nations' Sustainability Goals. We also resumed producing an annual report on our sustainability practices, which will form part of Corticeira Amorim's Annual Report, providing more transparent and complete information about all the components that contribute to the success of the Group.

I would like to conclude by expressing in my own name and on behalf of all the Board of Directors our sincere admiration of the professionalism and commitment shown by all our employees and our thanks to all our other stakeholders for the trust they place in the Group and for their motivation.

Cordially,

António Rios de Amorim
Chairman and CEO

"WE ARE WHAT WE CONSISTENTLY DO. EXCELLENCE IS NOT AN ACTION, BUT A HABIT"

AMÉRICO FERREIRA DE AMORIM

AMÉRICO FERREIRA DE AMORIM (1934 – 2017)

In July 2017, we bade farewell with great sorrow to Américo Amorim, the charismatic leader who presided over the Corticeira Amorim Group for several decades, being the precursor of the professionalisation, modernisation, innovation and sustainability, not only of the Group, but also of the whole cork sector.

We will always remember his visionary capacity, his work, ambition and effort. A peerless man as well as a brilliant and tenacious achiever, he made business history in Portugal and across the world.

We reaffirm here our commitment and firm intention to honour his memory and to uphold his exemplary principles and his entrepreneurial spirit.

We all bid him a heartfelt last "Farewell!"

BOARD MEMBERS

BOARD OF DIRECTORS

António Rios Amorim
Chairman

Nuno Filipe Vilela Barroca de Oliveira
Vice-Chairman

Fernando José de Araújo dos Santos Almeida
Member

Cristina Rios de Amorim Baptista
Member

Luísa Alexandra Ramos Amorim
Member

Juan Ginesta Viñas
Member

BOARD OF THE GENERAL MEETING

Augusto Fernando Correia de Aguiar-Branco
Chairman

Rita Jorge Rocha e Silva
Secretary

SUPERVISORY BOARD

Manuel Carvalho Fernandes
Chairman

Ana Paula Africano de Sousa e Silva
Member

Eugénio Luís Lopes Franco Ferreira
Member

Durval Ferreira Marques
Substitute Member

STATUTORY AUDITOR

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

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

As of December 2017

ORGANIZATIONAL CHART

RAW MATERIALS

Amorim Florestal, S.A.

Provision

- **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
- **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. – Societé Nouvelle du Liège, S.A.** Tabarka – Tunisia
- **S.I.B.L. – S.A.R.L.** Jijel – Algeria
- **Augusta Cork, S.L.** San Vicente de Alcántara – Spain

CORK STOPPERS

Amorim & Irmãos, S.G.P.S., S.A.

Production

- **Amorim & Irmãos, S.A.** Santa Maria de Lamas – Portugal
- **Amorim Top Series, S.A** Argoncilhe – Portugal
- **Amorim & Irmãos, S.A Unid. Ind. Valada** Valada – Portugal
- **Amorim & Irmãos, S.A Unid. Ind. Coruche** Coruche – Portugal
- **Amorim & Irmãos, S.A. Unid. Ind. Champanhe** Santa Maria de Lamas – Portugal
- **Amorim & Irmãos, S.A. Unid. Ind. Portocork** Santa Maria de Lamas – Portugal
- **Amorim & Irmãos, S.A. Unid. Ind. Salteiros** Ponte de Sôr – Portugal
- **S.A.S. Sodiliége** Merpins – Portugal
- **Socori, S.A.** Rio Meão – Portugal
- **Francisco Oller, S.A.** Girona – Spain
- **Trefinos, S.L.** Girona – Spain

Distribuição

- **Amorim & Irmãos, S.A. Unid. Ind. Distribuição** Santa Maria de Lamas – Portugal
- **Trefinos Australia, Pty Ltd** Adelaide – Australia
- **Amorim Australasia** Adelaide – Australia
- **Amorim Cork Italia, S.p.A.** Conegliano – Italy
- **Amorim Cork Deutschland, GmbH** Bingen am Rhein – Germany
- **Amorim Cork Bulgaria, EOOD** Sofia – Bulgaria
- **Amorim Cork America, Inc.** Napa Valley, CA – USA
- **ACIC – USA LLC** Napa Valley, CA – USA
- **Amorim France, S.A.S.** Eysines, Bordéus – France
- **Amorim France S.A.S. Unid. Ind. Sobefi** Cognac – France
- **Amorim France S.A.S. Unid. Ind. Champfleury** Champfleury – France
- **Victor y Amorim, S.L.** Navarrete (La Rioja) – Spain
- **Amorim Cork España S.L.** San Vicente de Alcántara – Spain
- **Hungarokork Amorim, Rt.** Veresegyház – Hungary
- **Korken Schiesser, GmbH** Viena – Austria
- **Portocork America, Inc.** Napa Valley, CA – USA
- **Amorim Cork South Africa (PTY) Ltd.** Cape Town – South Africa
- **Corchera Gomez Barris, SA** Santiago – Chile
- **Corpack – Bourasse, S.A.** Santiago – Chile
- **Wine Packaging & Logistic, SA** Santiago – Chile
- **Industria Corchera, S.A.** Santiago – Chile
- **Société Nouvelle des Bouchons Trescasses, S.A.** Le Boulou – France
- **I.M. «Moldamorim», S.A.** Chisinau – Moldova
- **Amorim Cork Beijing, Ltd.** Beijing – China
- **S.A. Oller et Cie** Reims – France
- **Corchos de Argentina, S.A.** Mendoza – Argentina
- **Agglotap S.A.** Girona – Spain
- **Sagrera et Cie** Reims – France
- **Trefinos Italia SRL** Treviso – Italy
- **Trefinos USA** Fairfield, CA – USA
- **Trefinos Australia** Adelaide – Australia
- **Bouchons Prioux S.A.R.L.** Epernay – France
- **Amorim Top Series France S.A.S.** Cognac – France
- **S.A.S. Ets Christian Bourasse** Tosse – France

R&D, INNOVATION

- **Amorim Cork Research, Lda.** Mozelos – Portugal
- **Amorim Cork Services, Lda.** Mozelos – Portugal
- **Amorim Cork Ventures, Lda.** Mozelos – Portugal

COMPOSITE CORK

Amorim Cork Composites, S.A.

Amorim Cork Composites, S.A.
Mozelos – Portugal

Amorim Compcork, Lda.
Mozelos – Portugal

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

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

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

Amosealtex Cork Co., Ltd
Xangai – China

Amorim Cork Composites, Inc.
Trevor, WI – USA

Amorim (UK) Limited
West Sussex – United Kingdom

Amorim Cork Composite, LLC
Moscovo – Russia

FLOOR AND WALL COVERINGS

Amorim Revestimentos, S.A.

Production

Amorim Revestimentos, S.A.
S. Paio de Oleiros – Portugal

Amorim Revestimentos, S.A.
Lourosa – Portugal

Distribuição

Amorim Benelux B.V.
Tholen – Netherlands

Amorim Deutschland GmbH & Co. KG
Delmenhorst – Germany

Amorim Flooring Austria GmbH
Viena – Austria

Amorim Flooring (Switzerland) AG
Zug – Switzerland

Amorim Revestimientos, S.A.
Barcelona – Spain

Dom Korkowy, Sp. Zo.o
Cracóvia – Poland

Amorim Flooring North America
Hanover, MD – USA

Cortex Korkvertriebs GmbH
Nürnberg – Germany

Timberman Denmark A/S
Hadsund – Denmark

Amorim Flooring UK, Limited
Manchester – United Kingdom

Amorim Flooring Rus, LLC
Moscovo – Russia

Amorim Flooring Sweden AB
Mölndal – Sweden

INSULATION CORK

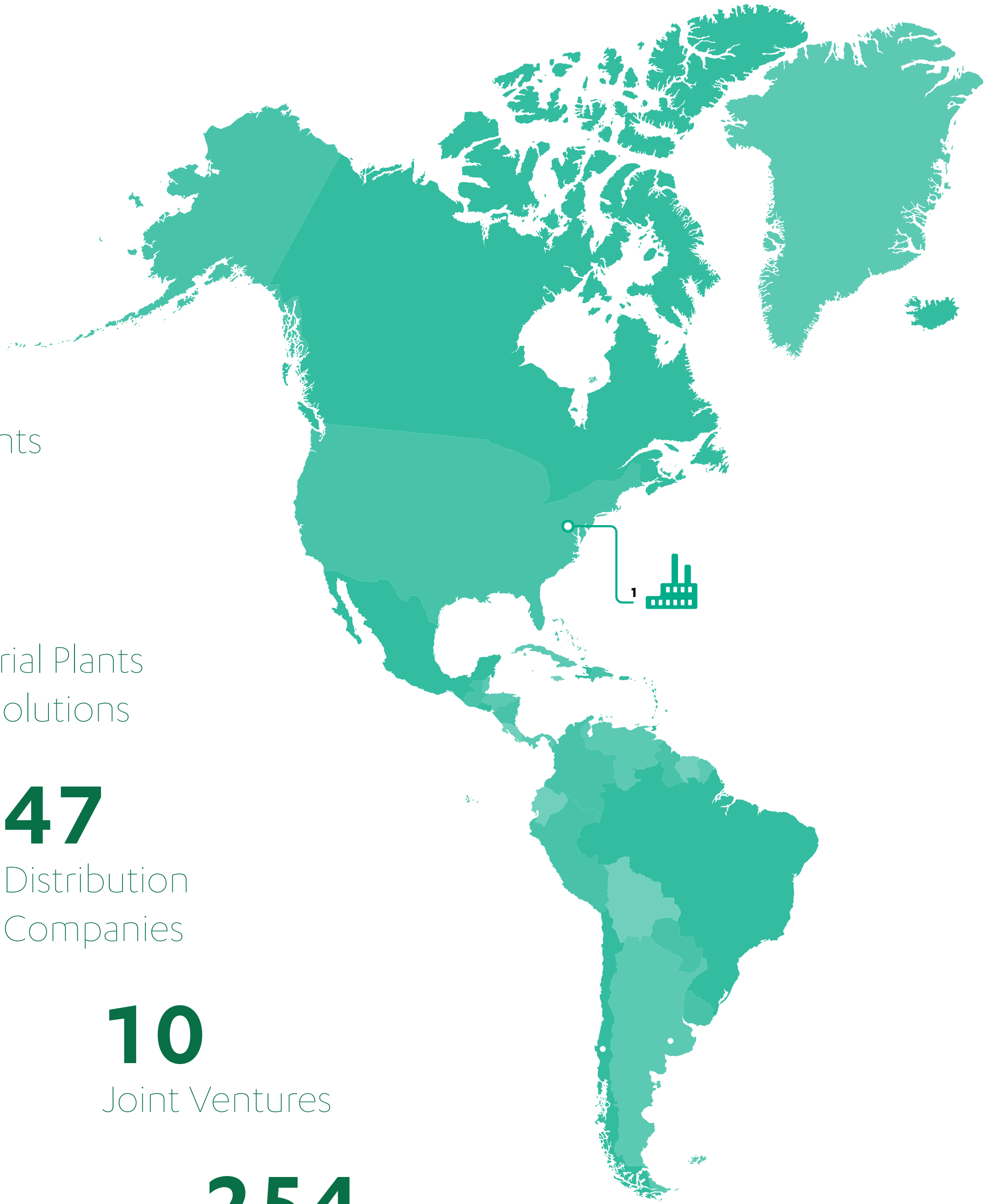
Amorim Isolamentos, S.A.

Amorim Isolamentos, S.A.
Mozelos – Portugal

Amorim Isolamentos, S.A.
Silves – Portugal

Amorim Isolamentos, S.A.
Vendas Novas – Portugal

WORLDWIDE PRESENCE



10
Industrial Plants
Raw Material

20
Industrial Plants
Cork Solutions

47
Distribution
Companies

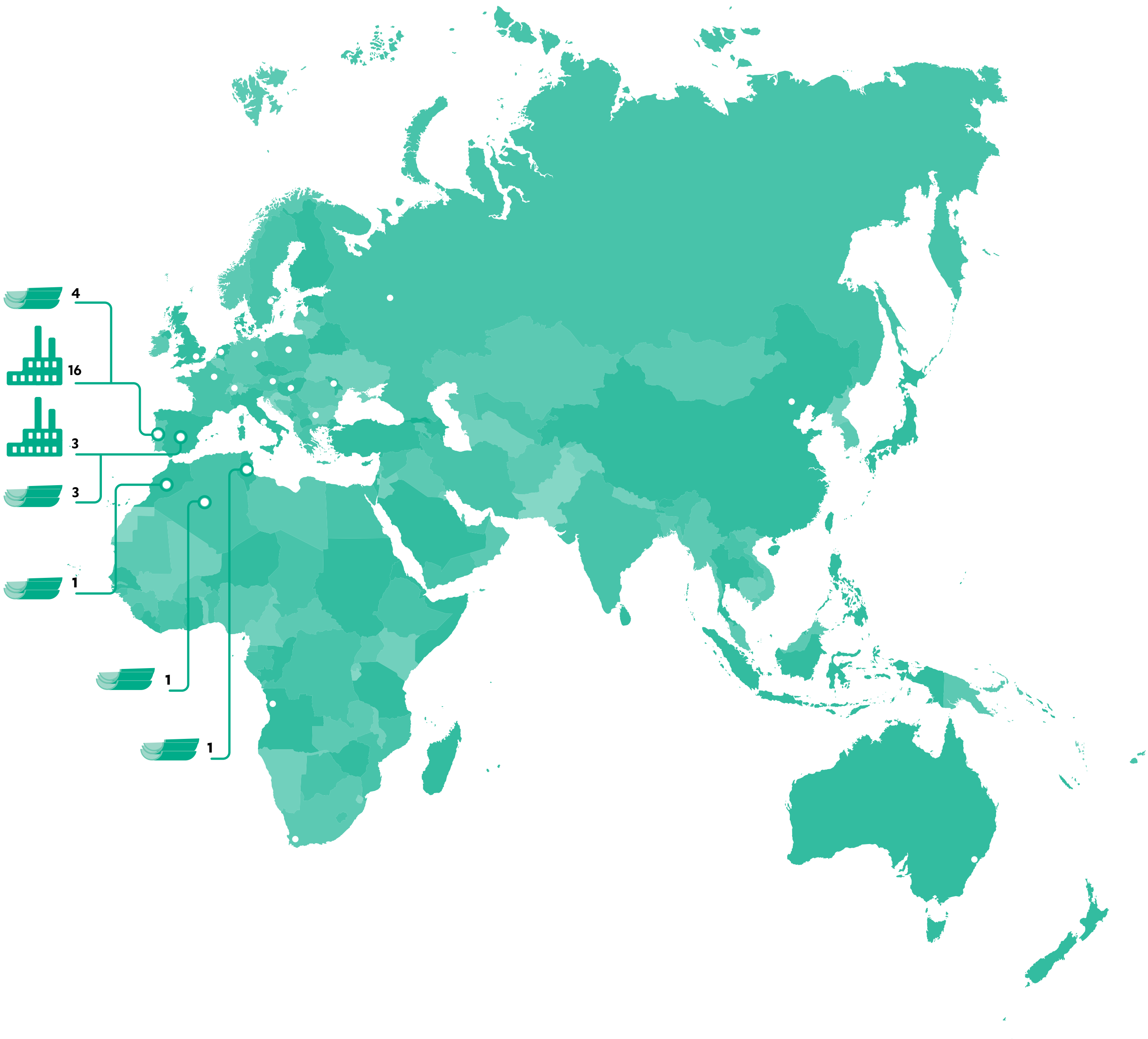
10
Joint Ventures

254
Main Agents

Geographic Location

Industrial Plants
Raw Material

Industrial Plants
Cork Solutions



Countries	South Africa	Germany	Algeria	Argentina	Australia	Austria	Bulgaria	Chile	China	Denmark	Spain	USA	France	Netherlands	Hungary	Italy	Morocco	Moldova	Poland	Portugal	United Kingdom	Russia	Sweden	Switzerland	Tunisia
IP Raw Material			1								3						1			4					1
IP Cork Solutions											3	1								16					
Distribution Companies	1	3		1	1	1	1	3	1	1	4	5	10	1	1	3		1	1	3	2	2		1	
Joint Ventures				1				2	1	1	1		1						1				1		1

01

Significant Events

SIGNIFICANT EVENTS

JANUARY

Amorim Revestimentos presented new collections by Wicanders at Domotex, in Hanover, Germany. The new flooring lines, Vintage and Fusion, and the new range of Brick wall coverings, inspired by the latest interior design trends, were promoted as outstanding solutions for creating personalised ambiences, strengthening the BU's range of brand-named cork visuals.

Amorim Cork Ventures presented Sugo Cork Rugs, the world's first collection of cork rugs. The new brand belongs to the start-up TD Cork. Its novelty lies in its innovative production method, which draws on traditional weaving techniques to create a new range of versatile and functional rugs with the added value that comes from incorporating the benefits of cork, including thermal and acoustic insulation, comfort and anti-allergenic properties

A cork snowboard won the international ISPO Brand New 2017 award. The innovative snowboard was developed by the Swiss company Anticonf using Next Core© technology, with cork supplied by Amorim Cork Composites. Its lightness, greater flexibility and sustainable credentials won the vote for the sporting goods industry's leading award.

FEBRUARY

NDtech received awards in the areas of sustainability and technological innovation. NDtech technology won awards at two international competitions. The 2017 Sustainability Award was presented at the Nieder-Olm exhibition in Germany for winegrowing products, systems and services. In addition to sustainability requirements, the jury evaluates the direct applicability of the developed solution. NDtech also received the Technological Innovation Award at the 21st edition of Enomaq. Launched in 2016, NDtech is a state-of-the-art quality control technology that for the first time introduced individual sorting on natural cork stopper production lines, thus ensuring the elimination of any stopper contaminated with 2,4,6 Trichloroanisole (TCA).

MARCH

Amorim Revestimentos invested €10 million in strengthening the production capacity of its Hydrocork flooring. The decision reflected Hydrocork's high level of market receptivity in numerous regions, resulting in rapid sales growth, making it one of products to achieve the fastest market penetration in the history of Corticeira Amorim. The new technology will enable the company to increase its industrial production capacity for flooring by four million square metres.

Helix conquered Constellation, the world's largest wine producer. The innovative wine packaging product Helix combines an ergonomic cork stopper with a glass bottle that has an internal thread in its neck, thus dispensing with the need for a corkscrew. It was selected for the US launch of the new Callie Collection range. Callie Collection wines, priced at US$13.99, stand out for their fresh aromas and flavours, typical of the central coast of California. Its portfolio includes Pinot Grigio, Chardonnay and a high-quality blended red.

Corticeira Amorim won Portugal's National Agricultural Award in the category of Innovation Project - Large Companies. The award was based on the Group's Forest Intervention Project which, developed in close partnership with forestry producers, research institutions and local political entities, aims to ensure the maintenance, preservation and enhancement of cork oak forests and, consequently, the continuous production of high quality cork. The National Agricultural Prize promotes, encourages and rewards success stories in Portuguese agriculture, agribusiness, forestry and livestock rearing, promoting increased competitiveness, innovation and the internationalisation of Portuguese products. Banco BPI, the Correio da Manhã newspaper and the Business Journal jointly run the award organisation.

The opening of the Museum of Natural History in Tel Aviv featured an innovative cork installation. "Blocks" is a 50 sq. metre cork installation by Rona Meyuchas-Koblenz, an Israeli designer based in London, and the founder and director of Kukka Studio. The installation, developed with the support of Amorim Cork Composites and the British Council in Israel, was on display at the Fresh Paint Contemporary Art & Design Fair, Israel's largest art event, which annually attracts more than 30,000 professional visitors, including curators, collectors and media professionals who are passionate about art and design. It was also open to the public.

MAY

Asportuguesas launched a new flip-flop collection. The white, black and aubergine soles stand out in the world's first brand-named cork flip-flops, which the start-up Ecochic - incubated and partly owned by Amorim Cork Ventures - brought to the market in 2016. The novelty of the new Asportuguesas collection goes beyond aesthetics, given that the range is made from a new cork composite of greater elasticity and compressibility, providing increased comfort for the consumer.

South African wine producer Anthonij Rupert Wyne selected Helix. Anthonij Rupert Wyne is a renowned South African wine producer, well known for his commitment to the environment, together with a unique dedication to innovation. This is embodied in his range of eight Protea wines that uses unique packaging designed for upcycling. The range is now bottled using the technologically disruptive Helix packaging concept. The added value of Helix is that it ensures wine consumers the quality, sustainability and premium image of cork stoppers and glass bottles together with the innovation of easy opening and easy reinsertion of the stopper.

New ACM 30 floor coatings by Amorim Cork Composites were awarded IMO/MED certification. Developed specifically for the maritime industry, these coatings ensure compliance with fire safety requirements on all types of vessels, especially on flagged vessels such as yachts, cruise ships and passenger vessels. This cork composite, specially developed for levelling and fairing boat decks, is two to five times lighter than alternative solutions. The insulation of ship decks is another great advantage of this extremely versatile product, which adapts easily to several types of floor structures.

Brick wall tiles from the Wicanders range won the Portugal Builds Award 2017 at Tektónica for their important role in affirming Portugal's identity. This new range of innovative cork wall coverings has been recognized at one of the main construction fairs in Portugal. Launched earlier in 2017, Brick is a collection that evokes New York's industrial-inspired spaces, where exposed bricks blend with cement, pipes, and other metal objects. It has been developed with the aim of facilitating versatile transformations of these types of spaces.

Cork was featured in a new installation at MAAT – the Museum of Art, Architecture and Technology in Lisbon. Corticeira Amorim is one of the partner companies of the APQHome - MAAT project, which, for about six months, offered people an immersive experience at the museum. The installation is the most extensive artistic project undertaken by Ana Pérez-Quiroga, who studied materials that could be successfully integrated into it. She chose a white cork-look product from the Wicanders flooring range as well as a number of technical solutions supplied by Amorim Cork Composites.

The Asportuguesas flip-flops brand joined the Amorim and Kyaia groups. The start-up Ecochic, incubated by Amorim Cork Ventures and the owner of the world's first cork flip-flops brand, announced an important investment by the Guimarães-based Kyaia group, a leader of Portugal's footwear industry. The investment by the new partner is of great importance for the international growth of the brand because of the added know-how that the Kyaia group will contribute to the production, logistics and distribution network of Asportuguesas flip-flops.

Amorim Cork Composites organised the General Assembly of MMFA – the Multilayer Modular Flooring Association, of which it is a member. For two days, 75 professionals from leading European flooring companies discussed the state of the industry, including trends and innovations in areas such as new technologies, product categories, certification and research and development. Luxury Vinyl Tile (LVT) flooring was featured at the event. Cork composites can be added to the production of LVT floors, resulting in performance advantages at several levels, be it thermal and acoustic insulation, dimensional stability, additional comfort for the end user or the lightness they confer to the final product.

NDtech received an award at COTEC's 14th National Innovation Meeting. The innovative NDtech technology, developed by Corticeira Amorim for the quality control of natural cork stoppers, was awarded an honourable mention in the Innovation Product COTEC-ANI 2017 Award. The announcement was made during the 14th National Innovation Meeting held at CEIIA, in Matosinhos, Portugal, a meeting chaired by the President of the Portuguese Republic, Marcelo Rebelo de Sousa. NDtech detects any cork stopper that displays more than 0.5 nanograms/litre (parts per trillion) of TCA with a high level of accuracy and automatically removes the stopper from the production line.

JUNE

Amorim Cork Composites launched 3D moulding in cork. The innovation included the development of a new cork composite and the adaptation of in-house moulding techniques so that, for the first time, 3D moulding technology could be used in the industrial processing of cork.

Venice Biennale highlights the artistic dimensions of cork flooring. The work of the Italian architects Carlo Scarpa and Franco Albini inspired the design of an installation by Leonor Antunes featured at the 57th Venice Biennale in the historic Arsenal centre. The Portuguese artist chose a Wicanders cork floor for the project that honours the renovation work carried out by two renowned architects in several Italian museums, as well as in other buildings with links to culture and the arts. Like the work she has presented at CAPC, Leonor Antunes also exhibited a set of sculptures suspended on the floor at the Venice Biennale, works that highlight the unique appeal of cork and the way it harmoniously interrelates with the other materials, such as leather and brass, that she uses in her work.

A summer cork plaza at Lisbon's Belém Cultural Centre (CCB), a South Garage initiative. For the 2017 edition, the CCB Square was designed by the architect José Neves, who used expanded cork agglomerate, a 100% natural material, supplied by Amorim Isolamentos. The installation transformed the space and allowed visitors to experience the nature of the materials. Weekly projections of documentaries about architecture and music in the CCB Square was the pretext for creating this multifaceted construction that offered summer visitors to the CCB a multifaceted experience, including that of a playful space with a sense of permanence.

JULY

Announcement of the agreement to acquire the company ETABLISSEMENTS CHRISTIAN BOURRASSÉ, owner of the share capital of SOCORI - SOCIEDADE DE CORTIÇAS DE RIOMEÃO, SA and CORPACK BOURRASSÉ SA, a group with approximately 450 employees that annually produces and distributes more than 700 million cork stoppers, sold to more than 3300 customers (direct and indirect), mainly in France, Spain, Italy and Chile. Through this operation, Corticeira Amorim acquired an internationally recognised and prestigious brand, strengthening its presence in the market and adding dimension and value to its business project.

The Portugal Pavilion hosted the largest non-permanent cork installation ever constructed in the world, a project led by the renowned architect Manuel Aires Mateus as part of the 3rd Archi Summit, the only coming together of architects, engineers and designers held in Portugal. To create the work, Manuel Aires Mateus's studio, together with SAMI of Setúbal, co-authors of the work, set themselves an ambitious goal: to cover 2,000 sq. meters, that is, the entire exterior area of the Portuguese Pavilion, with cork. This area corresponds to the well-known canopy (concrete awning) of the Pavilion, a work designed by the award-winning architect Álvaro Siza Vieira for Expo 98.

New Amorim Cork Ventures start-up applies cork in refrigeration equipment. The goal of Gröwancork is to revolutionise the commercial refrigeration industry by using an innovative cork solution. The Easy Insulation Cork (EIC) solution uses expanded cork chipboard clad with sheet metal that can be applied in refrigeration equipment as an ecologically-friendly alternative to the injected polyurethane currently used. Due to its composition, EIC has several advantages compared to the products traditionally used for this purpose: 100% natural cork, it does not require the customer to invest in moulds and can be recycled, maintaining its technical characteristics and size for several decades.

SEPTEMBER

Announcement of the agreement to acquire S.A.S. SODILIÈGE, a company specialised in the production and distribution of capped stoppers (bartops) for alcoholic and spirit drinks such as cognac and armagnac. Through this operation, Corticeira Amorim acquired a company implanted in the important Cognac production region with a portfolio of products recognised for their quality, consistency and diversity, as well as a portfolio of outstanding customers in the spirits production segment, thus strengthening its presence in this regional market and promising business segment.

Amorim Cork Composites launches two new state-of-the-art composites for the marine industry. ACM49, a cork-rubber composite, was developed for deck coverings in professional and recreational marine vessels, pool platforms, pontoons and wellness centres. It was specially designed to be used as a deck covering on luxury ships, platforms and pools. The combination of cork with rubber specifically selected for this purpose ensures a significant set of advantages, namely a durable and non-slip covering, attractive aesthetics and easy maintenance and cleaning. In addition to extraordinary adherence properties, these new materials have great aesthetic versatility and provide total comfort, a comfort that derives, in particular, from the touch-related properties of cork, which guarantee a pleasing softness to the touch, even on the hottest days.

Architects@Wicanders 2017: an Amorim Revestimentos initiative, curated by the architect Nuno Grande, which in its first edition brought together 50 architects from 16 counties. The event, which had an extensive program, took place at the company's headquarters and in Porto. It involved three main panels: "Wicanders Day" [the presentation of Amorim Revestimentos's premium flooring brand, including portfolios, reference works and the distinguishing characteristics of this type of flooring]; “A Journey through Cork” [the importance of cork in the technical performance of flooring materials as well as its robust sustainability credentials]; and “A Journey through Porto’s Contemporary Architecture”.

Cork stoppers influence perceptions of wine quality. A scientific experiment carried out by the University of Oxford using the same wine, shows natural cork stoppers increase the perceived value of wine by 15% when compared to screwcap closures. The participants considered the wine to have a better quality after hearing the sound of a cork stopper being removed from the bottle. These were the findings of an innovative sensory experiment: each participant having tasted two identical wines was asked to assign them scores while listening, either to the sound of a cork coming out of the bottle, or the sound of an aluminium screwcap being opened. They were then asked to open the bottles themselves and score the wine again. It was also possible to conclude from the experiment that a wine that is sealed with a cork stopper is perceived to be more appropriate for celebrations (+20%) and more conducive to creating a “party atmosphere”.

OCTOBER

“Hyundai Commission: SUPERFLEX: One, Two, Three Swing!” – Tate Modern covers itself with cork. About 5,000 sq. meters of an innovative cork composite were installed at the Turbine Hall, Tate Modern’s iconic space for large-scale projects, for an installation involving a line of swings. Unlike other materials previously tested at the space, the cork composite has proved capable of meeting specific and highly demanding requirements in terms of the absorption of large-scale impacts [including potential falls from a height of two to three meters] and resistance to wear [The Turbine Hall received about three million visitors for the previous edition of the annual Hyundai Commission, a series of site-specific works created for the hall.] The largest cork installation to have been presented in the UK, the work was created by SUPERFLEX, a Danish collective internationally recognized for its interest in urban spaces and how, through art, they can question a society’s authenticity.

NOVEMBER

Piotr Pietras, the head *sommelier* at Launceston Place in London, won the “Amorim Taster of the Year” award. He joins the small group of five sommeliers who in 2017 were named Master Sommeliers, a group made up of fewer than 250 professionals worldwide. A wine specialist for six years, Piotr Pietras began his journey in the wine world at the Sheraton Poznan Hotel in Poland. In the previous two years, he was named the Best Polish Sommelier and won, among other awards, second place in the competition for Best European Sommelier.

Corticeira Amorim volunteers plant 2,500 cork oaks at the Maria Clementina Falcão de Campos Foundation estate in Ponte de Sor. As in previous years, about 100 volunteers from Corticeira Amorim planted cork oaks – about 2,500 in 2017 – in an initiative supported by Amorim Florestal, which provided the cork oaks, and Quercus, which, as part of the Common Forest Project, supplied the tools used by the volunteers. The event brought the number of trees native to Portugal that Corticeira Amorim volunteers have planted since 2011, to 18,500, the large majority being cork oaks.

DECEMBER

The new Lisbon Cruise Liner Terminal, designed by the architect Carrilho da Graça, featured an innovative concrete solution incorporating cork. The new structural concrete developed with the support of Amorim Cork Composites, Secil and Itecons, is 40% lighter than ordinary concrete. Cork granules of different sizes are introduced into the concrete, which reduces the mass of the material, while maintaining the reactions between the different chemical elements that constitute the concrete, which, as a result, remains structurally sound but lighter. The new Terminal is a remarkable building, distinguished by a façade in which the cork granules are visible, an effect achieved by the wearing of the exterior concrete.

02

Consolidated Management Report

1

MACROECONOMIC TRENDS IN 2017

1.1. GLOBAL OVERVIEW

Strong, comprehensive growth, synchronised across the world, characterised 2017, resulting in the best economic performance since the 2008 crisis. Cyclical expansion began to accelerate in mid-2016 and led to successive revisions of economic forecasts. Both developed and emerging economies recorded higher activity levels than in 2016. The global economy is estimated to have grown 3.7% in 2017, about half a percentage point more than in 2016. The rise in the price of oil and other energy resources also characterised 2017. Commodity price increases were generally moderate. The year was dominated by the inauguration of the new US administration and, in Europe, by a number of elections. Fears of political instability, the rising power of less consensual forces and the enactment of populist measures abated. The Chinese Communist Party held its 19th congress. The year was further dominated by renegotiations of long-standing trade agreements, such as that between the European Union and the United Kingdom and NAFTA. These talks are still underway. Even so, a resumption of international trade was evident - it is estimated to have grown by about 4.7%. Monetary policy remained globally accommodating. China is projected to have maintained its previous level of growth. Brazil and Russia appeared to overcome the difficulties they faced in 2016 and returned to a path of growth. India and Mexico are estimated to have expanded, but at a slower pace than previously and below the rate forecast for 2017. Stock market prices continued to rise, supported by positive expectations for corporate results, the gradual normalisation of highly favourable financing conditions and expectations of volatility. Long-term interest rates generally remained low in relation to the economic cycle. The year was further characterised by the appreciation of the Euro against other leading currencies. The US dollar, while remaining the dominant currency for international trade and foreign exchange transactions, depreciated overall.

The **Euro Zone** economies are estimated to have expanded by an average 2.4% in 2017, with growth accelerating in comparison with the previous year to the highest rate since 2007. The rate of expansion was surprisingly high and occurred in parallel with the attenuation of political risk, a significant improvement in the perception of sovereign debt risk and strengthening corporate solidity. Economic growth was supported by a gradual recovery in the labour market (with unemployment falling from 10.0% to 9.2% and employment growth recovering to higher levels than in the period leading up to the international financial crisis) and strong domestic demand. Increased external demand - growth in Eastern Europe exceeded 5% – and highly favourable financial conditions also favoured growth. Average inflation is projected to have reached 1.5%, clearly higher than in 2016, but below the rate targeted by monetary authorities.

The **United States** grew by about 2.3%, almost 1 percentage point more than in 2016, but in line with forecasts made at the beginning of 2017. It was the eighth consecutive year of expansion. Developments at the end of the year were particularly favourable, offsetting concerns prevalent in the early months of 2017 over how consistent the Trump administration would be over its public works plans and its ability to implement fiscal reform. Investment recovered and the labour market continued to evolve positively, with unemployment dropping to 4.1% at the end of the year, close to full employment. Inflation rose marginally above 2%. The end of 2017 was marked by the approval of The Cuts and Jobs Act, the tax plan drafted by the Trump administration.

Japan is projected to have grown 1.8% in 2017, its highest rate since 2013. Private consumption was the main driver of expansion, leading to a growth rate at the end of year and the longest period of continued expansion since the 1980s - eight consecutive quarters of growth. As a result, Japan is expected to have finally outpaced the stagnation of recent decades, paving the way for inflation to rise close to the country's 2% target and definitively ending the spectre of deflation.

The economic outlook for the **United Kingdom** was again dominated by Brexit and related political events - negotiations with the European Union and the impact on the domestic political situation, punctuated by the calling of an early general election in June. This led to fluctuations in sentiment and, ultimately, to slower growth than in 2016 of about 1.7%.

Australia experienced a soft slowdown in 2017 in relation to its previous rate of growth. Gross domestic product was estimated to have increased 2.2%.

Emerging and developing economies surpassed the growth of 2016 with average expansion of close to 4.7%.

China recorded economic growth of 6.8%, marginally above its 2016 expansion rate. Growth in the second half, following a rising trend, was higher than expected.

India, another reference economy for Asia, recorded growth of 6.7%. **Brazil** emerged from recession, recording estimated growth of 1.1%. **Mexico**, reflecting the effects of instability on the institutional framework governing relations with the United States (NAFTA, border) will have slowed to a level of expansion of around 2.0%. **Russia**, capitalising on higher energy prices and benefiting from strict management of the banking sector and prudent monetary policy, returned to growth at a rate of about 1.8%. **South Africa** faced with political instability and affected by credit rating downgrades and the possibility of further downwards revisions, grew marginally below 1%.

The US Federal Reserve continued the monetary normalisation process that it began in 2015, increasing interest rates three times in 2017. The Fed's stance diverged from that of other monetary authorities in the first half of 2017. In the second half, however, other developed economies began to signal their own readiness to begin reducing extraordinary monetary measures, culminating in a joint position of central banks issued at a meeting held in Sintra, Portugal in July. Nevertheless, only the Bank of England and the Bank of Canada actually increased interest rates. The change in stance mainly involved a shift in how economic realities were perceived and the announcement of future interest rates changes. Although there was no uniform action among emerging economies, they gradually decreased their directory interest rates, particularly Brazil and Russia. OPEP and ex-cartel oil-producers including Russia kept to their agreement to control production levels, leading to a tight management of oil supplies. Oil producers renewed this commitment in November 2017 and oil prices began to rise.

Inflation did not perform as expected or in a uniform way, increasing in the first six months, but falling again in the second half. In developed economies, inflation rose above the levels registered in 2016, remaining below target while economic activity accelerated and unemployment fell. In both emerging and developed economies, inflation followed a general trend towards stabilisation, with the notable exceptions of Brazil and Russia, where it dropped significantly.

1.2. PORTUGAL

Portugal recorded its fourth consecutive year of growth in 2017. After one of the severest economic and financial crises that the country has suffered in recent decades, outlook and confidence indicators recovered on a sustained basis. Growth was estimated to have reached about 2.7%, rising above the Euro Zone average for the first time since 1999. Growth – the strongest since 2000 - was driven by private consumption and investment, based on a larger relative contribution of domestic demand, but also of exports. Two rating agencies upgraded Portugal to investment grade, resulting in a drop in public debt interest rates and, consequently, in reference rates for other economic players. Tourism improved on the robust growth of 2016, reaching a record level in 2017 for the number of foreign visitors to Portugal (an increase of 11.6% in the first 11 months). Tourism represents about 68% of the services balance, 7% of gross national added value and 10% of direct employment. Tourism also increased its relative weight in terms of total exports.

Robust private consumption growth reflected a recovery in employment, disposable income and the availability of consumer credit. Investment increased significantly in a marked change from the three previous years, altering the previous pattern of growth. This change was almost entirely supported by the private sector. For the first time in many years, exports of goods and services increased at a faster pace than imports (reflecting a significant increase in imports of industrial and capital goods. The trade balance nevertheless worsened slightly. Despite strong growth among Portugal's main trade partners, the goods trade balance worsened without being offset by an increase in the country's services surplus. The real estate sector showed signs of a sharp acceleration, especially during the second half. Demand for real estate assets rose significantly, resulting in strong transaction growth. New mortgage production also increased and both residential and non-residential real estate prices rose. The financing capacity of the Portuguese economy decreased in relation to 2016 – the balance of current capital accounts was estimated at 1.5% of GDP. It should be noted, however, that 2017 was the sixth consecutive year in which a surplus was recorded for net foreign borrowing requirements. The labor market evolved positively throughout the year, with employment growing at a faster pace than economic activity, resulting in an increase in the labour force. Unemployment continued to follow the downward trend already evident in previous years. The seasonally corrected jobless rate fell to minimums of 7.8% in December and 8.1% for the fourth quarter. Average annual unemployment was projected to drop to about 8.9% in 2017, down from 11.1% in 2016. Inflation, while volatile, increased through the year and was expected to reach 1.6 % in 2017, the highest rate recorded since October 2012. In 2017, inflation touched a maximum of 2% in April (due to the impact of Easter and increased energy costs) and a minimum of 0.9% in June and July. Wage dynamics remained moderate.

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 2017.

2.1. RAW MATERIALS

In 2017, the **Raw Materials BU** reported an EBITDA of €22.4 million, €4 million more than in 2016. The main reasons for the increase were:

- The sparkling wines disc unit, where profits increased 80% thanks to the concentration of operations into a single industrial unit and the resulting economies of scale. Consolidating investment projects also generated a notable increase in operating and energy efficiency.
- The still wine disc unit, where profits rose 9%, mainly due to increased demand. Product confidence was strengthened by investment in equipment to improve the detection of cork defects and changes in the sensory treatment method for discs.
- A 15% drop in profit for the cork preparation units. Higher consumer prices were the determining factor in the decrease. In spite of purchasing price increases in previous years, sales prices for downstream units remain unchanged. The sector remained labour intensive. Although significant advances were made in automating some operations, technical measures needed to achieve a breakthrough in productivity were not implemented. Technically advanced equipment specifically adapted for working with cork was developed and is being tested. The new equipment will significantly improve productivity in the future.
- In spite of higher adjudication prices in Morocco, the BU's North African businesses recorded profit increases due to an improvement in operating profitability and the introduction of new decontamination methods for cork stoppers. This improved cork usage increased the average sales price. At the end of the year, investments were made in the Tunisian and Moroccan units that will result in significant productivity gains;
- The granulates sector significantly expanded its activities and improved profitability (due to greater and better cork usage).

Concerning the cork purchasing campaign of 2017, the BU remained dynamic and proactive in the market. As in the 2016 campaign, it provisioned for a larger amount of cork than estimated consumption, enabling it to approach the coming years with confidence in spite of an 11% increase in the purchasing price of the best quality cork (amadia) and a similarly upward price trend for other types of cork (virgin and cork wastes).

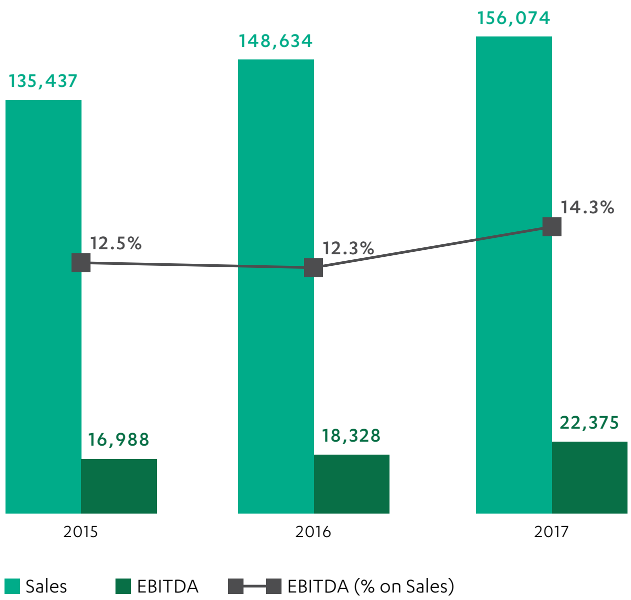
To meet future provisioning needs, the BU promoted the development of non-traditional cork-purchasing markets seen as viable additional markets to Portugal and Spain.

Preparations for the migration to SAP (enterprise resources planning software) also dominated 2017: the BU's companies in Portugal and Spain will be the first in the Corticeira Amorim Group to migrate. In compliance with the timetable established at the launch of the project, new processes and parameters were developed for the new system and validation tests carried out, preparing the way for the migration to go ahead in 2018.

While not owning its own forest assets, the BU, as part of its mission to procure raw materials for all the Corticeira Amorim Group, leads a long-term project aimed at ensuring the maintenance, preservation and valorisation of cork oak forests, and thus the continued production of good quality cork. Developed in close cooperation with forest producers, research institutions and local public bodies, the Forest Intervention Project seeks to generate scientific knowledge as a basis for new technologies and processes. It also disseminates and promotes new practices aimed at shortening the first extraction cycle for cork oaks, improving their genetics and vegetative reproduction and combating pests and diseases. The project is set out in detail in Chapter 3 of the Management Report. Several initiatives in this area are under way in the Ribatejo/Alentejo region of Portugal and in Catalonia, Spain.

The market for cork materials for milling has experienced a significant increase in prices since September 2017.

Raw Materials — Sales & EBITDA (thousand euros)



2.2. CORK STOPPERS

In 2017, world wine production fell by about 8.2% in comparison with the previous year. In historical terms, it was a year of low production, especially in Western Europe, due to unfavourable weather conditions (drought and low temperatures). Countries such as Italy (which was nevertheless the world's third largest wine producer for the third year running), France, Spain and Germany registered falls in production, while Portugal, Romania, Hungary and Austria recorded increases.

The largest increase in wine production was recorded in the US. In Latin America, production also increased in comparison with the low production levels of 2016, especially in Argentina and Brazil, while production in Chile remained low. Australian production increased, while in New Zealand it decreased slightly but remained at a robust level.

In the cork stopper market, the impact of these changes in production levels will only be felt later, at the bottling stage.

Globally, the wine industry is experiencing a buoyant phase, albeit with lower margins than previously. Consumption tends to be focused on high-end segments – luxury, ultra-premium and super-premium – resulting in a clear shift by producers to these sectors.

The US remains the world's biggest market for wine consumption and is expected to continue growing over the medium term. Consumption in China is likely to grow at a faster pace than in the US, while the UK market is expected to remain stable.

In 2017, the BU remained focused on consolidating the technical and sensorial performance of its products, improving service levels and implementing operating efficiency projects. R&D activities and developing the BU's production structure were also priorities. It continued to develop and reinforce its customer-focused support infrastructure, introducing new tools to aid business operations and decision-making.

The BU continued to grow in 2017, thanks to a number of important factors:

- Demand growth, mainly in markets where the BU has a strong presence;
- Increased demand in the high-end segment, lifting sales of higher value-added products, especially natural cork stoppers and the NDTech service;
- Strong quality and sensorial consistency resulting in a stable level of market confidence and facilitating expansion of the customer base;
- An ability to develop and launch innovative solutions on the market, improving partnerships and increasing proximity to customers;
- Production, technical and distribution capacity for sparkling wine stoppers, enabling the BU to accompany the growth of this segment;
- A restructuring of the spirits closure business, enabling the BU it expand its presence in important markets;
- A systemisation of permanent improvement practices resulting in efficiency and service quality gains that helped the BU leverage growth;
- Adapting production capacity to meet the market's service requirements.

In 2017, the Cork Stopper BU recorded sales of €477.1 million, an increase of 12.8% (including Bourrassé and Sodiliège, acquired in 2017) compared with 2016.

In comparable terms – that is, discounting the impact of the integration of Bourrassé and Sodiliège – sales rose 6.7% in value (+€28.3 million). They increased 6.8% in volume to a total of 4.7 billion stoppers sold (300 million more than in 2016). The sales mix also improved and shares were strengthened in several market segments.

Sales grew significantly in the BU's traditional markets – France, Italy, Spain and Portugal – and its competitive position was strengthened in Chile and the US. Sales growth was stable in Argentina and East European markets. Sales in Germany declined in value terms, mainly due to a downgrading of quality in recent years.

The following factors contributed to the increase in business:

- The BU's growing prominence, especially following the successful launch of the NDTech service and the guarantees it provides customers;
- A strategic alignment with the market, developed responsibly and with strong commitment in every operational area of the BU;
- Adapting product ranges and pricing to the needs of the market, customers and the particular product in question;
- Comprehensive knowledge of the whole value chain and a consolidated verticalisation of raw material use;
- A general implementation of continuous improvement practices in terms of both processes and people;
- An increased auto-financing capacity that facilitates investment in areas strategic to business sustainability.

Highlights of 2017 by business segment (in comparable terms, which is, excluding the impact of consolidating Bourrassé and Sodiliège):

- In the **still wines segment**, sales increased 7.3% in value (€18.9 million), with France, Italy, Spain, Chile and Portugal representing 86% of total sales growth. Against moderate world consumption growth of about 0.3%, with large variation depending on the segment, the BU strengthened its competitive position in both traditional markets and in new markets with a strong potential for growth.
- **Natural Cork Stopper** sales increased 8.6% compared with 2016. Highlights included the important contribution of NDTech stoppers, with sales increasing 16.5 million on the previous year, confirming the product as essential to the sustainability of the business and for building on the image of the cork stoppers as the best closure option;
- Sales of **Neutrocork** Stoppers increased 11.7% in comparison with 2016. Stoppers for still wines enjoyed the strongest grow and show strong potential. Their notable mechanical and sensorial consistency make them an excellent solution for wines with low to medium turnovers. They benefit from an attractive cost-quality ratio and have established an excellent position in the US, Italy, France, Chile and Spain, markets where innovation and consistency are highly valued. They have made a decisive contribution to the combat against alternative closures and to the growing value of the segment;
- Sales of **Twin Top Stoppers** rose 1.7% in comparison with 2016. Designed for still wines, they offer high levels of mechanical performance and can be used in bottles stored for long periods. The mechanical and sensorial qualities of Twin Top Evo stoppers have the potential for even longer storage periods. The product currently faces strong price pressures resulting from the quality upgrades that have been introduced, but sales have nonetheless shown moderate growth.
- The **spirits segmen**t is benefitting from growing popularity across the world, with socialisation and experimentation as its main drivers. The strong expansion of the sector and the appearance of unique and distinctive new products present the BU with an enormous challenge. Inspiration, design capacity and service quality have become the key drivers for keeping up with the permanent commercial disruption that characterises the segment. Customers present new products requiring distinctive closure solutions. Given the BU's capacity for development, this creates considerable potential for win-win business relationships. The BU's sales in this segment increased 16% compared with 2016.
- The emergence of new markets and the rapid growth of emerging markets, thanks to important prospection work, have also been notable. The BU, which is present in 74 countries, has enormous growth potential given market expectations based on consumption habits.
- In September 2017, the BU strengthened its capacity in this segment through the acquisition of S.A.S. Sodiliège, a company based in the Cognac region that produces and distributes capsule stoppers for spirit drinks such as cognac and armagnac. It has a diverse portfolio of high quality capsules that it produces to the customer specifications. These include capsules incorporating metal (zamac and tin), glass, wood, porcelain and plastic. The acquisition strengthens the BU's presence in this regional market and a promising business segment.
- At the beginning of 2018, the Cork Stopper BU also acquired 70% of the capital of Elfverson Co AB, a Swiss company that produces capsule stoppers for the big groups in the spirits industry. The acquisition makes the BU the dominant shareholder in a company with a portfolio of premium products and prominent customers. It plans to develop Elfverson by strengthening its supply sources for high quality wooden stopper tops to meet growing customer demand in the capsule segment.
- In general, the global **sparkling wine** market generally responded to the consistent growth in demand for wines with a low alcohol content that are suitable for drinking on all occasions. In this segment, the BU recorded sales growth of 5.1% compared with 2016, with Spain and Italy making decisive contributions.
- Sparkling wine is today produced throughout the world and, independently of overall wine consumption trends, the outlook for sparkling wine consumption is positive. A true success story, it has become a universal product, drunk at any occasion by all social classes, and holds great potential for the BU.

Highlights for the BU's main operating items and business ratios (in comparable terms, which is, excluding the impact of consolidating Bourrassé and Sodiliège):

- The **gross margin** increased 11.3% in comparison with 2016. Sales accounted for 60% of the increase and an improvement in the product mix for the other 40%. Better raw material use, facilitated by technological improvements, and on-going industrialisation of manufacturing processes relating to product handling also contributed to the higher gross margin. Cost increases for chemical products had a negative impact on the margin.
- Operating costs increased 7.7% in comparison with 2016. Increased business activity and efforts to stabilise new production lines accounted for a substantial part of the

increase. A delay in implementing operating efficiency measures programmed for 2017 also had an impact. Measures also had to be taken to upgrade structures and skills to guarantee the sustainability of the BU's growth. The increase in costs slightly increased the operating costs-sales ratio, which rose from 26.5% in 2016 to 26.7% in 2017. Variable costs, particularly commissions, specialised work, electricity, conservation and repairs, accounted for the biggest increases. To guarantee top quality service levels, logistics operations were improved with a significant impact on transport costs. Amortisations, resulting from the large amount of investment made in recent years, increased, particularly in relation to the production process for NDTech stoppers.

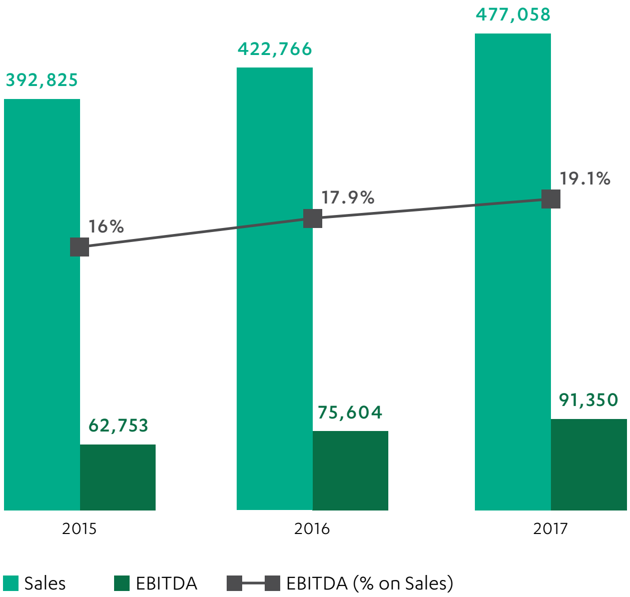
- In spite of the pressure on operating costs, the operational efficiency programme helped attenuate and control production costs, resulting in a slight improvement in productivity. The cash costs-gross margin ratio fell from 54.6% in 2016 to 53.6% in 2017, mainly due to the significant increase in the gross margin.

- EBITDA increased 19% and EBIT 18.4% in comparison with 2016 due to the increase in sales and the gross margin. Exchange rate differences had a negative impact of €1.6 million.

- Investment totalled €20.4 million. It was focused on strengthening production capacity, modernising processes and launching the industrial digitalisation project.

In global terms, that is, including the impact of the consolidation of Bourrassé and Sodiliège, EBITDA totalled €91.4 million. The EBITDA-sales ratio was 19.1%, as shown in the following chart:

Cork Stoppers — Sales & EBITDA (thousand euros)



Values for 2017 include Bourrassé and Sodiliège

Highlights of 2017:

- Clear market leadership with volume sales growth of 6.8% in a consumption market projected to grow at an average of 0.3% a year;

- Acquisition of 60% of the Bourrassé Group, complementing the BU's growth and business fertilisation strategy;

- Reinforcement of the BU's presence in the spirits segment through the acquisition of S.A.S. Sodiliège, located in the Cognac region;

- In the US, a market where the BU is making strategic investments, a decision was made to build a cork stopper finishing and distribution plant in the Napa Valley region of California;

- The Australian market has returned to cork, with cork stoppers making important gains over alternative closures;

- Several product development projects were launched in partnership with customers in every business segment;

- The Supply-Chain project is being implemented across the whole BU with the aim of improving service levels;

- NDTech achieved its sales targets for 2017, thanks to its systemised industrialisation, and complied with planned efficiency levels;

- The energy efficiency programme made an important contribution to the culture of sustainability that characterises both the BU and the Corticeira Amorim Group as a whole;

- Launch of a project aimed at using cork raw materials more efficiently;

- Several R&D projects were initiated in partnership with academic and industrial bodies with the aim of definitively resolving the sensorial questions associated with cork;

- Lean/Kaizen-based management and team processes were extended across the BU by means of the Cork.mais 2.0 programme, which in 2017 introduced a strategic planning dimension;

- Beginning of the implementation of the industrial digitalisation process commonly known as Industry 4.0;

- The design stage for the new SAP ERP (enterprise resource planning software) was concluded and the implementation phase launched.

2.3. FLOOR AND WALL COVERINGS

In 2017, the total sales of the **Floor and Wall Coverings** BU continued to grow, increasing 3.8% on 2016 to €121.5 million, supported mainly by products manufactured by the BU.

In terms of geographical markets, notable developments included a drop in US sales to US Floors (a company in which Corticeira Amorim previously owned a stake, which it sold in 2016); the stability of the Russian market and the growth registered in every other market, especially Scandinavia and Germany.

Sales growth continued to be based on the commercial success of new products launched in 2015, which are innovative in the way they incorporate cork into composite flooring solutions. These products combine modern and attractive designs with waterproof characteristics and are organised into collections that respond to demand trends in different markets.

Factors supporting sales growth included a strengthening of the BU's commercial teams and a continued focus on the AR Academy, which plays a key role in strengthening relations with stakeholders in the different regions where the BU operates.

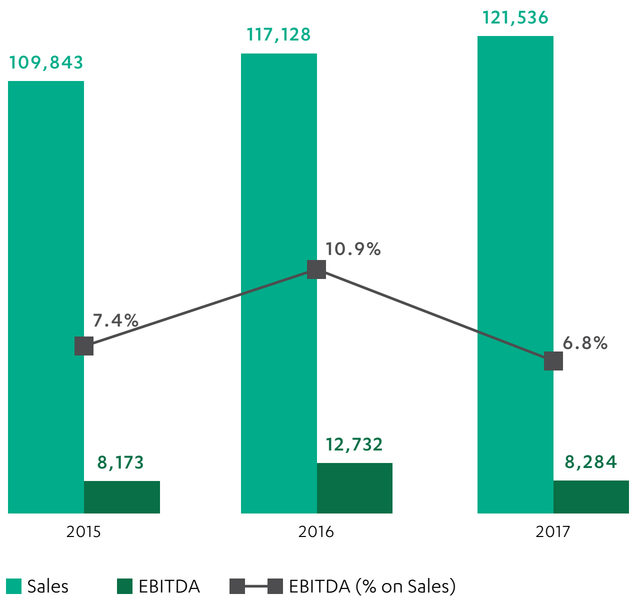
To help establish eco-efficiency and sustainability as the BU's top competitive advantage, changes were made in the way its products are presented at points of sale with the aim of highlighting these ecological benefits and raising awareness of them in the markets concerned. A digital interaction project was also launched as a channel to be used alongside the flooring industry's traditional promotion, communication and distribution channels.

The trade product business, which complements the BU's made product offerings, increased 6.6%, strengthening the BU's competitive capacity, which is based on its own distribution network and its sourcing capacity for these types of materials. In the trade area, the BU continues to focus on products with greater value-added, which are positioned in line with products manufactured by the Floor and Wall Coverings BU.

A plan for adapting the BU's structure was launched to help it meet competitive challenges in a context of increasingly tough competition. The plan, which involves every area of the BU, comprises a group of organisational measures aimed at improving the processes most critical to the BU's success: the supply chain and innovation. The plan was extended to the BU's German subsidiary and is based on three pillars: supply adequacy, the distribution model and the simplification of support areas, as well as achieving greater synergies with the BU's headquarters in Portugal.

Important innovation initiatives under way include investment in a new line of composite products, creating the necessary conditions for broadening the supply of technical products that incorporate cork and responding to the growing trend for water-resistant products. This follows the sales growth of Hydrocork, an innovative product launched at the beginning of 2015, which by 2017 had become the BU's third biggest selling product line. Investment in state-of-the-art digital printing also expanded the visual diversity and realism of products in which cork plays a key and differentiating role.

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



2.4. COMPOSITE CORK

The **Composite Cork** BU registered sales of €98.8 million in 2017, a reduction of 1.3% in comparison with total sales of €100.1 million in 2016. Exchange rates had a negative impact of approximately €0.9 million on sales, explaining 70% of the slight reduction.

EBITDA fell 11.6% to €15 million, €2 million lower than in the previous year. Profits fell more than turnover reducing the EBITDA margin, which, nevertheless, rose to 15.2% of sales.

In segments classified as priority areas because of their strategic fit, performance was mixed. The biggest negative impacts affected the furnishing and sports surfaces segments, which have larger and more concentrated portfolios of customers, leading to a greater dependency on them.

Thanks to an enlargement of the commercial network and a greater focus on existing resources in priority regions, sales increased in several countries where certain segments had been less commercially developed. Detecting and gaining new customers generated additional business turnover in comparison with 2016. However, neither using tested strategies to develop markets nor the launch of new products produced the level of business growth expected. These developments led to the BU obtaining better results in Asia than in Europe or the US.

The decrease in profitability in relation to the previous year resulted mainly from the impact of the exchange rate effect on sales, the increased cost of incorporating some non-cork raw materials into products and a less favourable sales mix.

Marketing and sales together with industrial support costs increased more than forecast in 2017. These included the cost of strengthening and reconfiguring teams as well as the extra resources required for the organisational transformation programme, which began to be implemented in 2015 and whose benefits will have their full impact in the future.

In response to the challenges and requirements arising from the BU's business activities, which cover a wide range of segments, markets and applications, a number of important initiatives were developed:

- Geographical expansion of the commercial network, achieved by strengthening the commercial and/or focusing resources more effectively with the aim of gaining a bigger share of markets with high growth potential;
- Designing and launching new products in accordance with the BU's innovation roadmap and responding to identified market opportunities with a view to expanding sales and generating value;
- Introducing digital marketing tools with a view to boosting sales;
- Implementing the first phases of the "RIO Programme" aimed at improving operational efficiency by providing better organisational conditions, skills, processes and partnerships aligned with the BU's development strategy;
- The study and implementation of new energy efficiency measures;
- Conceptualising the ACC Academy, which is due to be launched in 2018, to ensure the validation and careful sharing of knowledge relating to segments, applications, materials and technologies.
- Strengthening existing partnerships;
- Continuing to map out and beginning to activate a Europe-wide innovation network;
- Preparations for the implementation of a multi-year project for the digital transformation of industrial operations. The aim is to improve synchronisation and planning capacity in regard to production lines with the goal of increasing productivity and competitiveness;
- Starting to invest in the i-Cork Factory. This involves the installation of a pilot plant to try out innovative and disruptive technologies applicable to cork composites on a small industrial scale with a view to gaining the necessary skills to apply the new technologies in the future and in this way design a "new industry.

In 2017, sales in the **industrial** segment grew (+1.9%) after having fallen in 2016. This slightly increased the segment's weight in the BU's sales portfolio to 40%.

Sales in the multi-purpose seals and gaskets (+15%) and cork specialist (+9%) segments increased notably, marking a recovery from the drop in sales recorded by these segments in 2016. Sales for the industrial

suppliers segment (+15%) grew at the same pace as in previous year. Sales fell for the aerospace segment (-28%) after singular growth in 2016 (+60%), the industrial packaging segment (-16%), and footwear (-7%), which registered a similar performance to that of the previous year.

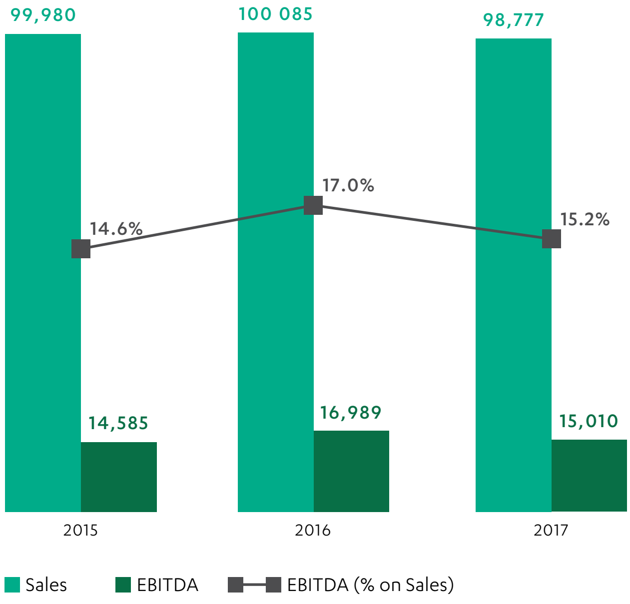
The overall performance of the r**etail** segment was negative. It recorded a 6.5% drop in business turnover that translated into a reduction of its weight in the BU's total sales mix to 37%.

In addition to the significant impact of furnishing projects from previous years not being repeated (€1.5 million down on 2016), overall performance was affected by the construction specialty retail segment (-9%), the home and design products segment (-16%) and the home and office specialty retail segment (-22%). On the positive side, the distributors of flooring and related products segment recorded further growth after its positive performance in 2016.

The **construction** segment also increased sales (+4.5%), although at a slightly slower pace than in 2016 and again heavily concentrated in resilient and engineered flooring manufacturers. Heavy Construction (+14%) also recorded notable growth. Growth in the construction area was penalised by the sports surfaces business, where sales fell by almost €1.2 million. The construction segment represented 22% of the BU's total sales volume in 2017.

The BU's profitability was also affected by a slight increase in its cost structure as a result of investments made in geographical expansion, the industrial support structure and strategic initiatives across all operating areas.

Composite Cork — Sales & EBITDA (thousand euros)



2.5. INSULATION CORK

In 2017, the **Insulation Cork BU** recorded a 7.4% reduction in sales volume in comparison with the previous year. The decrease was mainly due to the Group's strategic decision not to continue selling milled cork to the Composite Cork BU. In comparable terms, discounting this effect, sales increased by approximately 4.7%. A sharp increase (about +49%) in sales of MDFachada products accounted for most of the positive performance.

The gross margin fell by 1 percentage point in comparison with 2016. In comparable terms, and given that the milled cork business in 2016 was of lower value-added products, the margin dropped by 4.7 percentage points. The fall was mainly due to a significant increase in raw material prices.

EBITDA totalled €1.7 million, a decrease of 22.1% in comparison with 2016. This evolution was largely related to the fall in the gross margin referred to above, despite a significant decrease in operating costs due to a substantial reversal of impairments for customer debts.

In 2017, the BU developed a number of initiatives aimed at boosting its activities and consolidating its leadership in supplying expanded cork agglomerate products and solutions, expanding their market profile and enhancing perceptions of their real value. These included:

- A Summer Square at the Belém Cultural Centre (CCB) near Lisbon: designed by the architect José Neves, who conceived the installation in expanded cork agglomerate as a place for stimulating the senses. He reconstituted the mechanics of the space, transforming the area involved and creating an opportunity for people to experience the nature of the materials used to build the multifaceted construction and to enjoy a ludic space that could be used for a range of purposes by the many people who visit the CCB every day during the summer months;

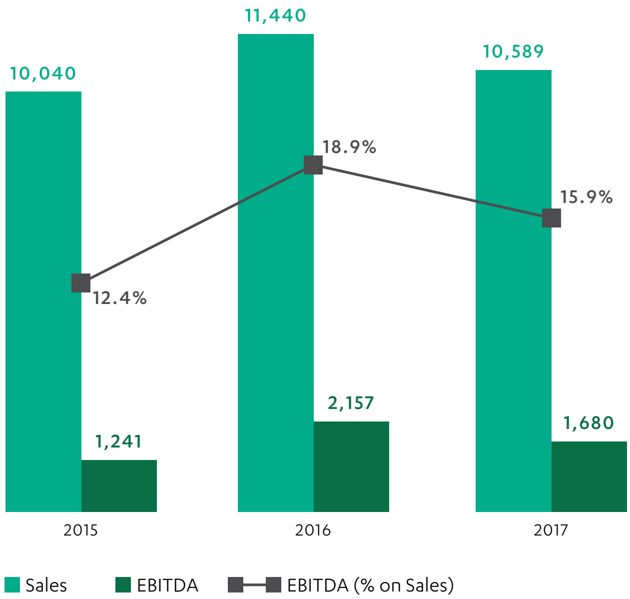
- A cork installation under the massive concrete awning of the Portugal Pavilion in Lisbon as part of the third Archi Summit, an international architectural conference held in Portugal. Coordinated by the architect Manuel Aires Mateus in what was the world's largest non-permanent exhibition of cork to date, the project involved about 5,000 blocks of expanded cork agglomerate, a 100% natural material, in a clear expression of support for preserving the environment and the cork oak, the national tree of Portugal.

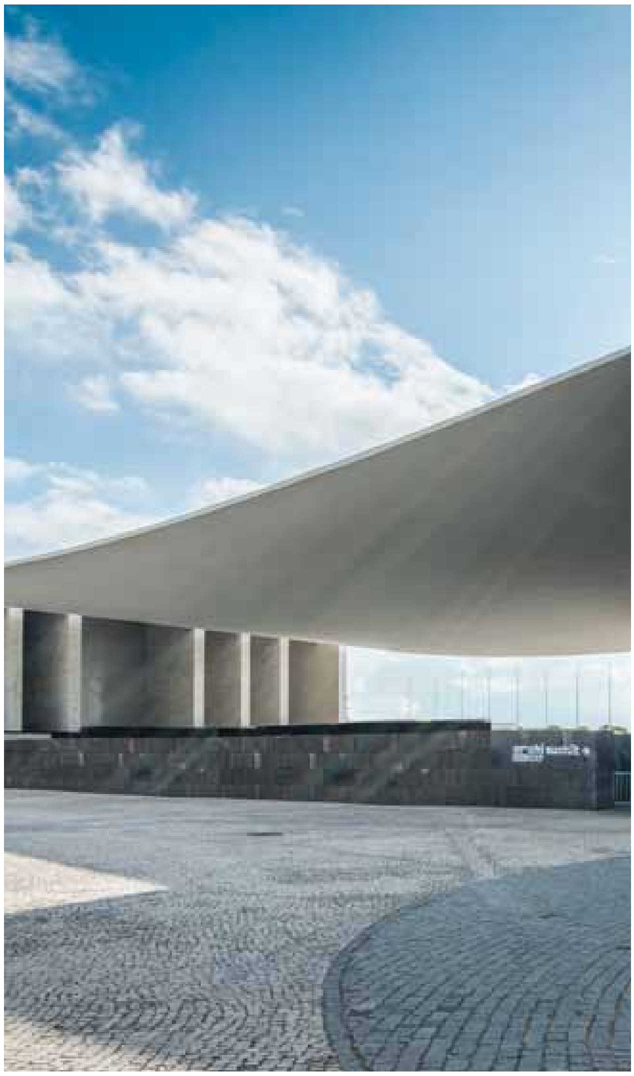
- The association of the Insulation Cork BU, through the supply of expanded cork agglomerate, with the launch of a new Amorim Cork Ventures start-up that uses cork in refrigeration equipment. The innovation, based on the use of Easy Insulation Cork (EIC), involves a chassis made of expanded cork agglomerate and covered with metal plates. It can be used in refrigeration equipment as an environmentally friendly alternative to the injected polyurethane components generally used.

- Use of the MDFACHADA WAVE solution in the PROMONTORIO project. The renovation and rehabilitation of the headquarters building of GS1 Portugal involved the extensive use of MDFachada Wave, an expanded cork agglomerate product, in its interior.

Adopting more efficient working methods, rigorous cost control and recent investments made in manufacturing plants have all helped improve operating efficiency.

Insulation Cork — Sales & EBITDA (thousand euros)





3

FORESTRY INTERVENTION PROJECT

Climate change and, above all, the worsening of climate conditions in the regions where cork oak forests are cultivated present new challenges for the management of these areas. Although the cork oak is such a generous tree, it needs support to ensure the continued production of cork.

The main challenges facing cork oak forests and cork production include:

- The success rate of new plantations;
- Successful natural regeneration and the densification of existing plantations;
- The pressure of competing tree species grown in the same areas;
- Combatting pests and diseases that attack trees or affect the quality of the cork harvested.

Aware of the need to protect cork oaks, Corticeira Amorim has been implementing its Forestry Intervention Project since 2013 with a clear objective summarised in the motto: look after the present, build the future.

Looking After the Present:

In 2017, Corticeira Amorim established a Support Office for Forestry Producers with the mission of helping forestry producers maintain and restructure their cork oak plantations. The office is an instrument for disseminating and deepening the knowledge generated by research teams studying the cork oak and cork.

A number of protocols agreed with Portuguese and international universities are being finalised with a view to incorporating in forestry management plans recommended for each area what are considered to be the best practices as validated by scientific knowledge.

Building the Future:

Corticeira Amorim is financing and working in partnership with Portuguese and international scientific bodies on a number of research projects with the clear aim of seeking answers and solutions to the challenges referred to above.

The projects under way include:

- **Improved irrigation for cork oak plantations: in** 2001, a forestry producer planting olive trees opted to plant some cork oaks on poorer quality land that would benefit from the same treatment as the olive trees. The success rate of the plantation was 100% and it was possible to make the first extraction of cork from some trees at eight years, much earlier than the 18-25 years after planting that is the norm in the traditional system.
- Based on the success of this experiment, Corticeira Amorim invited a university research team to monitor the existing plantation and, above all, to plant new plantations in order to gain an understanding of the importance of irrigation in guaranteeing the success of the planting and the occupation

of space and of its impact on the initial growth of the trees. The results coming in from the experimental plots are encouraging and attest to the total success of the new plantations. The results also indicate that this new technology could be used for the densification of existing plantations, above all, to ensure the rapid occupation of the space by the trees, thus reducing the problems related with erosion, evaporation and vegetation control.

- While the experimental plots continue to be monitored in detail, Corticeira Amorim has been working with forestry producers on installing this technology on a larger scale.

- **The cork oak genome:** the cork oak genome has been sequenced and a paper is in preparation for publication in an international scientific journal. Sequencing the genome is an essential tool for stimulating research into the cork oak and cork and attracting the attention of scientists who do not currently see them as priority areas for study or intervention.

- Research projects are currently under way aimed at identifying the relationships between genes and some characteristics of the cork oak/cork, including the quality of the cork harvested and resistance to pests and diseases.

- **Improving the cork oak:** it would be ideal for the cork industry if the quality of cork produced by cork oak forests corresponded to all its requirements, while allowing for genetic variations between plantations.

- To this end, Corticeira Amorim launched a project for selecting cork oaks – called "plus trees" – with characteristics that differentiate them from other trees. The aim is to create a group of plantations of selected trees that will naturally cross-fertilise (a selected seed orchard) so that the trees grown from seeds from these plantations will have distinctive characteristics.

- **Flathead oak borer:** the flathead oak borer (*coruebus undatus*) is one of the main pests to attack cork oaks. The insect affects the formation of cork, significantly reducing its value. In forestry practice, traps are used to reduce the number of insects, thereby diminishing their impact on the value of the cork. The project under way is aimed at discovering a more efficient attraction component for these traps to increase the number of insects captured.

4

INNOVATION, RESEARCH & PRODUCT DEVELOPMENT

The genesis of the CORTICEIRA AMORIM Group is intrinsically linked to the cork business. Since 1870, cork has been the core business of this leading Portuguese business group. Today, CORTICEIRA AMORIM is the world leader in the cork sector, supplying a wide range of cork products to diverse sectors of the economy, including wine, construction, real estate, telecommunications and tourism. CORTICEIRA AMORIM is today a multinational business group operating dozens of companies with an established presence across all five continents.

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

4.1. RAW MATERIALS

In 2017, Amorim Florestal continued its forestry development programme (research and expansion), which is principally aimed at changing the current state of cork oak forest, investing in shortening the first extraction cycle, improving reproductive vegetal material, controlling pests and diseases and similar areas. Studies were undertaken to broaden knowledge and define more clearly the next steps to be taken The BU's team was also strengthened, providing for tighter project monitoring.

One of the main projects underway is the micro-irrigation of cork oaks with the aim of achieving high rates of planting success and accelerating initial growth rates to reduce the period before the cork can be harvested.

The BU's internal research projects remained focused on eradicating the sensory defects of cork and produced positive and promising results in 2017, suggesting positive future outcomes. We were able to conclude from the first tests that there are ways of eliminating the sensory defects of cork in particular circumstances. The task now is to deepen our knowledge and find ways of industrialising the solutions found.

4.2. CORK STOPPERS

The TCA issue remains one the main priorities of research by the Cork Stoppers BU and in 2017 important advances were made towards resolving the question. In view of the results obtained from using different technologies to extract TCA in the laboratory, the BU decided to move ahead with the industrial upscaling of some of these methods with the aim of implementing a definitive TCA solution for cork stoppers and discs.

At the same time, the application of NDtech technology, a process developed by the BU for analysing TCA stopper by stopper, proved highly successful and totally reliable, a fact proven by internal analysis and the absence of any problems being brought to our attention by customers.

The clear success of the product was reflected in the need to increase production capacity for NDtech stoppers, given that current capacity fails to meet to customer needs and orders. A decision was made to go ahead with the second phase of the NDtech 2.0 project to respond to this demand, which, surprisingly, is not only for stoppers for super premium wines, but also for stoppers for more moderately priced wines. This second phase will significantly increase the BU's capacity to supply NDtech-tested stoppers. It will also improve the technological quality of TCA analysis and reduce the cost of maintaining the system. The second phase will be implemented in 2018, with the related increase in capacity taking effect early in the year.

The year of 2017 was year zero for the use of NDtech technology for champagne stoppers. The first deliveries, produced from a semi-industrial prototype, were made to target customers. The positive results achieved and the high level of market expectation lead to a decision being made to acquire an NDtech champagne stopper production line that is due to be installed in the first three months of 2018.

NDtech was the basis for developing an important TCA analysis project aimed at facilitating the flow of natural cork stopper production. The analysis is carried out using reference method ISO 20752, which requires the stoppers to be macerated for 24 hours and to undergo a 14-minute chromatographic analysis, with 1,400 analyses a day being made. The aim of using NDtech in the quality control of cork stoppers is to cut the time required for analysis by 90%. The project was tested during 2017, producing positive results. It was introduced on an industrial basis in January 2018.

R&D continued to focus on the importance of using cork stoppers rather than alternative closures such as screwcaps and synthetic stoppers. Ongoing studies into the physical-mechanical, chemical and sensory performance of stoppers led to projects being continued several areas, including permeability, the migration of trace elements, improving the strength of technical stoppers through the use of better-performing glues and different types of cork granulate, and studying the performance of stoppers in extreme storage conditions, among others.

A study of the humidification of natural cork stoppers stood out among projects relating to their physical-mechanical performance, an important area for the BU given that new industrial processes have resulted in a significant reduction in the humidity of stoppers. This project led to the acquisition of fundamental scientific knowledge. From the different technologies tested, a process was selected for industrial implementation.

R&D projects were also developed with the aim of improving the physical-mechanical and sensory performance of sparkling wine stoppers. These projects were run both internally and in collaboration with the BU's main champagne stopper customers. Special attention was given to the *tirage* stopper, a BU R&D project aimed at using cork stoppers in the fermentation of wine in the bottle. This project has already resulted in an increase in the use of cork stoppers for this purpose and has brought the BU together with some highly reputed customers who want to give their wines the differentiating factors conferred by cork.

Production process innovation has been a permanent concern of the Cork Stopper BU in recent years. The year of 2017 was no exception, with new equipment being installed for:

- smoothing cork boards;
- automatic routing;
- optimising the drilling of cork boards;
- innovative methods for marking cork stoppers using ink and lasers;
- new electronic inspection systems for marked and technical stoppers with optimised checking rates;
- new packaging processes for stoppers and granulates and for depalletising stoppers;
- improving the treatment of cork stopper surfaces; and
- highly innovative capping machinery.

A large-scale project for optimising the collection of production equipment data to improve performance is also worthy of note.

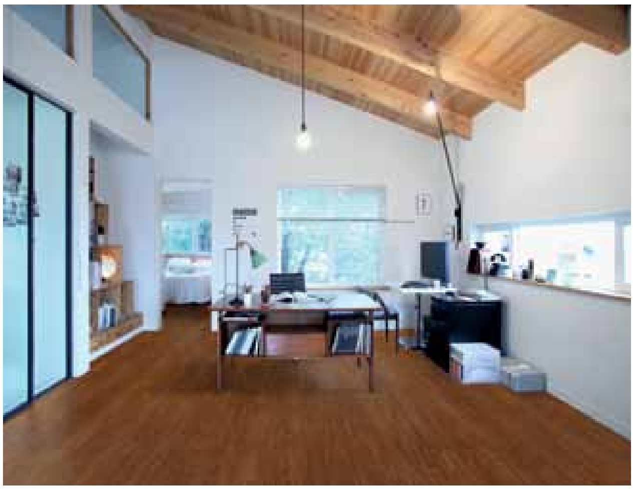
All of these projects, some completed and others in execution, are aimed at improving the quality of the BU's final products and increasing productivity.

Innovation has also been a constant concern of the encapsulated stopper unit, with the number of projects aimed at developing new encapsulated stopper solutions for different spirit drinks increasing every year. In 2017, limited editions were produced for whiskies in Scotland and Ireland, bourbon in the US, vodka in Australia, tequila in Mexico and rum in Venezuela. The significant increase in the number of projects required the introduction of a project management system that provides more efficient communication, management and validation for each of the projects being developed.

4.3. FLOOR AND WALL COVERINGS

In 2017, the Floor and Wall Coverings BU launched new collections of visuals for its CorkComfort, Dekwall and Hydrocork PressFit ranges.

Two collections were launched in the Corkcomfort range. The FUSION collection comprises eight different visuals under the slogan "Texture your space". The essence of this collection is a combination of stone and wood textures with a cork look. The surface of the cork was altered using pressing processes involving plates engraved with different designs and later painted to achieve different surface tones. The



Vintage Stones collection comprises six different visuals under the slogan "Recreate the past as you see it in the present". Each surface is a combination of cork and stone visuals: Limestone, Concrete and Chabby Chic. The collection appeals to the desire of consumers to add a touch of individuality to their world and uses altered cork visuals created using digital printing.

In the Dekwall range, which uses the same printing and painting technique as the FUSION collection, the BU launched the BRICK collection, comprising six different visuals under the slogan "Industrial Touch". The visuals are inspired by New York of the 1950s and 1960s, where exposed brickwork is combined with plaster, pipes and metal objects.

The Hydrocork PressFit technical solution range was renewed with the introduction of new sizes that allow for installing herringbone designs, much sought after for commercial areas. New 615mm x 295mm stone visuals were also introduced.

On the industrial side, the installation of a new cork agglomerate press was completed. This will allow the Floor and Wall Coverings BU to produce the core of the current Hydrocork PressFit range internally as well as the base agglomerates for a new generation of products currently in development. The installation of a new digital printing line was also concluded, enabling the use of image files with a resolution of up to 1,000 dpi, thus improving the Artcomfort range with even more realistic visuals.

The BU continued developing the SUBERTECH project aimed at producing a cork agglomerate that is water resistant, 100% free of PVC and that involves lower emissions. It can be machined and has a better acoustic and thermal performance that any HDF, WPC or soft PVC material.

Work began on developing new collections of digitally printed visuals for the Artcomfort collection in line with market trends. The collections capitalise on the possibility of bevelled printing at higher resolutions provided by the new digital printing line.

4.4. COMPOSITE CORK

Innovation is central to the Composite Cork BU given that its mission focuses on developing new products and applications to add value to cork.

In 2017, the BU continued to implement and systemise the processes began in the previous year with a special focus on the computerised and centralised project management model as well as the development of an innovation roadmap for the next three years, a plan that is aligned with the BU's pillars for growth.

The R&D team was also rearranged and strengthened to respond more effectively in terms of innovation projects and in providing the necessary support for the commercial and production areas.

In conclusion, special mention should be made of the project for installing a pilot unit for innovation called **i.cork factory** with a mission to explore new technologies for composite cork using different materials, different and more complex formats and higher performance levels. Over the short term, the BU will continue to focus on the circular economy, especially the reuse and recycling of sub-products.

In terms of the three different clusters in which the BU operates, the following projects highlight its commitment to adding value to cork and expanding its portfolio of materials and applications:

Construction:

- the launch of a new underlay for LVT flooring with an acoustic insulation level of >21 decibels (Db), making it one of the best on the market;
- continuing the development of a core for laminated floors that is 100% waterproof and does not use PVC, an innovation for the sector that has been much sought after by the main players in this market;
- beginning the development of two PVC-based cores for laminated flooring aimed at business areas not covered by the BU's current product range
- the development of a new range of underscreeds based on recycled materials with a high level of acoustic and mechanical performance;
- the development of three new anti-vibration materials for heavy loads for use as decoupling elements in construction systems.

Retail:

- the development of new underlay materials for the do-it--yourself sector.

Industry:

- the development and launch of a new material for the primary decking of large ships that complies with all the certifications requirements of the International Maritime Organization (IMO);
- the development of final deck materials in response to the scarcity and high cost of the materials currently on the market;
- the development and launch of a thermal protection system for the polymer fuel tanks used by the automobile industry;
- the development of new materials using cork, ethylene-vinyl acetate (EVA) and polyurethane for the footwear sector, based on principles of lightness, thermo-conformity and compressibility.

4.5. INSULATION CORK

In 2017, the BU continued work on the development cycles initiated in the previous year in regard to R&D projects being carried out in consortium, seeking to maintain the pace of this activity. Highlights include:

- the **Coberturas Verdes (Green Roofs)** project aimed at creating green roofs and living façades (GRLF) constructed using systems made entirely from expanded cork agglomerate, a totally natural and environmentally-friendly product;
- the **Slimframe PV & Cork Skin** project aimed at creating a façade building system with insulating characteristics that uses solar energy. The consortium involved aims to develop a solution that uses cork agglomerate insulation with glass;
- the launch of the **mcRICE project** focused on the development multifunctional and sustainable materials from rice husks and cork with the aim of developing products with a high dynamic, thermal and acoustic performance

5

AMORIM CORK VENTURES

In 2017, the activities of Amorim Cork Ventures were mainly concentrated on developing the start-ups in which it participates.

Three start-ups were launched and made their first sales in 2017:

- TD CORK - Tapetes Decorativos com Cortiça, Lda.: a company responsible for the conception, production and marketing of Sugo Cork Rugs® (www.sugocorkrugs.com) – the first brand of cork rugs, developed using traditional hand-weaving techniques. The innovation lies in developing a solution that enables cork to be woven on looms, a technique for which an application for an international patent has been made. Following the company's launch in January 2017, it began prospecting for customers, focusing on interior design professionals. With a view to internationalising the firm, Sugo Cork Rugs also participated in a number of important trade fairs (in Asia and northern Europe);

- Grõwancork – Estruturas Isoladas com Cortiça, Lda.: after extensive market research, cork has emerged as the best material for building commercial refrigeration units. The (EIC-Easy Insulation Cork) solution developed by the company comprises a chassis in expanded cork agglomerate covered with metal sheets that can be used in commercial refrigeration equipment as a competitive and environmentally-friendly alternative to the injected polyurethane material currently used. The initiative was announced in July 2017 with the launch of the company's website (www.growancork.com). Concluding an investment in a production line equipped the firm with the industrial capacity to supply its target market in the commercial refrigeration area, that is, manufacturers of refrigerated and heater display units and refrigeration and ventilation units, with a strong focus on the Horeca (hotel/restaurant/café) food service distribution channel and medium and large food distribution outlets.

- PrimaLynx – Sustainable Solutions, Lda.: a company that in December 2017 brought out its YogurtNest product – an environmentally-friendly and multifunction yogurt maker produced in Portugal using sustainable materials including cork and cotton. The YogurtNest makes it easy to make yoghurt rapidly using milk, lactose-free milk or vegetable drinks, at the same time as avoiding the use of thousands of plastic containers. Compared with conventional yogurt makers it also represents a significant saving. In 2017, the main sales channel for the Yogurnest was the firm's online shop (www.yogurtnest.com), which took on the challenge of communicating a new concept and a new healthier, more environmentally friendly way of producing and consuming yogurt. The company's marketing and commercial activity is mainly focused on the final consumer and it was well received by the Portuguese market in its start-up year. The next challenge will be to consolidate the Portuguese market and internationalise.

For Ecochic Portuguesas, the first start-up to be launched by Amorim Cork Ventures and producers of the flip-flop brand ASPORTUGUESAS, 2017 saw the entry in May of a new investor, the Kyaia group, owners of Fly London, the leading brand in the Portuguese footwear sector. The entry of this new partner will be of great importance for the international growth of the ASPORTUGUESAS brand and the know-how that Kyaia brings to the company's production, logistics and distribution network.

The year was also notable for the creation of ASPORTUGUESAS's first Autumn-Winter (2018/19) collection, broadening its portfolio to embrace a concept of eco-friendly footwear for every season of the year, not just for spring and summer. The collection was presented at the beginning of 2018 at Micam, one of the sector's most important trade fairs, and received positive feedback from the market.

6

APPROACHING SUSTAINABILITY

Sustainable development

Corticeira Amorim's business revolves around cork – a 100% natural raw material that is cyclically harvested from cork oaks without damaging the trees. Cork promotes the economic and social sustainability of areas at risk of desertification and contributes to the preservation of cork oaks estates (*montados)* – world hotspots of biodiversity that provide innumerable environmental benefits, be it CO_2 retention, protection against forest fires, regulation of soil water cycles or defence against soil erosion.

Negative carbon footprint

The cork oak contributes greatly to the biological sequestration of CO_2, using its roots, leaves, trunk and bark (cork) to store CO_2 throughout its lifetime, which can exceed 200 years. Cork products maintain this storage capacity throughout their life cycle. Cork thus represents an important contribution to reducing the carbon footprint of final products.

Corticeira Amorim promoted a study aimed at the calculation and independent verification of its carbon footprint. The study concluded that, considering the sink effect of cork oak forests, made possible by the extraction of cork and the cork industry, the annual sequestration of carbon exceeds by more than 15 times the total amount of greenhouse gases emitted by the Group's entire value chain.

Circular economy

In keeping with it a strong environmental vocation, Corticeira Amorim constantly seeks to optimise the consumption of all the materials used in its production processes to maximise the related environmental and economic advantages. Concerning cork as a raw material, it has implemented an integrated production process that ensures the re-use of all by-products resulting from the transformation of cork. Everything that cannot be reused is recycled, adding a new dimension to Lavoisier's maxim: nothing is lost, everything returns to the production process and is transformed. In fact, this concept, now the foundation of so-called circular economies, dates back to 1963, the year in which Corticeira Amorim was founded as a company with the goal of deriving value from the by-products of manufacturing cork stoppers, which until then had only been put to residual use.

Thanks to continuous investment in research, development and innovation, Corticeira Amorim today produces high added-value products used in industries as diverse - and demanding - as aerospace, construction, interior design and fashion, as well as the wines and spirits sector, upholding the unique features that are intrinsic to cork.

Even the smallest cork pellets are used as an important source of energy. Corticeira Amorim's main source of energy, which it uses mainly in production processes, is derived from cork powder and other biomasses.

Because cork is a material that, beside the many ways it is used in its pure form, promotes synergies with other materials and by-products, whenever feasible, Corticeira Amorim uses recycled materials from other industries to help save the planet's natural resources and reduce the problems that would arise from its elimination.

The Group also supports a number of initiatives for the collection and recycling of cork on four continents, and, although no trees are felled at any stage of the production process, some of these programs, particularly the Green Cork program in Portugal, support the afforestation of areas at risk with native trees, in particular, cork oaks. In 2017, 342 tons of cork were recycled by the Corticeira Amorim industrial units that are certified for this purpose.

Ecosystem Services

Although not a forest owner, Corticeira Amorim recognises the sustainable management of cork oak forests as a strategic priority. In this context, it seeks to build support among agroforestry owners for the conservation of cork oak forests and the adoption of best practices that add to the benefits that ecosystems provide for the whole population, be it in terms of carbon sequestration, soil formation, regulating the water cycle, protecting biodiversity or stimulating good agricultural and forestry practices.

The Group was also the first company in the cork industry to obtain Forest Stewardship Council (FSC®) chain of custody certification, a leading international standard. At the end of 2017, Corticeira Amorim had 31 establishments (industrial and/or distribution) with FSC chain of custody certification.

Management Systems

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

This important alignment was consolidated in 2017 through the renewal of the certification of the management sub-systems in the Group's companies. These renewals include:

- At the Cork Stopper BU: SYSTECODE (System for the Accreditation of Companies by means of the International Code of Cork Stopper Manufacturing Processes), ISO 50001 (relating to energy management systems) and several food safety management systems including ISO 22000, FSSC 22000, HACCP, IFS Standard PAC Secure, IFS Broker and BRC;
- At the Composite Cork BU: Programme for the Endorsement of Forest Certification (PEFC) and OHSAS ISO 18001 (workplace health and safety management system);
- At other Group BUs: ISO 9001 (quality management system), ISO 14001 (environmental management system) and the Forest Stewardship Council (FSC).

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

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

Industrial Units – IU
[1]IU-Lamas, IU-Amorim Distribuição, IU-De Sousa, IU-Portocork, IU-Champcork, IU-Equipar, IU-VL; [2]IU-Amorim Distribuição, IU-Portocork, IU-Champcork, IU-Equipar; [3]IU Eysines; [4]IU-Mozelos, IU-Silves; [5]IU-Coruche; [6]IU-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, IU-Amorim Distribuição, IU-Champcork, IU-Portocork, IU-De Sousa, IU-Equipar; [13]In Progress; [14]Practice assured

7

HUMAN RESOURCES

For companies in the Corticeira Amorim Group, 2017 was another year dominated by a climate of organic growth and acquisitions, specifically in the production area. As in previous years, but with even greater intensity, the need to support the Group's operations in terms of qualified human resources called for a specific focus on activities connected with management and the adequacy of the workforce, particularly in the areas of recruitment and skill development.

7.1. HUMAN RESOURCES – GENERAL INDICATORS

Workforce:

Corticeira Amorim ended 2017 with 4,248 employees. The average number of employees for the year was 4,202, reflecting a record number of more than 450 admissions during the year and close to 330 departures. The workforce in the Group's overseas companies remained relatively stable (1,167 employees at the end of the year and an average for 2017 of 1,180). The greatest changes occurred at the companies located in Portugal, where the workforce totalled 3,081 at the end of 2017, with an annual average of 3,022.

The average age of employees in Portugal is 44 (43.7). About 25% are female and 75% male. About 45% of employees have academic qualifications equivalent to a full secondary education (26%) or higher education (18%). About 56% have qualifications equivalent to the third level of basic education (21%) or below (35%).

Absenteeism:

The absenteeism rate in 2017 was approximately 4% (4.2%), slightly higher than in 2016. Medical reasons continue to account for almost 70% of absences (long-term absences: 37%), with parental duties and accidents each accounting for about 10% of total absenteeism.

Work Accidents:

Work accident indicators remain little changed from previous years. In a year of intense industrial activity, it was not possible to reduce the work accident frequency index at Corticeira Amorim, nor the severity index. This will be a priority area for intervention by the Group for the period 2018-2020 with the aim of reducing the number of accidents by more than 50%.

7.2. SKILLS

The Group's efforts to develop skills and qualifications continue.

The internal programme for the Recognition, Validation and Certification of Skills (RVCC) has been resumed across all Business Units. It involves approximately 50 employees seeking qualifications equivalent to Portugal's Third Level of Basic Education or Secondary Education.

A total of about 45,000 hours of training were delivered in 2017. The Cork Stopper BU's School of Continual Improvement (the Cork+ Programme) and the Cork Composite BU's RIO Programme (launched in 2017) made important contributions to the overall training effort. Both programmes focus on the industrial sector, specifically on the implementation of permanent improvement practices in the areas of industrial operations and logistics.

No less important was the provision of training projects aimed at the Group's commercial areas. These included a multimedia (e-learning) training module – the first of a series of four – developed by the Composite Cork BU, aimed mainly at sales forces and which, for the first time, allowed for the same programme to be delivered simultaneously in every company in every part of the world.

A project to set up a Centre for the Development of Knowledge and Skills will provide some of the main training programmes for employees of all the Group's companies. The programmes will be mainly for recently recruited young staff members and will focus on getting to know the business, cork as a material and the different management areas. The centre began its activities in 2017 with the first year of a course called Knowledge for Growth Programme, a general management programme aimed at middle and second line managers, run in collaboration with the Católica Porto Business School.

7.3. INTERNAL COMMUNICATIONS

As in previous years, internal communications represented a priority field of intervention. Across the diverse employee segments (sales force, operations, support functions) and across different hierarchical levels, through campaigns, project meetings and activities of different types and forms, the Group sought to maintain the level of information, the alignment and involvement necessary to guarantee the commitment of members of staff, both to their daily work routines and to emblematic projects, as well as to the future objectives and success of their companies.

8

STOCK MARKET PERFORMANCE

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

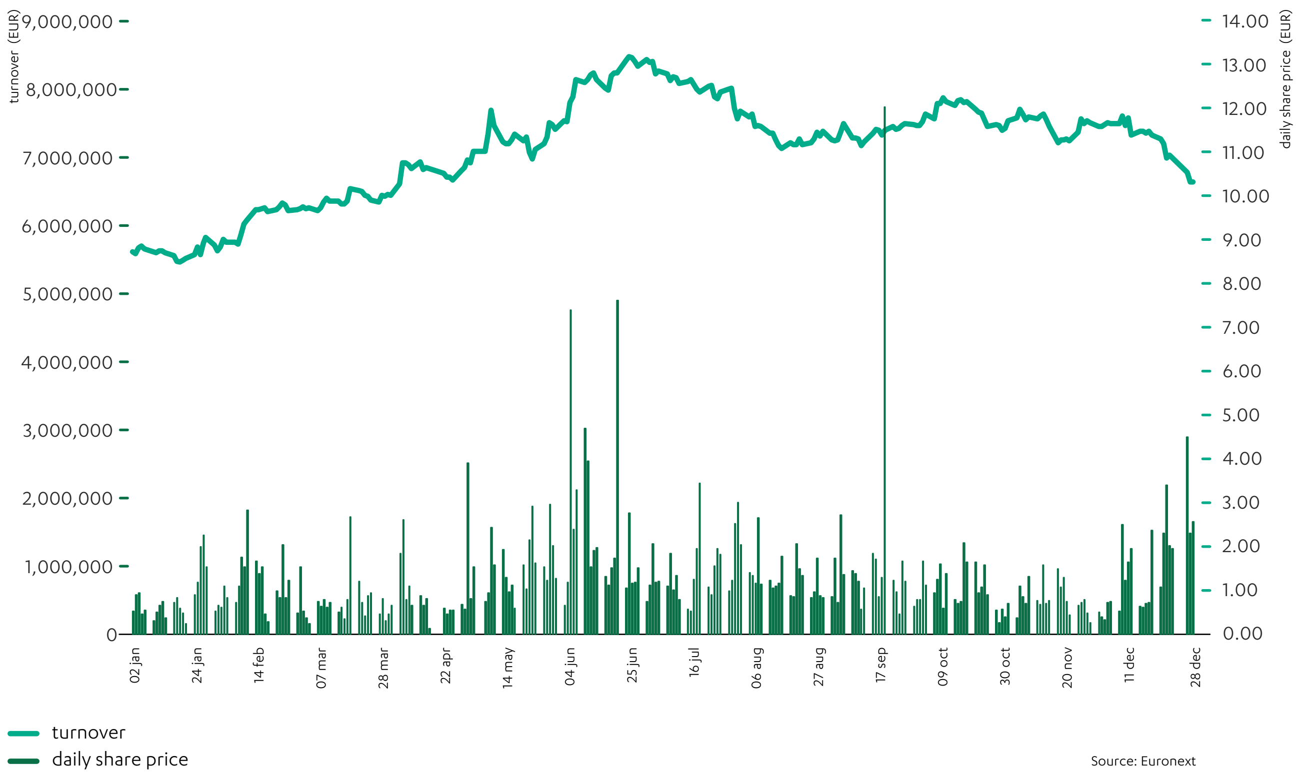
Under the terms of Law no. 15/2017, of 3 May, and Decree-law no. 123/2017, of 25 September, the Corticeira Amorim Board of Directors approved the conversion of bearer shares representative of company capital (code ISIN: PTCOR0AE0006) into nominative shares; the respective conversion took place in the centralised trading system on 26 October.

At the end of 2017, Corticeira Amorim's share price had reached €10.30, an increase of 21.18% on the close of 2016. A total of 19.3 million shares were traded (+78.5% in 2016) in almost 90,000 different transactions (+150.5% than in 2016) with an approximate accumulated value of €217 million (+348.8% than in 2016).

In 2017, the shares traded at an average price of €11.067 (€7.30 in 2016); the maximum price reached was €13.30 per share on 22 December; the minimum price was €8.18 on 17 January, resulting in a percentile range of 62.59%.

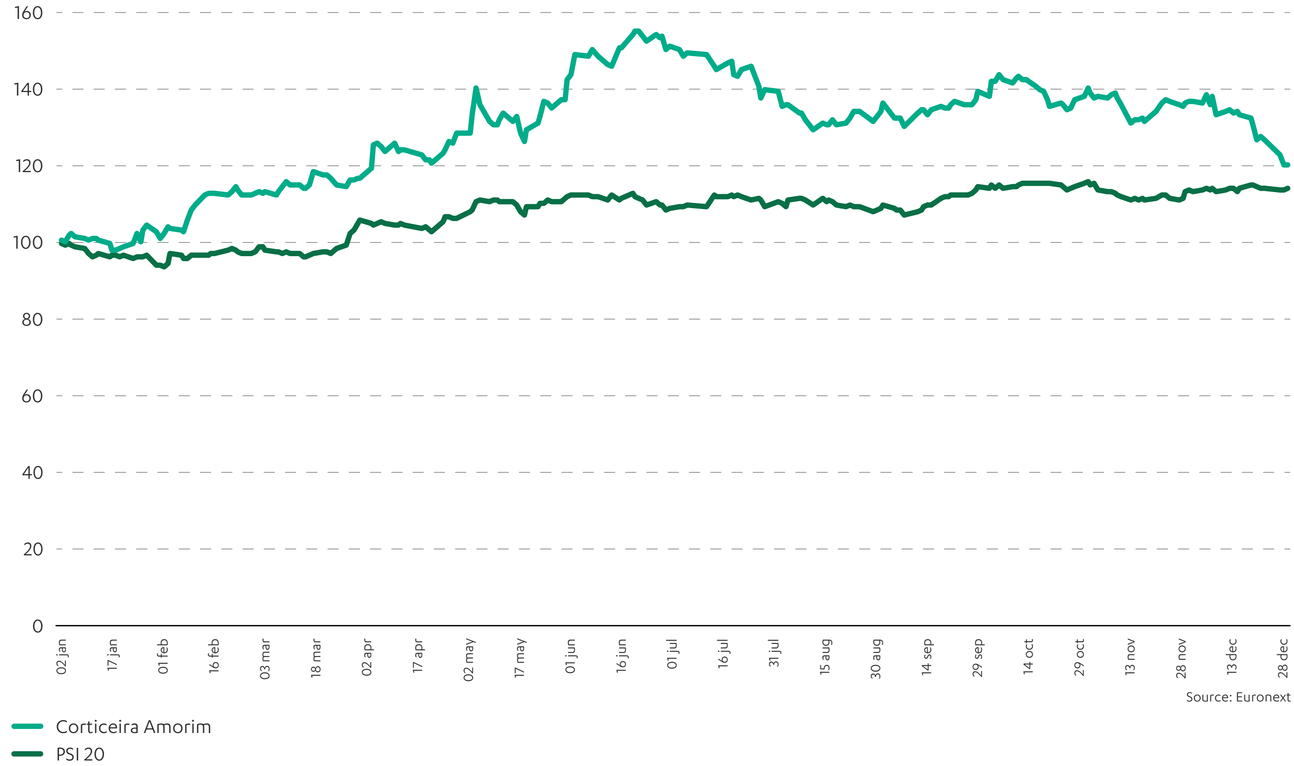
The following graphs below show Corticeira Amorim's stock market performance:

Trading volumes on the regulated market (2017)



Source: Euronext

Share price performance versus PSi20 (2017)



Stock market performance in recent years

	2013	2014	2015	2016	2017
Quantity of shares traded	2,184,858	3,481,685	12,693,424*	10,801,324	19,290,907
Share prices (€):					
Maximum	2.40	3.65	6.29	9.899	13.300
Average	2.04	2.85	4.34	7.303	11.067
Minimum	1.56	2.20	2.99	5.200	8.180
Year-end	2.21	3.02	5.948	8.500	10.300
Trading frequency	89.3%	96.1%	98.8%	100%	100%
Stock market capitalisation at year-end (million €)	293.93	401.66	791.08	1,130.50	1,369.90

Source: Euronext

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

Key announcements made by Corticeira Amorim in 2017:

22 February: Consolidated results for 2016

Corticeira Amorim sales rose 6% to €641 million, with the following highlights:

- EBITDA surged 22% to €122 million;
- Sale of US Floors generated a net gain of €30 million;

Net result without the effect of the US Floors sale rose to €73 million, up 32% on 2015.

7 April: Announcement of a gross dividend payment of €0.18 per share

15 May: Consolidated results for the first quarter of 2017

Quarterly profits advanced 23.7% to €17.2 million, with the following highlights:

- Sales rose by 9.6% in the first three months, exceeding €170 million;
- EBITDA reaches €33.6 million, reflecting growth of 22%.

19 July: Announcement of a provisory agreement to acquire the company ETABLISSEMENTS CHRISTIAN BOURRASSÉ, owner of the share capital of SOCORI – SOCIEDADE DE CORTIÇAS DE RIOMEÃO, S.A. and of CORPACK BOURRASSÉ S.A.

2 August: Consolidated results for the first half of 2017

Corticeira Amorim sales increased 6.2% in the first half of the year, rising to €355 million, with the following highlights:

- EBITDA exceeded €70 million, following growth of 7.2%;
- Quarterly profits increased to 7.4% to €37.7 million.

11 September: Announcement of an agreement to acquire the company S.A.S. SODILIÈGE

20 October: Announcement of the conversion process of representative bearer shares in the company share capital (code ISIN: PTCOR0AE0006) into nominative shares

7 November: Consolidated results of activities undertaken in the third quarter of 2017

Corticeira Amorim sales continued to increase, driven mainly by the Cork Stopper BU, with the following highlights:

- Consolidated sales reached €531 million, an increase of 8.3%;
- Discounting the Bourrassé effect, sales rose 5.6%;
- EBITDA reached €105 million following growth of 10.4%;
- Net result for the first nine months in excess of €56 million, an increase of 2.1%.

29 November: Announcement of the payment of an extraordinary gross dividend of €0.08 per share

9

CONSOLIDATED RESULTS

9.1. SUMMARY OF ACTIVITIES

The year 2017 stands out for the July acquisition of the Bourrassé Group. Its inclusion within the consolidated accounting perimeter led to total sales exceeding €700 million for the first time to date, an increase of 9.4% on 2016. Excluding the impact of acquiring Bourrassé and Sodiliège, sales rose 5.3%. While smaller in scale, Sodiliège also contributed to the consolidated results in the final quarter.

In exchange rate terms, the depreciation of the US dollar (USD) against the Euro had an impact on the final quarter. While through to September, the exchange rate had a positive effect on sales, this trend inverted in the final quarter with the overall impact of the exchange rate on sales turning negative to the amount of €1.8 million in 2017 as a whole. The trends in the ZAR (South African rand) and the CLP (Chilean peso) counterbalanced the USD trend.

Sales by BU varied. The Cork Stopper BU, which consolidated the activities of the two acquired companies, grew by 12.8%. Without the consolidation of the acquired firms, the BU's sales increased by 6.7%. The Raw Material BU experienced growth in line with the organic growth of the Cork Stopper BU. The Floor and Wall Coverings BU increased the pace of its sales growth through to September, ending the year with an annual rise of 3.8%. The Composite Cork BU registered a 1.3% fall in sales, but succeeded in stemming the pace of the decline over the last quarter.

EBITDA increased 9.2%, in line with sales growth, to €133.6 million.

The EBITDA/Sales ratio was 19.0%, practically the same as in 2016 (19.1%). Excluding the activities of the acquired companies, the ratio would have been 19.3%, reflecting an improvement in Corticeira Amorim's performance before the acquisitions.

Despite the rise in Group debt due to the acquisition of Bourrassé and, to a lesser extent, Sodiliège, the financial position improved in 2017 due to lower interest rates.

In terms of non-recurrent items, the transaction costs incurred for the acquisition of the subsidiaries and the expenditure by the Floor and Wall Coverings BU, mainly a result of restructuring needed to accommodate investment in a new press and in its German subsidiary.

The decrease in the effective rate of tax on earnings, in comparison with that in effect in 2016, resulted primarily from the disposal of US Floors, Inc., which took place in 2016 and was carried out by a subsidiary located in the US, where the level of taxation is higher.

The consolidated net result of Corticeira Amorim was €73.0 million; excluding the net effect of the sale of US Floors, Inc. from the 2016 result, this would represent an increase of 0.3% on the previous year.

Due to a relatively positive financial position, Corticeira Amorim was able to strengthen the dividend distributed, which totalled about €34.6 million, corresponding to 26 cents per share.

9.2. CONSOLIDATION PERIMETER

As previously stated, Corticeira Amorim consolidated the activities of Bourrassé (six months) and Sodiliège (three months). The financial accounts for 2017 are therefore not directly comparable with those of 2016. The key impacts of these acquisitions are detailed in the notes annexed to the accounts.

9.3. CONSOLIDATED RESULTS

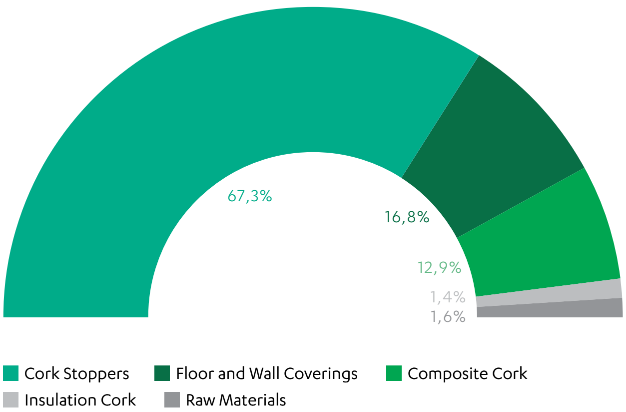
Consolidated sales rose to €701.6 million, up 9.4% on 2016 (€641.4 million). The effects of the change in the consolidation perimeter improved this increase, which would have been 5.3% without the change. The exchange rate effect in 2017 was negative, amounting to -€1.8 million, with the depreciation of the USD against the Euro weighing significantly on this trend. The impact of this depreciation was most significant in the final quarter.

The Cork Stopper BU, which accounts for 67.3% of total sales, was the key driver of sales growth. The BU also consolidated the two acquired companies.

The Floor and Wall Coverings BU also increased sales, with the pace picking up in the final quarter. The Cork Composites and Insulation BUs were not able to maintain the level of sales recorded in the previous year.

The relative weighting of the sales of each BU in the group total reflects the increasing weight of the Cork Stopper BU (deriving both from the acquisitions made and the rise in sales) and the decline in the weighting of the Cork Composites BU.

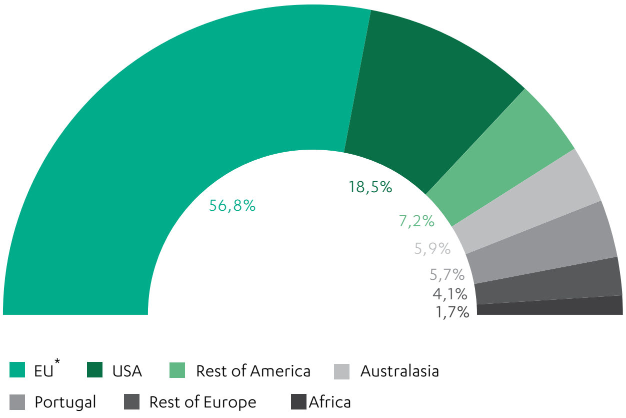
Consolidated Sales by Business Unit



There were no significant alterations in the Group's key sales markets. The consolidation of Bourrassé led to an increased presence in the European market coupled with a slight decline in the weighting of the US, which, nevertheless, remained the main destination of sales despite the effect that currency depreciation had on the value of sales.

In the European market, there were strong performances for sales in France (with an important impact from the integration of Bourrassé), Spain, Italy, Portugal and Denmark.

Consolidated Sales by Geographic Area



* It includes Switzerland and Norway and excludes Portugal.
Sales to non-Group Clients.

The gross margin (sales plus the variation in production minus the cost of the materials incorporated) stood at 52.9%, representing a slight downturn on the previous year (53.2%). The change in production achieved a positive result of about €4.9 million, which essentially affects the Cork Stopper BU, reflecting the replacing of inventories following the optimisation and rationalisation of inventory management implemented in the previous year.

In terms of operational costs, the rate of growth outpaced that of sales. This situation is justified by the variation in the consolidation perimeter (the weighting of operating costs in sales is greater at the companies acquired) and the increase in supplies and external services. The rise of about €6.3 million (+5.5%) in human resource costs, without any change in the consolidation perimeter, reflects a context in which the average number of employees rose by about 3.6%. Employee numbers increased mainly at the Cork Stopper and Cork Composites BUs.

The imparities item records a significant sum that results essentially from an analysis of the recoverable value from some already capitalised development projects and the imparity arising from an industrial site due for relocation.

There was practically no variation (€-0.1 million) under other income and operating costs. In 2016, the effect of exchange rate differences on assets receivable and liabilities payable and the respective exchange rate risk coverage resulted in a gain of €1.2 million; in 2017, this effect led to a loss of €0.2 million.

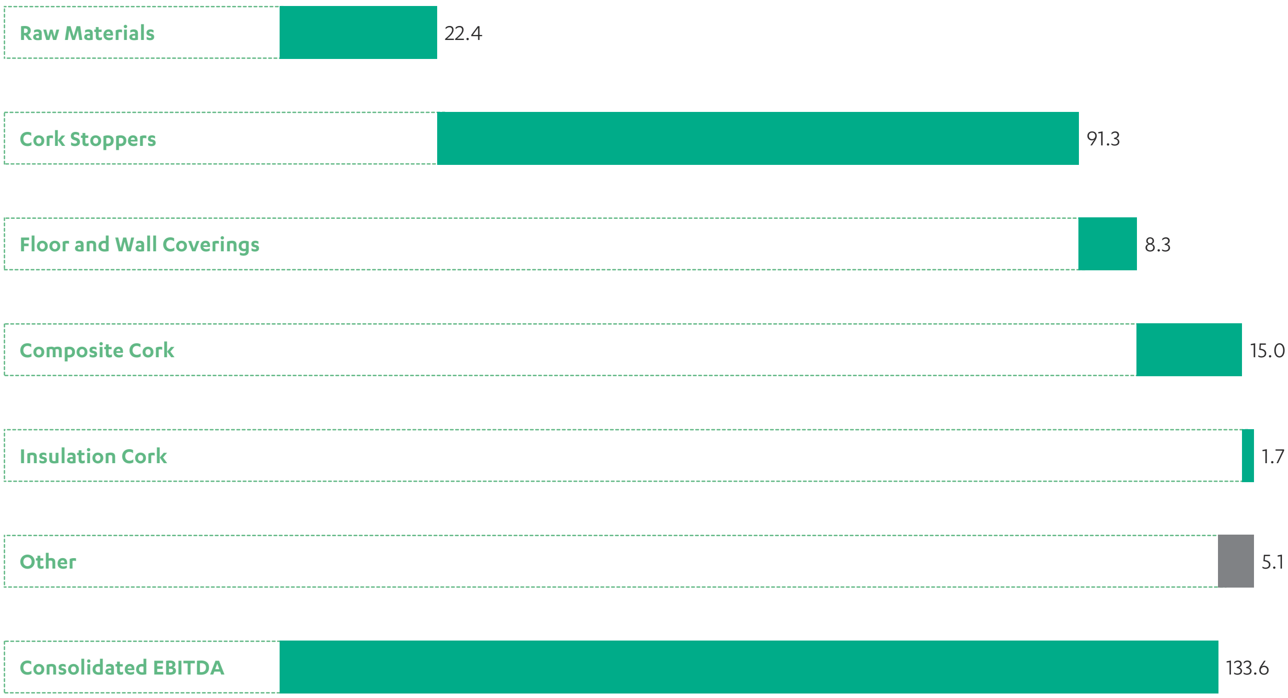
The current EBITDA of €133.6 million represents an increase of 9.2% on 2016. The EBITDA/sales ratio for the 2017 financial year stood at 19.0%, practically the same level as the previous year (19.1%). Considering the same perimeter as the previous year, EBITDA came in at €130.5 million and the EBITDA/sales ratio reached 19.3%. Bourrassé, which generated the greatest impact on the change in the consolidation perimeter, showed a level of profitability lower than that of Corticeira Amorim, as expected.

As detailed in the Report by Segments, not all BUs attained growth in their EBITDA in this period. On the positive side, the Cork Stopper BU achieved EBITDA growth that helped improve its profitability. The Floor and Wall Coverings and Cork Composites BUs, which registered decrease in EBITDA, are taking the measures necessary to revert this situation.

EBITDA/Sales by Business Unit:

	2015	2016	2017
Raw Materials + Cork Stoppers	19.9%	21.9%	23.3%
Floor and Wall Coverings	7.4%	10.9%	6.8%
Cork Composites	14.6%	17.0%	15.2%
Insulation	12.4%	18.9%	15.9%
Consolidated	16.7%	19.1%	19.0%

Contribution of Business Units to consolidated EBITDA (millions euros)



Total EBIT stood at €104.0 million, a rise of 8.3% in keeping with the increase in EBITDA.

During this period, non-recurrent costs (€0.5 million) were accounted for as a result of the Bourrassé and Sodiliège transaction costs. Additionally, the accounts also state the non-recurrent costs from the restructuring necessary to prepare the Floor and Wall Coverings BU for the investment in a new press (€2.4 million).

Consolidated debt rose to €92.8 million, with the rise essentially attributable to the acquisition of Bourrassé and, on a lesser scale, Sodiliège, with the cost of these acquisitions totalling approximately €31 million. The inclusion of these new subsidiaries in the consolidation perimeter also implied the integration of the debts existing at these companies (with a total value of €35.4 million) into the consolidated accounts. As a consequence of the rise in debt, capex came in at €43.7 million (€33.6 million in 2016). Despite the rise in debt, there was an improvement in the financial function due to lower interest rates.

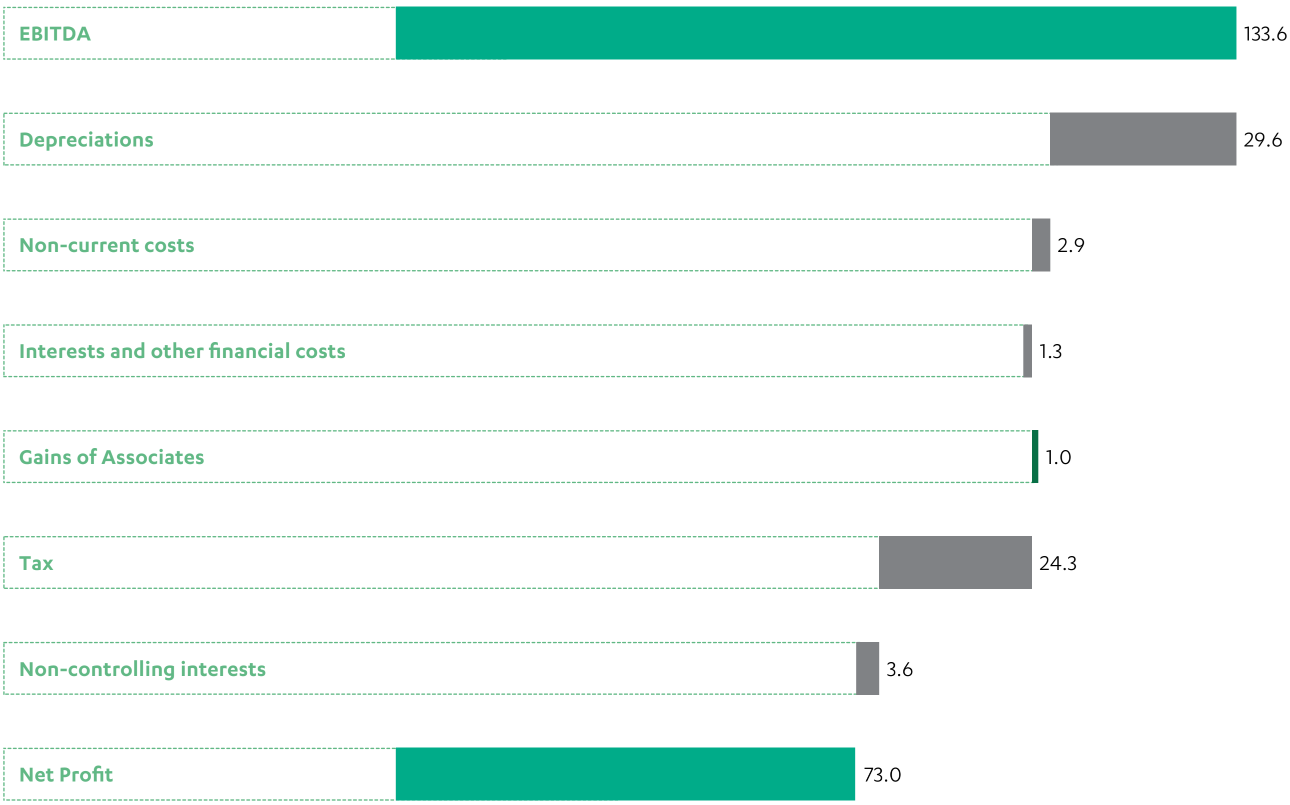
In terms of the gains associated with the profits appropriated by Corticeira Amorim in companies where it does not hold a majority stake in the share capital and/or the voting rights, these amounted to €1.0 million.

Fiscal liabilities stemming from tax on 2016 earnings were impacted by the sale of US Floors, Inc., which resulted in an effective increase in the tax rate. In 2017, there was an improvement in the effective tax rate. There were no provisions recorded for new legal fiscal processes, with provisions having already been made for most existing processes. Fiscal benefits were ascertained, as usual, in the last quarter. The key benefit recognised derived from SIFIDE – the Fiscal Incentive System for Business R&D and RFAI – the Fiscal Regime for Investment Support, with Corticeira Amorim maintaining its policy of recognition dependent of the future attaining of objectives.

Following an IRC Corporate estimate of €24.3 million and the appropriation of €3.6 million by non-controlled interests, the 2017 consolidated net result of Corticeira Amorim rose to €73.0 million, a decrease of 28.9% on the €102.7 million result registered in 2016. Excluding the effect of disposing of US Floors, Inc. from the 2016 result, 2017 represented a 0.3% rise.

The fourth quarter returned a new result of €16.7 million.

Composition of Net Profit (millions euros)



10

CONSOLIDATED DEMONSTRATION OF THE FINANCIAL POSITION

The key variations in the financial position items take place due to alterations made to the perimeter: essentially due to Bourrassé but also to the integration of Sodiliège. The balance sheet total reached €869.4 million, an increase of about €143 million on 2016.

The variations deriving from the integration of Bourrassé and Sodiliège into the major items in the demonstration of the financial position as at 31 December 2017 were the following:

Debit | -Credit	M€
Fixed tangible asset	20.7
Goodwill	9.8
Inventories	42.5
Clients	12.1
Suppliers	-4.9
Net financial debt	-36.0
Financial liabilities	-19.0

The goodwill presented reflects the value remaining that could not be identified in the fair value of the assets and liabilities of the companies acquired.

In terms of equity capital, the variation of €33 million essentially derives from the results for the period (€73.0 million), the distribution of dividends (€34.6 million) and the effects of the Bourrassé consolidation. The effects of consolidating Bourrassé on the equity capital stem from recognition of the non-controlled interests in regard to 40% of Bourrassé (€13.1 million) and the counterbalancing financial liability (€19.0 million) as a result of the acquisition agreement for the aforementioned additional 40% stake.

Excluding the effects of the variation in perimeter, the greatest variations in the asset items took place in inventories (€+48 million), in part due to the significant increase in the raw material inventory as a result of a wider procurement campaign. The rise of about €9.7 million in the fixed tangible asset item resulted in a substantially higher CAPEX than the value of the depreciations. The rise in customers accompanied the increase in sales (€+13.6 million). The reduction in cash and cash equivalents (totalling €17 million against the sum of €51 million one year earlier) was greatly influenced by the value of the applications existing in the previous year resulting from the sale of US Floors, Inc.

In the liabilities, the increase (excluding the perimeter variation) broadly results from a €46.1 million increase in suppliers (in exchange for the rise in inventories), the increase of €56.9 million in remunerated debt (to deal with the acquisition of Bourrassé and of Sodiliège) and the recording of a financial liability (€19.0 million) in order to provide for the acquisition of the additional 40% stake in Bourrassé (classified as a non-current liability in the other loans obtained and creditors item).

On 31 December, net remunerated debt totalled €92.8 million. This reflects the impact of the acquisition of Bourrassé and Sodiliège (€31.3 million), the debt these companies held and that has now been consolidated (€35.4 million) and alongside the receipt of government subsidies (€12.0 million) to the trend in group's debt. In terms of the working capital item, excluding the variation in the perimeter, this highlights the increase in inventories (increase in raw materials due to the fairly significant and widespread procurement campaign), the rise in the outstanding customer balance due to the rise in sales and the increase in the suppliers balance.

11

MAIN CONSOLIDATED FIGURES

		2017	2016	Variation	4T17	4T16	Variation
Sales		701,609	641,411	9.4%	170,139	150,554	13.0%
Gross Margin – Value		373,511	334,704	11.6%	89,079	78,529	13.4%
	1)	52.9%	53.2%	-0.34 p.p.	51.5%	53.8%	-2.32 p.p.
Operating Costs – current	2)	269,516	238,667	12.9%	68,689	59,877	14.7%
EBITDA – current		133,594	122,347	9.2%	28,242	26,901	5.0%
EBITDA/Sales		19.0%	19.1%	-0.03 p.p.	16.6%	17.9%	-1.27 p.p.
EBIT – current		103,995	96,037	8.3%	20,390	18,652	9.3%
Non–current costs	3)	2,913	4,353	-33.1%	1,341	623	–
Net Income	4)	73,027	102,703	-28.9%	16,664	47,479	-64.9%
Earnings per share		0.549	0.772	-28.9%	0.125	0.357	-64.9%
Net Bank Debt		92,784	35,889	56 895	–	–	–
Net Bank Debt/EBITDA (x)	5)	0.69	0.29	0.40 x	–	–	–
EBITDA/Net Interest (x)	6)	135.9	108.6	-27.31 x	75.3	115.8	-40.48 x
Equity/Net Assets	7)	52.9%	58.7%	-5.83 p.p.	–	–	–

(thousand euros)

1) RELATED TO PRODUCTION.
2) INCLUDING DEPRECIATION.
3) FIGURES REFER TO TRANSACTION COSTS OF BOURRASSÉ AND SODILIÈGE AND TO FLOOR AND WALL COVERINGS BU RESTRUCTURING COSTS (2017) AND TO THE PROVISION FOR LABOR AND CUSTOMS LITIGATION IN AMORIM ARGENTINA, DEFERRED COSTS CONCERNING BUSINESS STARTED IN THE PREVIOUS YEAR AND ADJUSTMENTS RELATED TO NON-CONTROLLING INTERESTS (2016).
4) ATTRIBUTABLE TO THE EQUITY HOLDERS.
5) CURRENT EBITDA OF THE LAST FOUR QUARTERS.
6) NET INTEREST INCLUDES INTEREST FROM LOANS DEDUCTED OF INTEREST FROM DEPOSITS (EXCLUDES STAMP TAX AND COMMISSIONS).

12

ACTIVITIES OF CORTICEIRA AMORIM'S NON-EXECUTIVE BOARD MEMBERS

In accordance with Portugal's Corporate Governance Act (Código do Governo Societário), which sets out the recommendations of the Security Markets Commission (CMVM) on corporate structure and governance, Corticeira Amorim presents the following information on the activities of its non-executive board members.

During 2017, the non-executive members of the Board of Directors regularly attended the monthly meetings of the Board, where all matters that could not be delegated or were included on the agenda because of their importance, scale or critical timing were discussed and analysed.

The meetings were organised administratively to ensure that all board members, executive and non-executive, could adequately prepare beforehand, encouraging the active participation of all members in the debate, analysis and tabling of decisions in benefit of the productivity of the meetings and the efficiency of the group. The calendar of ordinary meetings of the Board of Directors was agreed at the end of 2016 to enable all members to attend. Any board member, including non-executive members, could submit points or discussion subjects for inclusion in the agenda up to two working days before each meeting.

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

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

- the development of operating activities and the main economic and financial indicators of all the BUs that comprise Corticeira Amorim;
- information relation to the group's consolidated finances: financing, investment, financial autonomy and extra-patrimonial responsibilities;
- activities carried out by different support services and their impact on the group;
- the development of iR&D 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 BUs, 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 MACROECONOMIC CONTEXT

13.1.1. Overview

The **world economy** should expand above its long-term growth potential in 2018 at a forecast rate of 3.9%, benefitting from a significant carry-over effect from the growth recorded at the end of 2017, especially in Europe and Asia. Growth, stimulated in part by the tax reform measures approved in the US, is likely to be broad-based, sustained and harmonious. Forecasts for 2018 changed significantly between October 2017 and January 2018. Developed economies are projected to show the strongest growth, buoyed by favourable financial conditions and high confidence levels that should drive demand, particularly investment. Inflation could prove surprisingly high in 2018, with prices rising at a faster pace than in 2017 in both developed and emerging economies. The US Federal Reserve has raised US dollar interest rates five times since December 2015. In 2018, rates are expected to be increased a further three times. The global financial climate is likely to be dominated by an adjustment to new realities – inflation, monetary policy normalisation and the end of the era of extremely low interest rates. These changes are almost certain to reduce financial market liquidity. Potential risks emanating from the US cannot be ruled out, including the threat (and potential imposition) of protectionist measures on trading partners, the renegotiation of trade treaties and verbal statements aimed at placing other economies under pressure. International trade is nevertheless is expected to grow at a pace similar to that of 2017, with developed economy trade growing faster and that of emerging economies slower than in the previous year. A decrease in excess supply offset by an increase in US production should help sustain oil prices. The Chinese economic climate is likely to reflect efforts by the central authorities to reduce the surpluses arising from an excess of installed capacity and access to credit. In Brazil, the year is likely to be characterised by the country's elections, a reduction in interest rates and a drop in inflation. South Africa is likely to undergo political changes leading to the relaunching of structural reforms and, potentially, dynamic economic growth and a correction of imbalances. Guaranteeing the independence of institutions and consolidating public finances will be key targets. In Russia, where there will be presidential elections in March, economic trends will depend on oil prices. The credibility gained by the Russian monetary authorities suggests inflationary expectations will be well managed and interest rates gradually decreased. India is expected to grow at a faster pace than in the previous two years. In India growth is projected to outpace that of the previous two years. In Mexico, the economic climate will be dominated by the elections now underway and the renegotiation of the NAFTA trade agreement. The country is expected to benefit from increased demand originating from the US. Risks to global economic growth remain balanced and the cyclical recovery could prove more robust, with increased business activity and favourable financing conditions strengthening each other in a virtuous circle. By contrast, higher asset prices and long-term risk premiums alongside expectations of lower volatility could result in a financial market correction. The exposure of emerging economies to US dollar-denominated debt is an additional vulnerability. The unwinding of components of the multilateral cooperation structure and the possible implementation of inward-looking policies represent further potential weaknesses. Negotiations between the EU and the UK will continue, triggering changes in mood over Brexit outcomes that could have an impact on economic performance.

The **Euro Zone** will benefit in 2018 from the solid growth of 2017, particularly the strong momentum of the closing months. The forecast growth rates of several member states have been revised upwards in consequence of a more favourable performance of domestic demand as well growth originating from trade partners outside the bloc. Spain, growing above potential, will be an exception due to the political instability in Catalonia. The economic outlook is clearer than 12 months earlier. Some elections are scheduled, but are fewer in number and easier to forecast in terms of outcomes than some other ballots in recent years. The beginning of the monetary normalisation planned by the European Central Bank will have an inevitable impact on the economy. Businesses will also seek greater definition on the bloc's future relationship with the UK. Investment, particularly private investment, is expected to increase, although, notwithstanding recent upward revisions in investment forecasts, at a slightly slower pace than in 2017 of about 2.2%.

The **US** is projected to grow 2.7% in 2018, a faster rate than in the previous year. The forecast was recently revised upwards due to the high level of activity registered in 2017 and, especially, the economic impact, mainly driven by consumption and investment, resulting from the approval of the package of fiscal measures known as the Jobs and Cuts Act. The labour market is close to full employment and will remain so throughout 2018, leading to an expected increase in wage pressures. Inflationist pressures are also expected to increase. The economic outlook will be characterised by an increase in the volume of domestic oil production to a record high, making the US one of the three biggest oil producers worldwide.

The **UK** is likely to experience a slowdown in economic activity. For the second year running, it will face the political challenges and vicissitudes resulting from the long and difficult negotiation of its exit from the EU. The economic outlook will also present challenges, ranging from the need to control inflation to the need attract to investment to finance the country's high current account balance. Growth is forecast at 1.5%.

Japan ended 2017 on a positive note, continuing the country's longest period of growth since the 1980s. Despite this somewhat euphoric climate, however, 2018 is expected to be a year of more moderate growth at around 1.2%.

Australia could experience an increase in political instability. Benefitting from the positive evolution of commodity prices, the economy is expected to grow 2.9%, a faster rate than in 2017.

China is likely to register more moderate growth of about 6.6%, 0.2 percentage points lower than in 2017. The need to manage macroeconomic imbalances and the shift towards a more sustainable and quality-based growth model will result in more prudent policies. **India** should grow at a faster rate of about 7.4%. **Russia**, benefitting from the favourable evolution of energy prices and the credible and prudent action of its monetary authorities, should experience a consolidation of the economic recovery registered in 2017. Presidential elections will be held in the first quarter. GDP growth is forecast at 1.7%.

The pace of the economic recovery in **Latin America** is likely to accelerate. The recovery reflects a stronger outlook for Mexico, driven by increased external demand originating in the US, more robust growth in Brazil, which, in a presidential election year, is forecast to grow 1.9%, and the positive price evolution of commodities that make up a significant share of the region's exports.

South Africa is expected to grow at a pace similar to that of 2017 at slightly below 1%. After a year of political instability, threatened credit rating downgrades and suspected "state capture" by private business interests, confidence has been badly eroded. As previously, much depends on the country's capacity to maintain the confidence of international investors. In this respect, credit rating upgrades would make a positive contribution.

13.1.2 Portugal

Portugal is likely to register growth of about 2.3% in 2018, a slight deceleration in comparison with the previous year. This would mean two consecutive years of growth above 2%, a significant milestone. A fall in unemployment and a further increase in net export earnings, particularly by the auto sector, are likely to buoy economic activity. This, however, will depend mainly on the evolution of domestic demand. Further employment growth and an increase in disposable income should lift private consumption. In contrast to previous years, public consumption is likely to make a positive contribution to growth. Higher-than-expected growth among Portugal's main trading partners could contribute to stronger external demand. The country's likely consolidation as a tourist destination is an additional positive factor. Challenges include the banking sector's large stock of non-performing loans, the consolidation of the financial sector currently underway, the high level of public debt and the normalisation of monetary policy. The budget deficit should remain below 1.5% of GDP, guaranteeing moderate fiscal consolidation. Fiscal policy is likely to be moderately expansionist – career upgrades for public sector workers are expected to result in a structural increase in public spending. Following a reversal in the upward trend of the public debt-to-GDP ratio in 2017, the ratio is expected to continue to fall in 2018. The balance of trade surplus is likely to decrease slightly in 2018. The aggregate current and capital balance should improve, reaching an expected surplus of about 2.3%. The financing capacity of the Portuguese economy is guaranteed for the seventh consecutive year. Outlook indicators for the real estate sector suggest construction activity will continue to grow. Inflation is likely to remain at a similar level to that of 2017 at about 1.5%. Employment is projected to grow at a faster rate than the economy. Unemployment should continue falling as it has been doing since 2013, potentially dropping to a little below 8%.

13.2. OPERATING ACTIVITIES

13.2.1. Raw Materials

In 2018, the Raw Material Business Unit will maintain the 2017 level of activities across its manufacturing preparation, disc and grinding units. Due to the market needs prevailing, there is a forecast increase in the activities of the granulate units and, as a result of tenders awarded in North Africa, the units located in this geography are also expected to raise their levels of activity.

Following the increase in the market prices for raw material in recent years, 2018 will see the transfer prices to units downstream adjusted to align them at levels closer to the market.

The forecast BU 2018 result includes plans for significant growth courtesy of the strategy adopted, consuming the raw materials acquired in previous years at competitive prices and selling them to units in the chain of value at market prices.

The stock held at the beginning of 2018 enables a reassured outlook for the future. For the current level of activity, and taking into account the procurement already made within the framework of the 2018 campaign, we may state that the BU has enough raw materials to work for the forthcoming two years without any risk of any breakdown in deliveries to the chain of value.

Taking into consideration this fact and the particular cork campaign for 2018, this year is expected to feature a level of purchases in keeping with the needs of the Corticeira Amorim companies and maintaining a balance between the quality and the price of stocks.

The BU will continue to explore alternative zones for the purchase of cork and expecting to display a fairly active participation in such regions in 2018.

In keeping with its primarily industrial nature, the Raw Material BU has focused on operational efficiency that will remain a priority. In addition to tight control over expenditure and closely monitoring the industrial KPI, plans include advancing with the modernisation projects for the units in North Africa.

Taking into account the improvements to operational efficiency and product profitability, there are also plans to implement projects in two areas with significant potential gains: provide continuity to the project for automating preparation and putting into practice the projects in the disc sectors that enable better consumption of cork and reductions to the levels of waste.

In March 2018, there is the completion of the ERP migration for the entities in Portugal and Spain belonging to the Raw Materials BU. This migration, which is to extend throughout Corticeira Amorim, starts out in 2018 in this BU and will enable greater efficiency in the planning and utilisation of resources, aligned with the best practices prevailing in the industry, consolidating a Group vision through its single implementation process throughout all of Corticeira Amorim.

This step takes on extreme importance to the BU, endowing greater and better quality information, easier to access and with the scope for consultations to be made in real time. The changeover to ERP will enable more and better decisions and hence rendering the Raw Materials BU more efficient and competitive.

Simultaneously, there is the restructuring of the Manufacturing Execution System (MES) for controlling and managing the factory floor, which was designed in keeping with the new ERP. These two tools together are to place this BU on track for industry 4.0, through connecting equipment with equipment and equipment with employees in order to enable the monitoring and consequent adjustments to industrial activities in real time.

It is also hoped that next year will see progress in the current project to eliminate sensorial defects through deepening our existing knowledge and developing solutions that enable the industrialisation and treatment of discs.

In preparing the future, the Raw Materials BU also hopes to make significant advances in the forestry research projects currently ongoing with their clear emphasis on the micro-irrigation of cork oaks with the objective of ensuring high rates of success in planting and accelerating the initial growth of the tree and shortening the time taken before the first harvesting of cork.

13.2.2. Cork Stoppers

In 2017, the volume of wine industry transactions fell below the levels registered in the two previous years, especially for benchmark brands. However, many of the fundamental dynamics and factors driving high levels of investment in 2015 and 2016 continued in 2017. Medium-scale wine producers, in effort to grow in scale, acquired productive assets and vineyards to strengthen and deepen their capacities and diversify their sourcing strategies. International investors continue to show great interest in assets in the US, outside their natural zones, and once again witnessing French wine companies investing in the American wine industry.

In 2018, the continued success of the premium segment may perform a key role in mergers and acquisitions in the sector; there are forecasts for a continuation of the consolidation process among the key players despite the prospects for a slowdown in the double-digit growth rate in the premium segments of all alcoholic beverages. Consumer trends continue to favour higher-priced wines to the detriment of lower priced wines. This trend is part of a broader migration of consumers to premium products that will reformulate the logic of consumption.

The outlook remains strong for the wine industry thanks to a healthy economy and a period of sustained growth in the consumption of premium and ultra premium wines. However, there are growing concerns that the wine industry may be experiencing the beginning of a change in consumer behaviours. Recent analysis of Nielsen data for alcoholic beverages shows faster growth (for premium wines, premium sparkling wines and craft beers), but at a declining pace over the past six to 12 months. While the US wine market remains the largest in the world and total consumption continues to increase, consumption per capita has been falling since 2010.

Wines in the premium segment and luxury wines in the high-end segment will continue to experience demand growth. Forecasts point to a slight rise in prices in these segments and, in the opposite direction, falls in price and consumption in the popular segment.

In 2018, the Cork Stopper BU will continue its growth strategy across all business segments, supported by the expansion in the customer base, improvements to service standards and the development of solutions to deal with the current product challenges.

The strategy continues to prioritise four fundamental facets: sustainable growth, quality and innovation, operational excellence and infrastructures for business sustainability.

The challenges involve improving the customer retention rate and the level of service provided by the increased availability of the product and the planning and customer service structures. The core priority is to continue focusing on operational improvements to the utilisation of raw materials alongside the objective of gaining position over alternative stoppers based upon arguments over sustainability and product reliability.

In this context, the Cork Stopper BU takes on the following priorities:

- Guaranteeing the supply of products appropriate to market demands, in sensorial terms, for the entire range of products and extending this to all production;
- Boosting sales growth through the international sales network, guaranteeing the supply from Portugal with equal service standards;
- Adapting the production structure to the demands of business growth;
- Continuing the integration process of the recently acquired businesses (Bourrassé, Sodiliège and Elfverson) into the BU;
- Raising the capacity for operational efficiency and technological change project implementation with disruptive impacts on the Organisation;
- Strengthening the competences necessary to business sustainability;
- Implementing the *Industry 4.0* concept enabling future intelligent factories to contribute towards timely and justified decision making;
- Implementing measures for the more efficient utilisation of the cork raw material;
- Implementing the new ERP SAP and its respective peripheral devices, such as the manufacturing execution system;
- Boosting the reliability of processes, continuing with the Cork. Mais 2.0 continuous improvement program;
- Implementing a new innovation management model;
- Strengthening competitiveness for leadership in operating efficiency, tailoring the cost structure to the margin generated;
- Consolidating sustainable policies and practices: security, the environment and energy;
- Strengthening partnerships and new sources of knowledge.

13.2.3. Wall and Floor Coverings

The prospects for 2018 point to a continuation in the sales growth of the new products in the Hydrocork range, the Authentica range and the traditional ranges combined with new digital printing solutions, leveraged by market segments in which the characteristics of the solutions presented derive from CORKTECH technology and the diversity of visuals associated with water resistance and ecological solutions represent determinant factors.

In general terms, the new presentation of the ranges at sales points, the introduction of new visuals in keeping with trends and fashions in diverse geographies and the sustainable reinforcement of the commercial structure are to provide the foundations for the sustained sales growth in overall terms.

Eastern Europe will remain a priority market where, due to the new commercial approach adopted, 2017 saw the beginning of the reversal of the negative trends registered in sales since 2014.

Supported by an increase in the profitability of the distribution channels, the solutions identified are based on recourse to new integrated logistics models and with the core objective of introducing improvements to the balance between production and sales activities, with simultaneous efficiency gains that are expected to be significant in terms of the costs of transport and holding stocks in the downstream supply chain.

Within the industrial framework, due to the investments carried out in 2017, boosting the capacity of production and the capacity for the diversification of flooring products, new technical solutions are under development able to respond to the trends in this extremely competitive market characteristic of the current flooring industry within a context of appropriately applying cork in composite solutions.

Within the global framework and across all levels, innovation will remain one of the core pillars for the development of competitive advantages by the Floor and Wall Coverings BU with developments already under planning to strengthen the BU's positioning in its markets in 2018.

13.2.4. Cork Composites

The projections for the BU's results do not indicate a particularly good year in 2018: the sectorial climate is not the most favourable, especially in regard to the price of cork, which is forecast to rise. There are also expectations that the main non-cork raw materials – polyurethanes and rubbers – may continue to rise in price, continuing a rising trend in market prices that began in 2017.

The EUR/USD exchange rate trend that has emerged in recent months also points to a scenario with a lower valuation placed on an important proportion of the business that is invoiced in USD (close to 40% in 2017), with a clearly negative impact on sales and results.

In 2018, the Floor and Wall Coverings BU will begin internally producing the cork component that is water resistant currently incorporated into one of its products. This represents a material developed and supplied by the Cork Composites BU since 2015 and with the transfer of its production generating a strong additional impact on the forecast performance of the BU for the forthcoming year.

The forecast is that four combined effects may bring about a very significant impact on the profitability of this BU should a set of actions and initiatives not be swiftly put into practice in order to counter in the short term the aforementioned negative conjunctural effects that the company is now facing.

The key initiatives thus involve:

- Still more proactive management in the sourcing of raw materials, through the establishing of partnerships, the diversification of sources and the real time monitoring of chains of supply and market conditions;

- Repositioning sales prices, seeking to safeguard the minimum profitability necessary to the appropriate remuneration of the capital invested;

- Adapting the product mix, across its different facets to in some way enable, without jeopardising the specifications and requirements of the applications, the minimising of the need and scope for reviewing the prices;

- Re-engineering the material formulas;

- More efficiently utilising raw materials, optimising cork productivity ratios and reducing the costs of quality shortfalls;

- Swiftly implementing the investments that enable industrial processes to become more efficient and competitive;

- Optimising the management of the resources and operating costs in a transversal approach to the various areas of responsibility.

The capacity to successfully implement these and other measures, as well as reacting to the different geographies and their market segments, will strongly determine the final result for 2018 in regard to the existing business, specifically the applications and segments where the BU's products are more closely pressured by alternative materials.

In addition, there remain good perspectives for the creation of new businesses, with the development of projects for geographic expansion (physical and digital), the geographic replication of business models, the timely launching of new products and market intelligence.

The shortest term challenge thus arises from the preservation of acceptable levels of profitability and in keeping with both with current investments and those that eventually become necessary in the future in order to ensure strong and lasting business sustainability, boosting the economic returns from cork in the broadest possible sense.

The growing attention paid to the differentiation of the value proposals involves significant degrees of diversification in the materials that highlight and complement the unrivalled characteristics of cork. Hence, there is the corresponding need to foster the conditions to also adopt and apply new processes and technologies.

13.2.5. Insulation

The 2018 forecast for this BU predicts a slowdown in the sales volume of the expanded cork agglomerates segment and correspondingly seeking out the placement of new products generated by obtaining greater value from this raw material. This positioning results from the current raw material purchasing context.

Efforts are to continue to target raising product profiles, highlighting the technical and ecological advantages while always considering the respective geography and the cultural sensitivities around environmental related questions.

The plans include maintaining the industrial flexibility and versatility of the product in terms of conceiving of the specific applications and providing responses to requests from special projects as well as complementarily to other insulation solutions.

The unique product characteristics and solutions provided by this BU, the higher performance, both natural and ecological, alongside the investment in new applications for expanded cork agglomerates for facades and insulation solutions for the rehabilitation of buildings – contribute to the greater visibility and wider usage of the BU's products.

The implementation of a set of initiatives and actions aligned with the global strategy will ensure the objectives for profitable growth are achieved across the bulk of the products and optimising the capital invested in the business.

13.3. CONSOLIDATED RESULTS

The variation in the USD exchange rate against the Euro and the purchase price of cork are the two variables conditioning the perspectives for the performance of Corticeira Amorim in 2018. The price of cork is expected to continue rising due to the lesser quantities available in the 2018 cork harvesting and the growing needs for cork by the group. These factors requires counterbalancing through an appropriate review of the terms for commercialising products and solutions and, internally, through additional operational efficiency measures.

The 2017 consolidated results of Corticeira Amorim maintained the trend of sustained growth carried on from previous years. In terms of the regular Corticeira Amorim activities, measured by indicators such as EBITDA and the EBITDA/sales ratio, the aforementioned conditioning factors are challenges to further improving the results. Boosting the sales, operating efficiency and profitability levels, continually improving and diversifying the range, effectively reaching markets, valuing human resources are among the measures serving to counter the potential effects of the two aforementioned variables.

The Cork Stoppers BU seeks to continue accompanying where not exceeding growth in the wine, sparkling and fortified wine markets. The process of integrating Bourrassé and Sodiliège should drive improvements in these companies and correspondingly benefitting the BUs consolidated indicators. In the fortified wines market, the recent acquisition of Elfverson will enable the accompanying of the growth in customer needs in the capsule stopper segment.

The Cork Composites BU is expected to experience the impact of the two aforementioned variables (EUR/USD exchange rate and the cork price), in addition to the effect of price rises in non-cork raw materials and the internal non-supply of the Floor and Wall Coverings BU. The challenges involved in maintaining sales and profitability levels at this BU are substantial.

The Floor and Wall Coverings BU, following a less favourable year, should seek to invert its path. Growth in sales and better profitability are clear objectives for this BU. The new products in the Hydrocork range, the Authentica range and the traditional ranges combined with new digital printing solutions hold the key to attaining these objectives.

The Insulation BU will implement important productive efficiency measures designed to obtain better returns from the raw materials consumed.

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RISKS AND BUSINESS UNCERTAINTIES

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

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

I. **The world wine sector** – the capacity for recovery in the consumption per capita in the European Union remains unknown while it is now certain that the exaggerated decline experienced during the 1990s and the early part of the last decade in key markets such as France and Spain does seem to have stabilised. While not expecting to see a complete reversal in the trends in wine consumption rates in the EU, there may come about an increase in the product quality to the detriment of the quantity and frequency of wine consumption in such countries. This scenario would be positive for Corticeira Amorim cork stopper products but may also require a greater acceptance of packaging formats in which cork may play a less crucial role. Hence, innovation needs to remain a key component of the business strategy.

   The US retains a significant weight in the market and continues to capture all of the export oriented wine producers. Its scale and obvious capacity to cope with premium prices ensure that this market remains a major target for driving future growth in the wine industry, which is positive for the cork stopper given the clear preference of American consumers for this option. Additionally, any market growth is likely to correspond to growth in the demand for the quality and consistency of cork products, boosting the responsibility of Corticeira Amorim in its capacity as sector leader. To resolve such questions, Corticeira Amorim will continue to implement a research and development and innovation policy that enables the development of a set of stoppers that, in quality, quantity and price, meet the needs of any wine producer in any market.

   Today, the BU's range of products guarantees that every producer has the opportunity to use cork stoppers, benefitting from their advantages in terms of sustainability, added value and CO_2 retention, which reflect unequivocal factors of product differentiation on a global scale.

   Another important question also stems from the convenience and additional importance that such factors may gain in the future. The perception of this trend, clearly felt within the company throughout various years, takes shape in the launch of the innovative Helix proposal, a clear example of this view. With Helix and for the first time, consumers may benefit from technical advantages, sustainability and the premium image associated with cork stoppers without having necessarily to make recourse to a corkscrew to open the bottles. This type of innovation is also expected to facilitate the consumption of wines targeted by such a stopper product, with greater rotation, enabling partial consumption without loss of quality. During 2017, Helix consolidated its position in the US and having also made important advances in South Africa.

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

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

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

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

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

I. **Exchange rate volatility** – a factor potentially able to erode business margins. In the short term, the effects of exchange rate volatility have been offset by an active policy for covering invoiced currencies – in 2017, consolidated sales in non-Euro currencies accounted for 32.3% of non-Group customers - and by a consistent policy of insuring against exchange rate risks (whether through natural coverage or by contracting appropriate financial instruments). In the long term, Corticeira Amorim is committed to developing new products/solutions with higher added value to achieve a product mix able to overcome such restrictions. This assumes an organisational model oriented towards the creation of business value – moving up the value chain, as a means of dealing with this risk;

II. **Climate change** – a potential factor driving a reduction in the raw material available to the extent that climate change may bring about imbalances in the ecosystems hosting cork oaks, especially due to severe droughts, hindering propagation and growth.

However, greater importance stems from the capacity of the cork oak and cork (both the raw material and manufactured products) to fix carbon, which helps mitigate the greenhouse gas emissions that cause climate change. On this issue, a study coordinated by the University of Aveiro, concluded that in 2015, there were no doubts as to the relevance of the role played by cork oaks in their surrounding ecosystems: for each ton of cork produced, the process sequestrates over 73 tons of carbon dioxide.

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

Corticeira Amorim products also act as important carbon sinks throughout their long useful lifespan. As suggested by the researchers and authors of the aforementioned study: "the utilisation of cork products contributes to the mitigation of climate change due to their capacity to accumulate carbon and to replace more energy intensive products".

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

Thus, the facts described above constitute an opportunity for the differentiation of cork products (fixing CO_2 and boosting their utilisation in thermal insulation with the development of ecological construction practices).

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

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

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

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

There is also an attempt by manufacturers of alternative closures to create formulas more in keeping with the micro-oxygenation needs of wine produced by different wineries in different countries. While these efforts have not so far produced significant results, the efforts of plastic stopper manufacturers to find alternative sources to oil as a raw material continued in 2017 with some response from wine producers. Despite these efforts, plastic remains associated with lower range wines and with correspondingly lower levels of profitability for their producers and distributors.

Screwcaps remain restricted by the following factors:

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

During 2017, the Portuguese Cork Association continued with the implementation of the third multi-annual campaign for the international promotion of cork, playing particular attention to crucial markets of high growth potential such as the US, the UK, Germany, France, China, Spain and Italy. The campaign involved 260 opinion makers working on the promotion of cork and cork products, including some of the leading names from the wine world. In parallel to this important educational campaign, some 37 social media channels were set up, in addition to more than over 2,500 positive articles published on cork and almost an hour of coverage on international television and radio.

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

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

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

- Circular economy program: seeking to collect and reuse industrial sub-products from the areas of footwear, automobile manufacturing, bedding and textiles;
- Technological development program: making recourse to new technologies (whether compounding, foam making, injection or moulding, among others), developing knowledge and new composites based on prime raw materials;
- Strengthening competitive techniques: developing and deepening a set of competences and routines for polymeric materials, increasing polyolefin, polyurethane and other foam techniques – a process essentially under development by the technical teams but also involving commercial team participation;
- Partnerships and joint ventures: with various entities that enable the leveraging and accelerated growth of the aforementioned programs both from the perspectives of knowledge for production and for validation by the market.

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

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TREASURY STOCKS

There were no transactions involving own shares during 2017 and at the end of the year Corticeira Amorim held no treasury stock.

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PROPOSED APPROPRIATION OF PROFIT

Tendo em conta o resultado líquido positivo, apurado segundo as contas individuais no final do exercício de 2017, no valor de € 54 490 619,19 (cinquenta e quatro milhões, quatrocentos e noventa mil, seiscentos e dezanove euros e dezanove cêntimos), o Conselho de Administração propõe que os Senhores Acionistas deliberem aprovar que o referido resultado líquido positivo, no valor de € 54 490 619,19 (cinquenta e quatro milhões, quatrocentos e noventa mil, seiscentos e dezanove euros e dezanove cêntimos), tenha a seguinte aplicação:

- para Reserva Legal: € 2 724 531,00 (dois milhões, setecentos e vinte e quatro mil, quinhentos e trinta e um euros);
- para Dividendos: € 24 605 000,00 (vinte e quatro milhões, seiscentos e cinco mil euros), correspondente a um valor de € 0,185 (dezoito cêntimos e meio) por ação;
- para Reservas Livres: € 27 161 088,19 (vinte e sete milhões, cento e sessenta e um mil, oitenta e oito euros e dezanove cêntimos).

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STATEMENT OF RESPONSIBILITY

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

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SUBSEQUENT EVENTS

In accordance with the market communication dated 10 January, 2018, CORTICEIRA AMORIM, S.G.P.S., S.A., through its holding AMORIM BARTOP – Investimentos e Participações, S.A – which forms part of the Cork Stoppers Business Unit (BU), developing and producing capsule stoppers for the fortified beverage segment – reached an agreement for the acquisition of the company ELFVERSON & Co AB, with its headquarters in Påryd, Sweden.

The terms of this agreement stipulate the acquisition of 70% of the equity capital of ELFVERSON & Co AB, for the sum of about €5.5 million. As regards the remaining 30%, there is a sale option retained by the seller (the Swedish firm Vätterledens Invest AB) and a purchase option held by AMORIM BARTOP – Investimentos e Participações, S.A., eligible for enacting from 2020 onwards based on a price that takes into account that paid for the initial 70% while also depending on the development of the ELFVERSON & Co AB performance over forthcoming years.

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

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FINAL WORDS

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

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

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

Mozelos, February 19, 2018

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

António Rios de Amorim
Chairman

Nuno Filipe Vilela Barroca de Oliveira
Vice-Chairman

Fernando José de Araújo dos Santos Almeida
Member

Cristina Rios de Amorim Baptista
Member

Luísa Alexandra Ramos Amorim
Member

Juan Ginesta Viñas
Member

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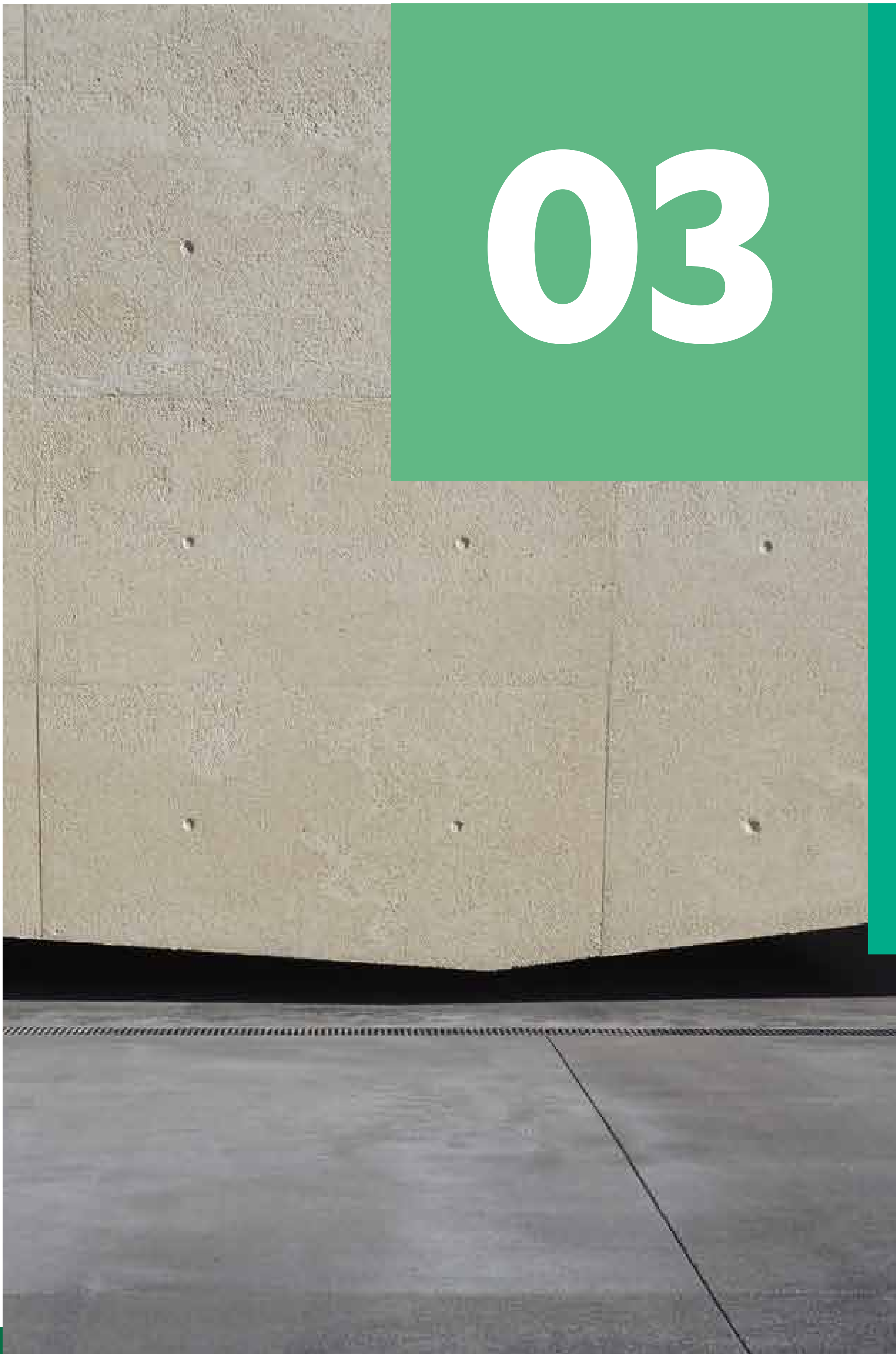


Corporate Governance Report

INTRODUCTION CORPORATE GOVERNANCE

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

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

Section 8 of this report also includes the information referred to in articles 447 and 448 of the Portuguese Companies' Code (CSC), in paragraphs 6 and 7 of article 14 of CMVM Regulation No. 5/2008 (transactions of Directors) and in article 3 of Law No. 28/2009, of 19 July (Remuneration policy), in article 245-A(1)(r) of the Portuguese Securities' Code (diversity in management and supervisory bodies) and in article 5 of Law no. 62/2017 of 1 August (balanced representation of women and men in management and supervisory bodies).

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

A.

SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

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

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

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

Distribution of capital among shareholders

Shareholder	No. of shares owned (quantity)	Stake	Voting rights
Qualifying Interests			
Amorim Investimentos e Participações, SGPS, S.A.	67,830,000	51.00%	51.00%
Investmark Holdings, B.V.	18,325,157	13.78%	13.78%
Amorim International Participations, B.V.	13,414,387	10.09%	10.09%
Free Float	33,430,456	25.14%	25.14%
Total	133,000,000	100.00%	100.00%

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

There are no restrictions on the transfer of shares.

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

As at 31 December 2016 Corticeira Amorim held no treasury shares at 31 December 2015 and it did not engage in transactions during 2017, reason why as at 31 of December 2017 the company did not own treasury shares.

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

At 31 December 2017 there were loan agreements entered into between Corticeira Amorim and several banking institutions containing clauses requiring the maintenance of Corticeira Amorim's controlling interest in contracts regarding loans totalling thirty-five million euros (31-12-2016: forty-three million euros). In the case of change of shareholder control, the contracts provide the possibility - but not the obligation - of early repayment of the amounts loaned.

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

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

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

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

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

II. SHAREHOLDINGS AND BONDS HELD

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

Shareholder	No. of shares (quantity)	Share capital with voting rights
Amorim Investimentos e Participações, SGPS, S.A. [a] [b]		
Directly	67,830,000	51.000%
Attributable total	67,830,000	51.000%
Investmark Holding BV		
Directly	18,325,157	13.778%
Attributable total	18,325,157	13.778%
Great Prime S.A. [c]		
Directly	–	–
Through Investmark Holding BV, in which it holds a 100% interest	18,325,157	13.778%
Attributable total	18,325,157	13.778%
Inheritance of Américo Ferreira de Amorim		
Directly	–	–
Through the shareholder Great Prime, S.A., in which it holds a 85% interest [c]	18,325,157	13.778%
Attributable total	18,325,157	13.778%
Amorim International Participations, BV		
Directly	13,414,387	10.086%
Attributable total	13,414,387	10.086%
Amorim, Sociedade Gestora de Participações Sociais, S.A. [d]		
Directly	–	–
Through Amorim International Participations BV, in which it holds a 100% interest	13,414,387	10.086%
Attributable total	13,414,387	10.086%

[a] In December 2017, the merger was registered, in the form of merger by incorporation of the Amorim Capital, S.A. (company owned 100% by the acquiring entity, Amorim Investimentos e Participações, SGPS, S.A) by Amorim Investimentos e Participações, SGPS, S.A.

[b] The capital of Amorim Investimentos e Participações, SGPS, S.A. is wholly owned by three companies, Amorim Holding Financeira, SGPS, S.A. (5.63%), Amorim Holding II, SGPS, S.A. (44.37%) and Amorim - Sociedade Gestora de Participações Sociais, S.A. (50%) none of which has a controlling interest in the company, thus completing the attribution chain pursuant to Article 20 of the Portuguese Securities Code. The share capital and voting rights of the aforementioned three companies, in turn, is respectively held, in the case of the first two, directly and indirectly (through Imoeuro SGPS, S.A and Oil Investmentos, B.V.) by the Inheritance (undivided) of Américo Amorim, his wife and daughters and, in the case of the third, by António Ferreira de Amorim and his wife and children.

[c] The share capital of Great Prime, S.A. is wholly owned by three companies (API Amorim Participações Internacionais, SGPS, S.A. (33.33%), Vintage Prime, SGPS, S.A. (33.33%) and Stockprice, SGPS, S.A. (33.33%)). The (undivided) Inheritance of Américo Amorim holds 85% of the share capital of each of these three companies, the wife and three daughters of Américo Amorim being his legitimate heirs.

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

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

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

i. The members of the governing bodies did not trade any shares representing the share capital of the Company during the 2017 financial year. At 31 December 2017, they did not hold any shares in Corticeira Amorim.

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

i. As a result of the merger by incorporation in December 2017, of the company Amorim Capital, S.A. into the company Amorim Investimentos e Participações, SGPS, S.A. (which wholly controlled the incorporated company), Amorim Investimentos e Participações, SGPS, S.A. became the direct holder of 67,830,000 shares, representing 51% of the share capital and voting rights of Corticeira Amorim, which were already attributable to it by force of article 20(b)(1) of the Portuguese Securities' Code, thus changing, as a result of the merger, the composition of the shareholding of Corticeira Amorim to Amorim Investimentos e Participações, SGPS, S.A.

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 and Luísa Alexandra Ramos Amorim (Members of the Board of Directors of Corticeira Amorim) are, respectively, Member, Member, Vice-Chairperson and Member of the Board of Directors of Amorim Investimentos e Participações, SGPS, S.A.

On the date of the aforementioned merger, António Rios de Amorim (Chairman of the Board of Directors of Corticeira Amorim) and Luisa Alexandra Ramos de Amorim (Member of the Board of Directors of Corticeira Amorim) were, respectively, Chairman and Member of the Board of Directors of Amorim Capital, S.A.

ii. Amorim International Participations, BV, in which Luísa Alexandra Ramos de Amorim, Member of the Board of Directors of Corticeira Amorim, holds the position of Director, holds 18,325,157 shares, representing 13.778% of the share capital, which correspond to 13.778% of the voting rights of Corticeira Amorim, SGPS, S.A.

The ownership recorded on 31 December 2017, referred to in sections i., ii. and iii. remains unchanged at the issue date of this report.

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

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

ii. Investmark Holdings, B.V. held 18.325.157 shares in Corticeira Amorim, representing 13,778% of this Company's share capital and 13,778% of voting rights;

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

The share ownership referred to in paragraphs i., ii. and iii. refers to 31 December 2017, remaining unchanged at the date of publication of this report.

d) Transactions involving Directors and Officers:

In accordance with the provisions set out in sections 14.6 and 14.7 of Regulation no. 5/2008 of CMVM and according to notices received from persons/entities covered by this regulation, it is hereby reported that the following transactions involving the Corticeira Amorim's shares were not carried out in the second half of 2017 by entities related to the company's Directors and Officers:

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

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

It is the responsibility of Corticeira Amorim's Board of Directors to maintain effective control over the activities of the Company. It is the highest strategic decision making body and also the body responsible for monitoring the most important and relevant aspects of the Company's business and affairs, including significant matters decided on or simply examined by the Executive Committee, therefore

ensuring that all members of the Board of Directors are aware of the measures adopted as a response to Board decisions and can monitor their implementation and effectiveness.

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

These duties include, among others:

e) Choosing its Chairman;

f) Co-opting Directors;

g) Requesting the convening of General Meetings;

h) Preparing annual reports and financial statements;

i) Acquisition, disposal and encumbrance of real estate; provision of guarantees and furnishing collateral and security on behalf of the company;

j) Opening or closing establishments or important component parts thereof;

k) Significantly expanding or reducing the Company's activity;

l) Making major changes in the Company's organisation;

m) Establishing or terminating important and long-lasting cooperation projects with other companies;

n) Change of head office;

o) Merging, de-merging or changing the legal status of the Company;

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

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

- In one or more Directors or an Executive Committee the day-to-day management of the Company, establishing the limits of delegation and/or engaging any or some directors to handle certain administration matters - in this context, the matters described in sub-paragraphs a) to k) are not delegable;

- The implementation of the decisions made by the Board of Directors, the management of the Company's ordinary course of business, the authority and power to implement certain management duties as well as the determination of the *modus operandi* of the Executive Committee may be delegated to any director or to an Executive Committee - However, the duties described in sub-paragraphs a), b), c), d), f), j) and k) are non-delegable.

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 in the share capital of the Company.

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

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

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

- The last assignment of powers to the Board of Directors was given by the General Meeting of 2 October 2000, with the resolution to amend article 8, paragraph 1, of the Memorandum of Association and consequent public deed of 16 October 2000; Article 8, paragraph 1 of the Memorandum of Association does not indicate the term for the exercise of the powers;

- Article 456, paragraph 1(b) of the Portuguese Companies' Code states that the Memorandum of Association should establish the period, not exceeding five years, during which the powers may be exercised. It also states that in the absence of any indication, the period shall be five years; paragraph 4 of the same article 456 states that the General Meeting, deciding with the majority required for amendment of the Memorandum of Association, may renew the powers of the Board of Directors;

- These powers have not been renewed since October 2005.

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

B.

CORPORATE BOARDS AND COMMITTEES

Corticeira Amorim is the holding company of an economic group with headquarters in Portugal, firmly established internationally, through subsidiary companies, affiliates and joint-ventures. The wide-ranging portfolio of products and solutions continually developed by it respond to different markets and consumers.

Responding to challenges that emerge in this scenario, the governance of Corticeira Amorim requires a policy of diversity in the composition of its corporate bodies, particularly the Board of Directors and the Supervisory Board, in order to:

- Promote diversity in the composition of the body concerned;
- Support the performance of each member and, on the whole, each body;
- Stimulate comprehensive analyses that are balanced and innovative; and as a result, allow for well-founded and agile decision-making and control processes;
- Contribute to the increase in the Company's innovation and self-renewal, to ensure its sustainable development and the 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:

- Suitable academic qualifications and relevant professional experience for occupying the specific company position and that, together with the corporate body involved, allows for the necessary competencies to be brought together for the proper implementation of the functions of that body;
- Inclusion of members from different age groups, combining the knowledge and experience of senior members with the innovation and creativity of younger members, in order to allow the body involved to be guided by an innovative business vision and prudent risk management;
- The promotion of gender diversity, and subsequently, a proper balancing of sensibilities and decision-making styles within the body involved.

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

I.GENERAL MEETING

a) Composition of the Presiding Board of the General Meeting

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

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

Chairman: Augusto Fernando Correia de Aguiar-Branco

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

No changes in the composition of the Presiding Board of the General Meeting took place during 2017.

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 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 – which was not observed in 2017. Votes sent by electronic means are equivalent to negative votes for proposals submitted after the date on which such votes were cast. The presence of the shareholder at the General Meeting revokes the vote it may have sent by mail or by electronic means.

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

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

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

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

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

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

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Details of corporate governance model adopted.

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 prescribed in the CMVM Corporate Governance Act or by other organisations.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Board of Directors was composed of six members over 2017:

Chairman: António Rios de Amorim
Date of first appointment to the Board of Directors:
29 March 1990
First appointment as Chairman of the Board of Directors:
31 March 2001
End of term of current office:
31 December 2019, remaining in office until a new election pursuant to law.

Vice-Chairman: Nuno Filipe Vilela Barroca de Oliveira
Date of first appointment to the Board of Directors:
28 March 2003
End of term of current office:
31 December 2019, remaining in office until a new election pursuant to law.

Board Member: Fernando José de Araújo dos Santos Almeida
Date of first appointment to the Board of Directors:
31 July 2009
End of term of current office:
31 December 2019, remaining in office until a new election pursuant to law.

Board Member: Cristina Rios de Amorim Baptista
Date of first appointment to the Board of Directors:
20 July 2012
End of term of current office:
31 December 2019, remaining in office until a new election pursuant to law.

Board Member: Luísa Alexandra Ramos Amorim
Date of first appointment to the Board of Directors:
28 March 2003
Elected as member of the Board of Directors at the General Meeting of Shareholders of **4 April 2013**
End of term of current office:
31 December 2019, remaining in office until a new election pursuant to law.

Board Member: Juan Ginesta Viñas
Date of first appointment to the Board of Directors:
20 July 2012
End of term of current office:
31 December 2019, remaining in office until a new election pursuant to law.

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

The **Board of Directors** of Corticeira Amorim is composed of three executive members and three non-executive members. Its composition remained unchanged during 2017:

Executive Members:

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

Non-Executive Members:

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

None of the non-executive members are independent.

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

António Rios de Amorim (Chairman):
Chairman of the Board of Directors and CEO of Corticeira Amorim since March 2001. He was CEO of Amorim & Irmãos (1996-2001), Director of Sociedade Figueira-Praia (1993-2006), operational manager at Amorim - Empreendimentos Imobiliários, promoter of the Lisbon Towers and Arrábida Shopping projects (1993-1995), and Executive Director of Amorim Hotéis, SA, in charge of the development of the Ibis and Novotel chains in Portugal. *Degree of Commerce* – Faculty of Commerce and Social Sciences – University of Birmingham (1989) and attended *The Executive Program in Business Administration:* Managing the Enterprise – Columbia University Graduate School of Business (1992), *Managerial Skills for International Business* – INSEAD (2001) and *Executive Program in Strategy and Organization* – Graduate School of Business Stanford University (2007). He was a member of the European Round Table of Industrialists - the only Portuguese corporate group to belong to this association (1991-1995). Chairman of the Portuguese Cork Association (2002-2012) and the Confédération Européenne du Liège (since 2003). In February 2006, he was awarded the Commendation of Grand Officer of the Order of Agricultural, Commercial and Industrial Merit by the Portuguese President.
Age: 50

Nuno Filipe Vilela Barroca de Oliveira (Vice-Chairman):
Graduate in business administration from Portuguese Catholic University. He served as a Non-Executive Director of Corticeira Amorim, from March 2003 to September 2005, he then proceeded to carry out executive functions from that date.
Non-executive director of various companies in the Amorim Group (since 2000).
Executive director of Barrancarnes (2000-2005).
After a year in the commercial area of Møre Codfish (Norway), he took part in the Comett programme and held an internship in Merril Lynch (London), then began his professional activity in the Banco Comercial Português Group, where, for three years, he collaborated in the areas of Studies and Planning, International Area and Investment Funds.
Age: 47

Fernando José de Araújo dos Santos Almeida (Member)
Graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics (1983/84). He joined Corticeira Amorim in 1991 and held various positions in several of the Group's member companies. In 2002, he took over as Manager of Organisational Development and Business Management Planning and Control at Corticeira Amorim.
Age: 56

Cristina Rios de Amorim Baptista (Member):
She graduated in Economics from the Faculty of Economics of Porto, in 1991. She completed an MBA in International Banking and Finance from the University of Birmingham (UK) in 1992. In 2001, she took a postgraduate degree in International Management at the Universidade Católica Portuguesa.
She began working in 1992, for international institutions such as S.G. Warburg España (Corporate Finance) in Madrid (1992), N.M. Rothschild & Sons Limited (Corporate Finance) in London (1993), Rothschild Asset Management Limited (Asset Management) in London (1993), and Soserfin, S.A. (management of economic studies and research) in 1994. She was a Member of the Board of Directors of Fundação Casa da Música (2006 to March 2013) and of Fundação AEP (2009 to April 2013). She joined the upper management of Amorim Investimentos e Participações, SGPS, S.A. (holding company of the Amorim Group) in 1994 and is currently Vice-Chairman and CFO of the Group. In 1997 she took office as Investor Relations Officer at Corticeira Amorim, SGPS, SA. (a position she occupied until the end of 2017) and in July 2012, the post of member on its board of directors.
In April 2017, she was voted a Non-Executive Member of the Board of Directors of Banco BPI, S.A.
Age: 49

Luísa Alexandra Ramos Amorim (Member):
With a degree in Marketing from ISAG and Hospitality from EHTE and EHTP, completing several areas of training in Hospitality at the Centre International de Glion, in Marketing from UCI Comunication - US and Management at EGP Porto. Director of Amorim – Investimentos e Participações (since 2002), of Quinta Nova – Nossa Senhora do Carmo (since 2006) and, more recently, of Amorim Negócios Internacionais (since 2016). Was the CEO of Natureza, S.G.P.S (2002-2006), Director of Marketing for JW Burmester (2000-2002) and Member of the Hospitality Management in Amorim Hotéis e Serviços and Sociedade Figueira Praia (1996-1997), when she began her role with the Amorim Group. Worked in Management consulting sector at Deloitte & Touche, Porto (1998-2000).
In addition to the business activity, she is the founder and president of the Associação Bagos d´Ouro (since 2010) and Member of the Board of Directors of the Fundação Museu do Douro (2006-2011).
Age: 44

Juan Ginesta Viñas (Member):
With a wide and extensive professional experience in managing businesses, he has played relevant roles in several international companies such as International Harvester (sales manager), DEMAG EO (sales manager), Hunter Douglas (General Manager and the person responsible for the industrial firms located in Brazil, Argentina and Chile) and Torras Domenech (Managing Director and CEO). He has been a director of Trefinos, SL since 1996.
Age: 77

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

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

- The Board of Directors of Amorim Capital, S.A. (merged in December 2017 into Amorim Investimentos e Participações, SGPS, S.A.) consisted of António Rios de Amorim and Nuno Filipe Vilela Barroca de Oliveira;
- António Rios de Amorim, Nuno Filipe Vilela Barroca de Oliveira, Cristina Rios de Amorim Baptista and Luísa Alexandra Ramos Amorim are members of the Board of Directors of Amorim Investimentos e Participações, SGPS, S.A.;
- Luísa Alexandra Ramos Amorim is a member of the Board of Directors of Great Prime, S.A..
- Luísa Alexandra Ramos Amorim is a member of the management body of Investmark Holdings, B.V.;
- António Rios de Amorim and Cristina Rios de Amorim Baptista are members of the Board of Directors of Amorim – Sociedade Gestora de Participações Sociais, S.A.

Américo Ferreira de Amorim (deceased) was Luísa Alexandra Ramos Amorim's father (she is one of his legitimate heirs), and Nuno Filipe Vilela Barroca de Oliveira's father-in-law.

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

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

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

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

Presiding Board of the General Meeting

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

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

- Calling the General Meetings - preparing the notice and fostering its publication;
- Receiving requests for the inclusion of items on the agenda and, in the event they are approved, publish the matters included on the agenda in the same manner used for the notice;
- In the case of virtual general meetings (cyber- meetings, online meetings and meetings by conference call), ensure the authenticity and security of communications;
- Choose the location for the general meeting within the national territory, provided that the head office does not allow the meeting to be held on satisfactory terms;
- Chair the general meeting, direct and guide the work, in particular, check those attending and the quorum, organise the attendance list, call the meeting to order, allow, limit or deny the floor to speak, present postal votes, calculate total votes and announce the results;
- Authorise the presence in the general meeting of 3rd parties from outside the company; the general meeting may revoke this authorisation;

- Adjourn the general meeting, immediately setting its restart date at no more than 90 days; the same session cannot be suspended twice;

- End the session, ensure the minutes are drafted and sign them.

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

- Assisting the Chairman of the Presiding Board in conducting the work, including checking attendance and quorum, organising the attendance list;

- Reading the agenda stated on the notice and the documents referred to the presiding board during the session;

- Taking notes for drawing up the minutes;

- Counting the votes;

- Draw up the minutes and sign them.

Board of Directors[2]

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

Executive Committee

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

Supervisory Board

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

Statutory Auditor

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

Remuneration Committee

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

Organisational Structure of the Company

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

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

[2] The company's Articles of Association establish 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 that coincide with those of the Directors. The Advisors to the Board of Directors are people who advise the Board of Directors about the various issues addressed at board meetings, but they don't have the right to vote on resolutions passed at meetings.
In the specific case of Corticeira Amorim, the unrivalled experience, vision of the future and entrepreneurial spirit of Mr. Américo Ferreira de Amorim and the extensive knowledge of the cork industry of Mr. Joaquim Ferreira de Amorim are an important contribution to the development of the Company, assuming an important role in the meetings of the Board during the 2014-2016 term, continuing in that role until 7 April 2017, with the full participation of Mr. Joaquim Ferreira de Amorim and the absence of Mr. Américo Ferreira de Amorim, for health reasons.
The Board of Directors elected on 7 April 2017 for the 2017-2019 term did not appoint Advisors to the Board of Directors.

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

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

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

- The progress of the operating activities and the main economic and financial key performance indicators of each BU which forms part of Corticeira Amorim;

- Relevant consolidated financial information: financing, investment, equity to total assets ratio and off-balance sheet liabilities;

- The business carried on by the various support divisions and their impact on the organisation;

- The progress in Research, Development and Innovation (RDI) activities;

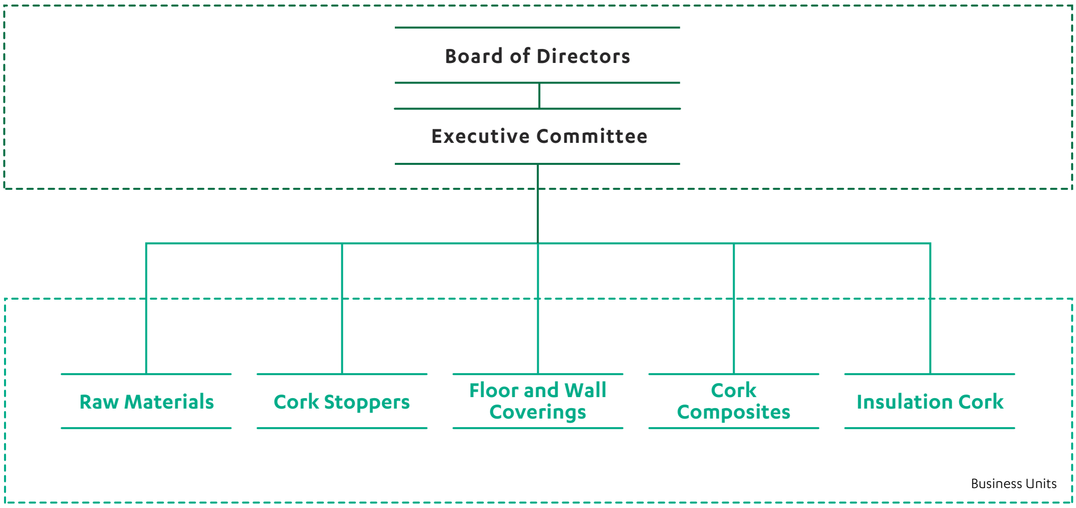
- The calendar of the major events of Corticeira Amorim and its BUs. The Organisation is often represented by one or more non-executive directors at international events, such as trade missions.

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

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

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

Each BU has a Board of Directors composed of non-executive and executive members, including the General Manager of the BU. This body is the authority responsible for deciding on all matters deemed relevant. The diagram below shows how the management structure of the business is currently organised:



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

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

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

GENERAL MEETING

Presiding Board of the General Meeting

Augusto Fernando Correia de Aguiar-Branco
CHAIRMAN

Rita Jorge Rocha e Silva
SECRETARY

Remuneration Committee

José Manuel Ferreira Rios
CHAIRMAN

Jorge Alberto Guedes Peixoto
MEMBER

Abdul Rehman Omarmiã Mangá
MEMBER

Supervisory Board

Manuel Carvalho Fernandes
CHAIRMAN

Ana Paula Africano de Sousa e Silva
MEMBER

Eugénio Luís Lopes Franco Ferreira
MEMBER

Durval Ferreira Marques
ALTERNATE

Statutory Auditor

ERNST & YOUNG AUDIT & ASSOCIADOS – SROC, S.A., represented by Rui Manuel da Cunha Vieira or by Rui Abel Serra Martins
IN OFFICE

Pedro Jorge Pinto Monteiro Silva Paiva
ALTERNATE

Board of Directors

António Rios de Amorim
CHAIRMAN

Nuno Filipe Vilela Barroca de Oliveira
VICE-CHAIRMAN

Fernando José de Araújo dos Santos Almeida
MEMBER

Cristina Rios de Amorim Baptista
MEMBER

Luísa Alexandra Ramos Amorim
MEMBER

Juan Ginesta Viñas
MEMBER

Company's Secretary

Pedro Jorge Ferreira Magalhães
IN OFFICE

Pedro Nuno Esteves Duarte
ALTERNATE

Executive Committee

António Rios de Amorim
CHAIRMAN

Nuno Filipe Vilela Barroca de Oliveira
MEMBER

Fernando José de Araújo dos Santos Almeida
MEMBER

Support areas:

Financial	Legal and Tax	Investor Relations	Communication	Internal Audit	Human Resources	Consolidation
Strategic Planning	Management Control	Organisational Development	Sustainability	Information Systems and Technologies	Procurement, Energy and Transport	Administrative

b) Functioning

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

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

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

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

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

Pursuant to the Articles of Association, the Board of Directors shall meet when and where corporate interest requires. Eleven meetings of the Board of Directors were held during 2017, and all the members of the Board in office attended or were represented at the meetings. Overall attendance was 100%. If the representation of directors is eliminated from this calculation, the attendance rate will be 93.9%.

The following were represented by another director: Cristina Rios de Amorim Baptista at the meeting on 28 July; Luísa Alexandra Ramos Amorim at the meeting on 8 May; and Juan Ginesta Viñas in the meetings on 9 January and 28 July. The other members of the Board of Directors attended all the meetings in person.

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

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

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

25. Predefined criteria for assessing executive directors' performance.

Pursuant to the statement on the policy for remunerations awarded to the Board of Directors approved at the General Shareholders' Meeting of 07 April 2017, as proposed by the company's Remuneration Committee (Section 69), a variable remuneration shall be added, if deemed adequate and feasible, to the fixed remuneration for executive directors. In the form of performance bonuses, which should result from the assessment of short-term performance and contribution to the annual performance for economic sustainability in the medium / long-term for the Organization. The actual amount of the variable pay shall depend on the appraisal to be carried out every year by the Remuneration Committee on the performance of the Board members, examining the contribution of each individual executive director to both the Company's profit in the relevant financial year and compliance with the Company's targets and implementation of the medium/long-term strategies adopted by the Company; the development of the results and the level of compliance with the following strategic objectives: innovation, financial soundness, value creation, competitiveness and growth. The payment of the variable pay component, if any, may be made wholly or in part after determination of the profit (or loss) for the years in respect of the whole term of office. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway.

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

António Rios de Amorim (Chairman):

Company	Position Held
Corticeira Amorim Group	
Amorim & Irmãos, S.A.	Chairman of the Board of Directors
Amorim & Irmãos, 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 Compcork, Lda.	Director
Amorim Cork Composites, S.A.	Chairman of the Board of Directors
Amorim Cork Research, Lda.	Director
Amorim Cork Services, Lda.	Director
Amorim Florestal España, S.L.	Chairman of the Board of Directors
Amorim Florestal, S.A.	Chairman of the Board of Directors
Amorim Flooring – Soluções Inovadoras de Cortiça, S.A.	Chairman of the Board of Directors
Amorim Industrial Solutions – Imobiliária, S.A.	Chairman of the Board of Directors
Amorim Isolamentos, S.A.	Chairman of the Board of Directors
Amorim Natural Cork, S.A.	Chairman of the Board of Directors
Amorim Revestimentos, S.A.	Chairman of the Board of Directors
Amorim Top Series, S.A.	Chairman of the Board of Directors
Chapius, S.L.	Chairman of the Board of Directors
Comatral – Compagnie Marrocaine 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
Dom Korkowy, Sp. Zo.o	Member of the Board of Directors
Equipar – Participações Integradas, SGPS, Lda.	Director
Francisco Oller, S.A.	Member of the Board of Directors
Korken Schiesser GmbH	Chairman of the Board of Directors
Olimpíadas Barcelona 92, S.L.	Chairman of the Board of Directors
SIBL – Société Industrielle Bois Liège, S.A.R.L.	Director
Société Nouvelle des Bouchons Trescasses, S.A.	Director
Other Companies	
Amorim – Investimentos e Participações, 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 – Viagens e Turismo, Lda.	Director
Amorim Desenvolvimento – Investimentos e Serviços, S.A.	Chairman of the Board of Directors
Amorim Global Investors, SGPS, S.A.	Chairman of the Board of Directors
Amorim – Sociedade Gestora de Participações Sociais, S.A.	Member of the Board of Directors
Clube de Tiro, Caça e Pesca do Alogal	Treasurer
Gierlings Velpor – Veludo Português, S.A.	Member of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Director
QM1609 – Investimentos Imobiliários, S.A.	Chairman of the Board of Directors
Quinta Nova de Nossa Senhora do Carmo, S.A.	Member of the Board of Directors

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

Company	Position Held
Corticeira Amorim Group	
Amorim & Irmãos, S.A.	Vice-Chairman of the Board of Directors
Amorim & Irmãos, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Cork Composites, S.A.	Member of the Board of Directors
Amorim Cork Ventures, Lda.	Director
Corecochik – Corking Shoes Investments, Lda	Director
Ecochic Portuguesas – Footwear and Fashion Products, Lda.	Director
Growancork – Estruturas Isoladas de Cortiça, Lda.	Director
Amorim Florestal, S.A.	Member of the Board of Directors
Amorim Industrial Solutions – Imobiliária, S.A.	Member of the Board of Directors
Amorim Isolamentos, S.A.	Member of the Board of Directors
Amorim Natural Cork, S.A.	Member of the Board of Directors
Amorim Revestimentos, S.A.	Member of the Board of Directors
Amorim Revestimentos, S. A. Zweigniederlassung Delmenhorst	Member of the Board of Directors
Other Companies	
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Board of Directors
API – Amorim Participações Internacionais, S.G.P.S., S.A.	Member of the Board of Directors
Casa das Heras – Empreendimentos Turísticos, S.A.	Member of the Board of Directors
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 do Alqueva, S.A.	Member of the Board of Directors
Quinta Nova de Nossa Senhora do Carmo, S.A.	Member of the Board of Directors
SSA – Sociedade de Serviços Agrícolas, S.A.	Member of the Board of Directors

Fernando José de Araújo dos Santos Almeida (Member):

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

Cristina Rios de Amorim Baptista (Member):

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

Luísa Alexandra Ramos Amorim (Member):

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

Juan Ginesta Viñas (Member):

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

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

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

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

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

28. Composition of the Executive Committee.

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

Chairman: António Rios de Amorim

Member: Nuno Filipe Vilela Barroca de Oliveira

Member: Fernando José de Araújo dos Santos Almeida

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

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

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

According to Corticeira Amorim's articles of association, the Executive Committee is vested with the power to implement the decisions made by the Board of Directors, manage the Company's ordinary course of business and implement certain management duties. The activity of the Executive Committee was conducted in 2017 according to these duties, with the purpose of performing:

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

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 thirteen times during 2017. The attendance rate was 100% (in global and individual terms).

III. SUPERVISION

a) Composition

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

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

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

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

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

Chairman: Manuel Carvalho Fernandes

Board Member: Ana Paula Africano de Sousa e Silva

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

Deputy: Durval Ferreira Marques
Date of first appointment to the Supervisory Board:
28 May 2007
Date of first appointment as Alternate to the Supervisory Board:
24 March 2014
Date of second appointment as Alternate to the Supervisory Board:
07 April 2017

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

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.

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

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

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

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

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

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

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

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

Eugénio Luís Lopes Franco Ferreira (Member):
Education and professional training: graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics in 1976 where he lectured Financial Mathematics in 1976/1977. Throughout his career he attended numerous training activities in several European countries and the United States; Member of the *Ordem dos Economistas* and member of the Portuguese Institute of Corporate Governance. In 2016 he voluntarily cancelled his enrolment in the *Ordem dos Revisores Oficiais de Contas* [Statutory Auditors' Association] and the *Ordem dos Contabilistas Certificados* [Chartered Accountants' Association].

Professional experience: is a member of the Supervisory Board of NOS, SGPS, SA; since 2009, to date a Consultant as an independent contractor; 1977-2008: joined the office in Porto of the then Price Waterhouse (PW), currently PricewaterhouseCoopers (PwC). After a brief stint at the Paris office (1986), he was admitted as a Partner in 1991, transferring to the Lisbon office in 1996. He initially joined the Audit department and later the Transaction Services department, having participated in numerous audits and consulting projects, particularly in the area of transactions and corporate reorganisations. As an auditor, the scope of responsibilities included, in most cases, the performance of the duties of the Investmark Holdings, B.V.members of the Supervisory Board or the Statutory Auditor; at different times he performed various internal functions at PW / PwC, namely (i) the head of the Porto office (1989-1998); (iii) territorial responsibility for the technical audit function and risk management ("Technical Partner" and "Risk Management Partner"); (iii) responsibility for administrative functions, financial and internal IT ("Finance & Operations Partner"); (iv) in charge of the Audit Department; (v) member of the Executive Committee ("Territory Leadership Team"); 1966-1976: initiated activity in a small company in the automotive sector, interrupted between 1971-1974 for the fulfilment of military service.

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

Durval Ferreira Marques (Alternate Member):
Graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics, he was a technical education lecturer and a technical assistant at the Directorate-General of the Central Bank of Angola. He held management positions in the finance, insurance, media and industry sectors in South Africa for over 25 years. He was also a representative of the Portuguese Business Association in South Africa and Mozambique.

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

b) Functioning

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

The ***Rules of the Supervisory Board of the Company*** *can be viewed at* https://www.amorim.com/xms/files/Investidores/2_Orgaos_Sociais/2016_07_CA_RegCF.pdf

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

The Supervisory Board meets whenever called by the Chairman or by any other two members of the Supervisory Board, and at least every quarter, pursuant to article 10 of the rules of procedure of that body. The Supervisory Board met five times during 2017, and all Investmark Holdings, B.V.members attended those meetings. The overall and individual attendance was thus of 100%.

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

Manuel Carvalho Fernandes (Chairman):

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

Ana Paula Africano de Sousa e Silva (Member):

Institution	Position Held
University of Porto	Lecturer
Faculty of Economics from the University of Porto	Member of the Board of Representatives and the Scientific Board
Faculty of Economics from the University of Porto	Member of the Scientific Committee of the Master's Degree in Economics and International Management
Centre of Economic and Financial Studies (CEFUP)	Member
Câmara Municipal de Espinho	Councillor (non-executive) without portfolio

Eugénio Luís Lopes Franco Ferreira (Member):

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

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

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

c) Powers and duties

37. A description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor.
The Supervisory Board is responsible for monitoring the independence of the Statutory Auditor, especially in relation to the provision of additional services.

It is to be noted that the entry into force on 1 January 2016 of Law No. 140/2015 of 7 September, approving the new Statutes of the Order of Statutory Auditors and Law No. 148/2015 of 9 September approving the Legal Regime for Audit Supervision, implied that the provision of services by the Statutory Auditor is substantially limited (a wide range of services is legally prohibited and the non-prohibited services require the prior approval of the Supervisory Board.

Thus, while always being subjected to the approval by the Supervisory Board, other services were contracted from the Statutory Auditor (and not the additional services provided by the external auditor). These services basically covered the limited audit of the interim financial statements for the period ended 30 June 2017, the independent audit of the non-financial information report – sustainability report 2017, financial and tax due diligence and in benchmarking and identifying recommendations on strategy of one of the Business Units of Corticeira Amorim.

Under such services:

I. The Statutory Auditor does not lead the underlying projects. These projects are always headed by the appropriate department of Corticeira Amorim.

II. The representatives appointed to the position of Statutory Auditor of Corticeira Amorim do not collaborate on these projects;

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

38. Other duties of the supervisory body.

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

- Oversee the management of the company;
- Monitor compliance with the law and articles of association;
- Check the correctness of the accounting records and documents supporting those records;
- Check when deemed convenient and in the manner considered adequate, the extent of cash and stocks of any kind of goods or assets owned by the company or received as collateral, deposit or otherwise;
- Check the accuracy of the financial statements;
- Check whether the accounting policies and valuation criteria adopted by the company lead to a correct assessment of the assets and profits;
- Prepare an annual report on its supervisory action and give an opinion on the report, accounts and proposals submitted by management;
- Convene the General Meeting when the Chairman of that Presiding Board does not and should do so;
- Monitor the effectiveness of the risk management system, internal control system and internal audit system, if any;
- Receive reports of irregularities presented by shareholders, company employees or others, giving them due treatment;
- Analyse the reports of irregularities received, requesting from the company's other corporate bodies and structures the necessary explanations for the reported situations;
- Suggest, following the analysis referred to in the preceding paragraph, measures to safeguard from the occurrence of such irregularities and give knowledge of them to the Board of Directors and to the internal or external entities that each situation warrants, while always guaranteeing the non-disclosure of the identity of those reporting such situation, unless they expressly do not wish such;
- Outsource for the provision of expert services to assist one or more of its members in the exercise of their duties; the hiring and remuneration of experts must take into account the importance of the entrusted matters and the financial situation of the company; the scope and conditions of the provision of services to be hired must be communicated in advance to the Board of Directors;

- Examine and issue its prior opinion on the transactions with Qualified Shareholders, as set down in specific regulations;

- Suspend directors when:

  - their health temporarily prevents them from performing their duties;

  - other personal circumstances preclude them from carrying out their duties for a period of time presumably greater than sixty days and they ask the Supervisory Board to be temporarily suspended or the Board deems this to be in the interest of the company;

- Declare the removal from office of Directors when, following their appointment, there occurs some form of incapacity or incompatibility that poses a barrier to that appointment and the director does not leave that post or does not remove the supervening incompatibility within thirty days;

- Comply with all other duties set down by law or the articles of association.

- Assess the management report, the annual accounts, the legal certification of accounts or impossibility of certification, as well as the additional report to be prepared by the Statutory Auditor in accordance with article 24 of Law 148/2015;

- If it agrees with the statutory audit certificate or the statement that the issue of such certification is impossible, then it must explicitly state this in its opinion;

- If it does not agree with the statutory audit certificate or the statement that the issue of such certification is impossible, then it must include the reasons for such disapproval in its report;

- Send the report and opinion to the Board of Directors within fifteen days of the date on which it received the referred accounting documents;

- Issue in its report and opinion a statement that, relating to the annual directors' report, the annual accounts, and other accounting documents required by law or CMVM Regulations, to the best of its knowledge, the information was prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and profit/loss of the company and the companies included in the consolidation perimeter, and that the management report faithfully describes the evolution of the business, the company's performance and position and of the companies included in the consolidation perimeter, and it contains a description of the principal risks and uncertainties that they face;

- Supervise the process of preparation and disclosure of financial information and submit recommendations or proposals to ensure its integrity;

- Select the auditors to propose to the General Assembly and justifiably recommend the preference for one of them;

- Monitor the statutory audit of the individual and consolidated annual accounts, in particular the implementation of the same, taking into account any findings and conclusions of the Portuguese Securities Market Commission;

- Verify and monitor the independence of the Statutory Auditor pursuant to the law, including the obtaining of formal written confirmations of the statutory auditor provided in Articles 63 and 78 of the Statute of the Statutory Auditors Association and in particular, verify the appropriateness and approve the rendering of services other than audit services;

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

IV. STATUTORY AUDITOR

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

The members of this body in office on 31 December 2016, elected for the 2014 to 2016 term, remained in office according to law until an election was held, which was on 07 April 2017. In that term, this body had the following composition:

Serving Statutory Auditor: PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda, represented by José Pereira Alves (Statutory Auditor) or António Joaquim Brochado Correia (Statutory Auditor).

Deputy: Hermínio António Paulos Afonso (Statutory Auditor)

The General Meeting of Shareholders, which took place on 7 April 2017, elected for the current term (2017-2019)

Serving Statutory Auditor: ERNST & YOUNG AUDIT & ASSOCIADOS – SROC, S.A., represented by Rui Manuel da Cunha Vieira or by Rui Abel Serra Martins

Deputy: Pedro Jorge Pinto Monteiro da Silva e Paiva
End of term of office:
31 December 2019, remaining in office until a new election pursuant to law.

The Statutory Auditor is responsible for the following:

- Undertake all necessary examinations and checks for the audit and issue 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 of directors the facts in its possession that it considers indicate serious difficulties in the pursuit of the company's object, including repeated non-payments to suppliers, bad debts, issuing cheques without sufficient funds, failure to pay social security contributions or taxes. Request that the Chairman of the Board of Directors, in the event no reply was made to a letter or request or the reply received was deemed unsatisfactory, the convening of the board of directors to meet, with the statutory auditor present, to appraise the facts and take the appropriate decisions. If the meeting is not held or if the adopted measures are not deemed adequate to safeguard the interests of the company, it must require, by registered letter, that a general meeting is convened to appraise and decide on the facts contained in the mentioned registered letters and the minutes of the above-referred meeting of the board of directors.

40. State the number of years that the statutory auditor consecutively carries out duties with the company and/or group.

ERNST & YOUNG AUDIT & ASSOCIADOS – SROC, S.A. was elected on 7 April 2017, for the current term (2017-2019), this being the first year of its term.

With the entry into force of Law No. 140/2015, 07/09 – Statute of the Statutory Auditors Association – a minimum period (two years) and a maximum (in the case of the Corticeira Amorim, three terms) became legally mandated for the performance of statutory audit functions by the statutory auditor, thus implementing at Corticeira Amorim, the periodic rotation (9 years), which is mandatory for the statutory auditor.

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

The Company and companies with which it is in a group relationship contracted the following services from ERNST & YOUNG AUDIT & ASSOCIADOS – SROC, S.A., including other entities belonging to the same network, services whose nature and value are detailed in the following table:

Type of service	Audit and certification of accounts	Review of interim financial information and other reliability assurance services	Other services	Total
EY SROC:				
Corticeira Amorim	22,200	14,000	0	36,200
Group companies	111,400	0	0	111,400
Companies of EY's global network:				
Corticeira Amorim	0	0	0	0
Group companies	61,640	0	79,700	141,340
Total	**195,240**	**14,000**	**79,700**	**288,940**
Corticeira Amorim	22,200	14,000	0	36,200
Group companies	173,040	0	79,700	252,740
Total	**195,240**	**14,000**	**79,700**	**288,940**
	68%	5%	28%	100%

The review of interim financial information and other reliability assurance services heading covers the limited audit of the consolidated financial statements for the six-month period ended 30 June 2017 and the independent audit of the non-financial information report – sustainability report.

The other services include financial and tax due diligence services and support in benchmarking and identifying recommendations on strategy of one of the BUs of Corticeira Amorim.

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

V. EXTERNAL AUDITOR

42. Details of the external auditor appointed in accordance with Article 8 and the partner that represents same in carrying out these duties, and the respective registration number in the CMVM.
The external audit of Corticeira Amorim is performed by the Statutory Auditor (as identified in section 39).

43. State the number of years that the external auditor and respective partner that represents same in carrying out these duties consecutively carries out duties with the company and/or group.
As set out in section 40 above.

44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties.
As set out in section 40 above.

45. Details of the Board responsible for assessing the external auditor and the regular intervals when said assessment is carried out.
As set out in section 40 above.

46. Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the hiring of such services and a statement on the reasons for said hire.
As set out in section 41 above (identification of work) and in section 37. (internal procedures).

47. Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services.
As set out in section 41 above.

C.

INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

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

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

II. REPORTING OF IRREGULARITIES

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

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

Such reports shall be addressed to:

> **Conselho Fiscal da Corticeira Amorim, SGPS, S.A.**
> Address – Sede social da sociedade:
> Rua de Meladas, n.º 380 – Apartado 20 – 4536-902 MOZELOS
> Telephone: 22 747 54 00

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

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

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

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

Corticeira Amorim believes that there are a number of measures, i.e. (i) the assignment of such responsibilities to the Supervisory Board – a body composed entirely of independent members, thus ensuring the impartial handling and consideration of irregularities reported to the Company; (ii) the non-imposition of the use of a specific format for such reports and the fact that the whistleblower may use the channels it deems most suitable to make the report; (iii) the obligation to ensure protection of personal data (scrupulously following the instructions given by whistleblowers regarding confidentiality) that safeguard the rights of both whistleblowers and other staff members involved, while ensuring that the reporting process remains simple, and contribute effectively to promoting the impartial investigation and clarification of the situations reported.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems.

The Internal Audit Department has powers over such matters.

51. Details, even including organisational structure, of hierarchical and/or functional dependency in relation to other boards or committees of the company.

These departments work under the command of the Board of Directors, closely directed by the Executive Committee.

52. Other functional areas responsible for risk control.

The main aim of the Board of Directors and the Executive Committee is to establish an integrated overview of critical success factors in terms of profitability and/or associated risks with a view to creating sustainable value for both the Company and its shareholders.

Because of Corticeira Amorim's specific business characteristics, two critical factors have been identified at the operational level: (i) market risk and business risk and (ii) raw materials (cork) risk. The management of such risks is the responsibility of the relevant BU.

53. Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.

Market risk and operational business risk:

In the first instance, market risk and business risk are managed by the four BUs – Cork Stoppers, Floor and Wall Coverings, Cork Composites and Insulation Cork – that are involved in the markets that deal in Corticeira Amorim's finished products.

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

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

Raw materials (cork) risk:

The management of the procurement, storage and preparation of the single variable common to all business activities of Corticeira Amorim, i.e. the raw material (cork) is centralised in an autonomous BU, given the critical nature of this factor across all the BUs. This permits the following:

- Form a specialised team exclusively focused on raw materials;
- Make the most of synergies and integrate all raw materials (cork) manufactured by other BUs in the relevant BU's production process;
- Improve the management of raw materials from a multinational perspective;
- Strengthen its presence in cork-producing countries;

- Keep an updated historical record of production status by cork-producing forest unit;

- Strengthen relationships with producers, promote forest certification, improve the technical quality of products and enter into research and development partnerships with forestry-related partners;

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

- Ensure that an optimal mix of raw materials is used to meet market demand for finished products;

- Ensure the supply stability of cork, a critical variable for Corticeira Amorim's operations, over the long term.

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

The Legal Department in cooperation with the Organisational Development and Strategic Planning area seek to anticipate such amendments and adapt corporate governance practices accordingly. The numerous certification processes (food safety, quality, environmental management, human resources, etc.), as described in more detail in Chapter 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.

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

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

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

- a Financial Board, which coordinates the financial function at a central level. The FB is responsible for developing policies and measures (to be approved by the Executive Committee) and implementing them, for conducting global dealings with financial counterparts, for monitoring progress and preparing regular reports (to the director responsible for the financial section and to the Executive Committee and the Board of Directors);

- Financial Managers who, at the company level, follow the progress of business deals managing their financial component in accordance with the advocated policies and measures, articulating their work performance with the FB.

The financial organisational structure is coordinated as follows:

- Daily and weekly reports and fortnightly debates on financial markets and economic developments that may have an impact on the companies' business;

- Regular (monthly) reports on globally agreed conditions;

- Quarterly meetings of finance managers with a view to reviewing the current specific state of affairs and defining measures to be implemented;

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

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

The system of internal control and risk management currently implemented in the company stems from an in-depth and continuous process of improvement and adaptation of internal reflection in the company, involving both the Board of Directors, in particular its Executive Committee, and the different support areas - in particular the area of Organisational Development and Strategic Planning - or the support of external specialised consultants, where appropriate.

Also noteworthy is the Internal Audit area, whose work has significant impact on reducing the organisation's operational risks. The main tasks are to assess and review internal control systems with a view to optimising resources and safeguarding assets as well as monitoring activities carried out in order to provide the management bodies with a reasonable degree of certainty that business goals will be achieved.

The reporting system implemented in the Company – either at regular intervals or on demand of the Board of Directors, the Executive Committee or officers responsible for the Management – includes both measurement and objective evaluation of such risks which – after being discussed by the Board of Directors or the Executive Committee – will, if appropriate, give rise to the determination of additional or corrective measures whose implementation and impact will be followed up by the governing body that approved such measures.

The growing complexity of the business environment triggers off a close monitoring of the systems implemented in the Company. Such monitoring includes contributions and opinions from both the Supervisory Board and the Statutory Auditor and this leads to the adoption of more effective procedures when it is deemed advisable.

Under the Rules of Procedure of the Supervisory Board, it is this Board's responsibility to monitor the effectiveness of the risk management system, the internal control system and the internal auditing system.

55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (Article 245-A/1/m).

In regard to the **preparation and disclosure of financial information - including the consolidated**, the Company promotes close cooperation among all those involved in the process to ensure that:

- Disclosure complies with all applicable legal requirements and best practices in terms of transparency, relevance and reliability;

- The information has been properly checked both internally and by the appropriate supervisory bodies;

- The information has been approved by the appropriate governing body;

- Its public disclosure complies with all relevant legal requirements and recommendations, specifically those of the

CMVM and is made in the following order: first, via the data dissemination system of the Portuguese Securities Market Commission (www.cmvm.pt); second, via the Company's website (www.corticeiraamorim.com); third, by means of a long list of Portuguese and foreign media contacts; and fourth, to Corticeira Amorim's staff and to shareholders, investors, analysts and other stakeholders, whose contacts are stored in a database.

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

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

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

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

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

IV. INVESTOR ASSISTANCE

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

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

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

Role:
The Investor Relations Department, supervised by Corticeira Amorim's Investor Relations Officer, has the following responsibilities:

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

The following measures carried out in 2017 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, both in Portugal and abroad;
- Participation in international roadshows;
- Meetings held on the Company's premises with investors and teams of analysts, to whom the major industrial facilities were presented.

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

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

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

From the beginning of 2009 onwards, the minutes of the General Meetings and statistical information on the attendance of shareholders at the General Meetings are also made available for consultation within five working days of the holding of the Annual General Meeting.

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

57. Investor Relations Officer.
Until November 2017, the post of Investor Relations Officer of Corticeira Amorim was held by Cristina Rios de Amorim Baptista. On 30 November 2017, the Board of Directors appointed Ana Negrais de Matos as Investor Relations Officer.

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. Such cases accounted for less than 5% of all information requests received in 2017 and there were no pending requests requiring a response.

V. WEBSITE

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

60. Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies' Code is available.
https://www.amorim.com/en/for-investors/institutional-informations/legal-structure/

61. Place where the articles of association and rules of procedure of the boards and/or committees are available.
Articles of Association:
https://www.amorim.com/en/for-investors/institutional-informations/legal-structure/

Rules of procedure of the Supervisory Board:
https://www.amorim.com/en/for-investors/institutional-informations/board-members/

62. Place where information is available on the names of the corporate boards' members, the Investor Relations Officer, the Office of Investor Assistance or comparable structure, respective functions and contact details.
Holders of corporate positions:
https://www.amorim.com/en/for-investors/institutional-informations/board-members/

Investor Relations Officer:
https://www.amorim.com/en/for-investors/institutional-informations/

Investor Relations Officer: duties and means of accessing:
https://www.amorim.com/en/for-investors/institutional-informations/

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

Half-yearly calendar of company events:
https://www.amorim.com/en/for-investors/calendar-of-events/

64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed.
https://www.amorim.com/en/for-investors/institutional-informations/general-annual-meeting/

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available.
https://www.amorim.com/en/for-investors/institutional-informations/general-annual-meeting/

D.
REMUNERATION

I. POWER TO ESTABLISH

66. Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executive and directors of the company.

It is the responsibility of the Annual General Meeting to appoint a Remuneration Committee. The ability and capacity of the members of the Committee to perform the duties assigned to them in an independent manner for their entire term of office, i.e. to determine the remuneration policy of the members of the governing bodies that shall foster over the medium and long-term the alignment of the interests with those of the Company.

The adoption of the balanced scorecard methodology, which assesses performance using both financial and non-financial measures, enables the Remuneration Committee to evaluate every financial year, whether or not goals are achieved and to what degree. The balanced scorecard serves also as the basis for preparation of the reports of the Remuneration Committee and the Board of Directors on the remuneration policy for members of the Board and the supervisory board as well as on the remuneration policy for other senior executives and officers, respectively, to be submitted every year to the Annual General Meeting for approval.

Thus,

- the Remuneration Committee of Corticeira Amorim is responsible for setting the fixed and variable remuneration to be awarded to members of the Board of Directors, and also setting the remuneration to be awarded to members of the remaining governing bodies;
- The Board of Directors of Corticeira Amorim is responsible for setting the fixed and variable remuneration to be awarded to its officers.

II. REMUNERATION COMMITTEE

67. Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to said committee and a statement on the independence of each member and advisor.

Pursuant to the Articles of Association, the Remuneration Committee has three members, who will choose the respective President.

The General Meeting of Shareholders, which took place on 7 April 2017, elected the Remuneration Committee for the current term (2017-2019):

Chairman: José Manuel Ferreira Rios
Member: Jorge Alberto Guedes Peixoto
Member: Abdul Rehman Omarmiã Mangá
End of term in office:
31 December 2019, remaining in office until a new election pursuant to law.

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

The Remuneration Committee met four times in 2017. The global attendance rate was 83.3%.

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

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

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

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

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

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

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

Jorge Alberto Guedes Peixoto (Member):
Graduated with a Bachelor's Degree in Economics from the Faculty of Economics of Porto.

He began his professional career in 1969 as an accountant. He has worked at the Amorim Group since 1970, as an accountant, CFO, general BU's manager and director at several companies.

He has experience in human resource management and remuneration practices, resulting from the many positions occupied.

Abdul Rehman Omarmiã Mangá (Member):
He has a Bachelor's degree in Accounting from the Commercial Institute of Lourenço Marques, Mozambique. He worked as executive director of the Grupo Cervejeiro Moçambicano and general director of Unidades de Calçado after Mozambique's independence, with direct responsibility in Human Resource management. He was Managing Director of Ormac – Organização, Máquinas e Artigos para Calçado, SA, with the additional charge of Human Resources.

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

III. REMUNERATION STRUCTURE

69. Description of the remuneration policy of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June.

Under the proposal submitted by the Company's Remuneration Committee, the General Shareholders' Meeting held on 07 April 2017 approved the following remuneration policy:

1. The remuneration of the **Members of the Presiding Board of the General Meeting and of the Supervisory Board** is in the form of an attendance fee. This is established for the entire term of office, considering the characteristics of the Company and market practices;

2. The remuneration of the **Statutory Auditor** is in the form of provision of services. This is established annually, considering the characteristics of the Company and market practices;

3. The **Members of the Board of Directors** shall be paid adequate remuneration taking into account:

   - the individual remuneration package agreed upon between the Company and each Director;

   - observance of the principles of internal equity and external competitiveness, taking into account relevant information disclosed by the main Portuguese economic groups on their remuneration policies and practices;

   - whenever such is adequate and feasible, such remuneration shall primarily consist of a fixed pay (for executive and non-executive directors) plus a variable pay (for executive directors only) as performance-based premium;

   - The award of the variable pay component of remuneration referred to in the preceding paragraph shall be a bonus resulting from short term performance evaluation and from the contribution of the annual performance to medium / long term economic sustainability of the Organisation;

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

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

   - the members of the Board of Directors are prohibited from concluding contracts with the Company or with its subsidiaries and/or companies in which it holds an interest, which may mitigate the risk inherent to the variability of the remuneration as determined by the Company.

4. It isn't the Company's policy to assign the following duties to the members of its governing bodies:

   - the allotment of shares and/or options to acquire shares or based on share price variation; or

   - any retirement benefit scheme to members of the governing bodies.

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the Board of Directors with the company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking.

The remuneration policy approved by the General Meeting and described in section 69 is fully adopted.

71. Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component.

The remuneration policy approved by the General Meeting and described in section 69 is fully adopted. The executive members of the Board of Directors earn a variable remuneration component which depends on the evaluation of their performance, in particular the respective contribution either to the profit obtained in the financial year in question or to comply with goals and implementation of the strategies defined by the Company for the medium/long term (results, innovation, financial soundness, value creation, competitiveness and growth).

72. The deferred payment of the remuneration's variable component and specify the relevant deferral period.

The remuneration policy approved by the General Meeting and described in section 69 is fully adopted. In those terms, the payment of the variable pay component, if any, may be made wholly or in part after determination of the profit (or loss) for the years in respect of the whole term of office. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway.

In the financial year under review there were no deferred payments of part of variable component of remuneration as the deterioration referred to in the previous paragraph did not occur.

73. The criteria whereon the allocation of variable remuneration as shares is based, and also on maintaining company shares that the executive directors have had access to, on the possible share contracts, including hedging or risk transfer contracts, the corresponding limit and its relation to the total annual remuneration value.

Variable remuneration in the form of shares as described in this section does not exist.

74. The criteria whereon the allocation of variable remuneration as stock options is based and details of the deferral period and the exercise price.

Variable remuneration in the form of stock options as described in this section does not exist.

75. The key factors and grounds for any annual bonus scheme and any additional non-financial benefits.

There are no other systems of annual bonus or other non-cash benefits besides those identified in the previous sections.

76. Key characteristics of the supplementary pensions or early retirement schemes for Directors and state date when said schemes were approved at the general meeting, on an individual basis.

There are no supplementary pensions or early retirement schemes.

As mentioned in section 69, the Remuneration Committee of Corticeira Amorim submitted to the General Meeting held on 07 April 2017 the remuneration policy for the members of the Board of Directors. This proposal, which was approved, expressly stated that the award of the benefits referred to in this note is not the remuneration policy.

Although no retirement benefit systems similar to the ones described in this subsection were in place in the Company on the date hereof, should their implementation be proposed, the General Assembly shall assess the characteristics of the systems adopted and in force in the respective financial year (just as it assessed the non-assignment).

IV. REMUNERATION DISCLOSURE

77. Details on the amount relating to the annual remuneration paid as a whole and individually to members of the company's Board of Directors, including fixed and variable remuneration and as regards the latter, reference to the different components that gave rise to the same.

In the 2017 financial year, all the members of the Board of Directors earned remunerations from Corticeira Amorim amounting to EUR 775,802.60:

- the executive members earned fixed remunerations amounting to EUR 549,717.60 (António Rios de Amorim: EUR 239,239.20 ; Nuno Filipe Vilela Barroca de Oliveira: EUR 169,239.20; Fernando José de Araújo dos Santos Almeida: EUR 141,239.20) and variable remuneration – corresponding to a performance bonus arising from the appraisal of the development of the results and compliance with the following strategic objectives: innovation, financial soundness, value creation, competitiveness and growth - which amounted to EUR 226,085.00 (António Rios de Amorim: EUR 110,600.00; Nuno Filipe Vilela Barroca de Oliveira: EUR 55,600.00; Fernando José de Araújo dos Santos Almeida: EUR 59,885.00);

- 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 2017 financial year none of the members of the Board of Directors had earnings from other associate or affiliated companies included in the consolidation of Corticeira Amorim.

The companies in a control relationship with Corticeira Amorim, SGPS, S.A. – for the performance of administration duties in those same companies - paid remunerations to Cristina Rios de Amorim Baptista: fixed remuneration of EUR 144,269.20 and to Luísa Alexandra Ramos Amorim: fixed remuneration of EUR 63,000.00.

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

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

The amounts paid to the members of the Board of Directors pursuant to this section are broken down in section 77.

80. Compensation paid or owed to former executive Directors concerning contract termination during the financial year.

No compensation was paid or is owed to former Directors regarding the termination of their duties in 2017.

81. Details of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory board for the purposes of Law No. 28/2009 of 19 June.

In the 2017 financial year, the members of the **Supervisory Board** earned as a whole remuneration amounting to EUR 40,800.00 (Manuel Carvalho Fernandes: EUR 12,000.00; Ana Paula Africano de Sousa e Silva: EUR 9,600.00; Eugénio Luís Lopes Franco Ferreira: 9,600.00; Durval Ferreira Marques: EUR 9,600.00). Under the remuneration policy set out herein, the members of the Supervisory Board did not earn any variable remuneration.

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

The Chairman and the Secretary of the Board of the General Meeting earned total remuneration EUR 10,000.00 and EUR 3,000.00, respectively.

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

83. The envisaged contractual restraints for compensation payable for the unfair dismissal of Directors and the relevance thereof to the remunerations' variable component.

No contractual restraints are envisaged in accordance with this section.

84. Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the Board of Directors and managers, pursuant to Article 248-B/3 of the Securities' Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid. (art. 245-A/1/l).

There are no agreements according to the terms set out in this section. No agreements providing for the payment of compensations to the Company's directors and officers (other than where required by law) have been entered into by and between the Company and its Directors or Officers.

VI. SHARE AWARD AND/OR STOCK OPTION PLANS

85. Details of the plan and the number of persons included therein.

No share award or stock option plans exist.

86. Characteristics of the plan (award conditions, non-transfer of share clauses, criteria on share pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares or options to be awarded, the existence of incentives to purchase and/or exercise options).

Pursuant to the remuneration policy approved at the General Meeting and as described in section 85, there are no share award or stock option plans.

The Company believes that if plans of this type are to be implemented, the General Meeting should consider the characteristics of the plans to adopt, as well as their achievement in each financial year.

87. Option rights to acquire shares ("stock options") granted to company workers and employees.

None exist.

88. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by said employees (Article 245-A/1/e).

Control mechanisms of this type do not exist.

E.

RELATED PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties.

All business conducted by the Company with related parties respects the interests of the Company and its subsidiaries, it is examined by the competent body of the Business Unit that is a counterparty in the transaction and undertaken (i) in normal market conditions or (ii) when the specificity of transactions does not allow to determine this value by using the cost-plus criterion, with margins in the range 2%-5%. Business of significant value (transaction greater than EUR 1 million) or, by its nature, of particular relevance to the Company, is analysed by the Executive Committee and/or Board of Directors.

In accordance with the regulation on transactions with holders of qualifying holdings[3] approved and in force since 1 August 2014, conducting transactions with holders of qualifying holdings and/or related entities should be subject to prior opinion of the Supervisory Board in the following cases:

i. Transactions whose value per transaction exceeds one million euros or where the value accumulated during the year exceeds three million euros. The prior opinion of the Supervisory Board will not be necessary for continuous implementation contracts or renovations in terms substantially similar to those of the contract previously in force;

ii. transactions with a significant impact on the business activity of Corticeira Amorim and/or its subsidiaries due to their nature or strategic importance, regardless of the original value;

iii. transactions exceptionally undertaken, outside of normal market conditions, regardless of the respective value.

The assessment to be made under the authorisation procedures and prior opinion applicable to transactions with holders of qualifying holdings and/or related entities shall take into account, among other relevant aspects and according to the specific case, the principle of equal treatment of shareholders and other stakeholders, the pursuit of the interests of the Company, as well as the impact, materiality, nature and justification of each transaction.

The value of these transactions is disclosed annually in the Consolidated Annual Report and Accounts of Corticeira Amorim (section 92 herein).

90. Details of transactions that were subject to control in the referred year.

In the year under review there were no transactions subject to the prior opinion of the Supervisory Board.

[3] In spite of that fact the approved rules on transactions with holders of qualifying holdings and in force from 1 August 2014, are not available to the public, the relevant content of the same is reported in this note 89.

91. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying interests or entity-relationships with the former, as envisaged in Article 20 of the Securities' Code.

As set out in section 89 above.

II. DATA ON BUSINESS DEALS

92. Details of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24, or alternatively a copy of said data.

The transactions of Corticeira Amorim with related parties are, in general, due to the provision of services by the subsidiaries of AMORIM - INVESTIMENTOS E PARTICIPAÇÕES, SGPS, S.A., (Amorim Serviços e Gestão, S.A., Amorim Viagens e Turismo, Lda., OSI – Sistemas Informáticos e Electrotécnicos, Lda.). The total of services provided by these companies to the companies of Corticeira Amorim was EUR 8.528 million (2016: EUR 8.11 million). The transactions in the opposite direction amounted to EUR 96 thousand (2016: EUR 134 thousand).

The sales of Quinta Nova, S.A., a subsidiary of AMORIM - INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A., to the companies of the universe of Corticeira Amorim totalled EUR 55 thousand (2016: EUR 72 thousand). The transactions in the opposite direction amounted to EUR 120 thousand (2016: EUR 86 thousand).

Purchases of reproduction cork during the year from companies owned by the major indirect shareholders of Corticeira Amorim amounted to EUR 1430 thousand (2016: EUR 852 thousand) corresponding to less than 2% of total purchases of the cork raw material.

PART II
CORPORATE GOVERNANCE ASSESSMENT

1.
DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

In matters of corporate governance CORTICEIRA AMORIM is governed by: (i) current Portuguese legislation, in particular the Portuguese Companies' Code, Portuguese Securities' Code and the regulations issued by the Portuguese Securities Market Commission (CMVM), which may all be accessed on the CMVM's website: *www.cmvm.pt* ; (ii) its own articles of association, which are available on the Company's website at: *https://www.amorim.com/en/for-investors/institutional-informations/legal-structure/*; e, (iii) the 2013 CMVM Corporate Governance Code as referred to in the CMVM Regulation no. 41/2013 and which, despite just being a recommendatory framework, is an important benchmark of good practice, which is also available at *www.cmvm.pt*.

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

2.
ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

I. VOTING AND CORPORATE CONTROL

I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.
Complies. Sections: 12, 13 and 56.

I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.
Does not comply. Section 14.

The **Articles of Association of Corticeira Amorim** enshrine a quorum for calling meetings to order/taking decisions that is greater than that established in law[4] **in the following situations:**

- Restriction or withdrawal of pre-emption rights in share capital increases – the Company's articles of association require that the Annual General Meeting be attended by shareholders accounting for at least 50 per cent of the paid-up share capital (article 7);
- Removal of a director elected under the special provisions set out in article 392 of the Portuguese Companies' Code - in order that a resolution on this issue may be adopted, it is necessary that shareholders accounting for at least 20 per cent of the share capital shall not vote against the resolution to remove a Director from office (article 17);
- In order that resolutions may be passed at an Annual General Meeting convened by shareholders, the meeting shall be attended by members holding shares equivalent to the minimum amount required by law to justify the calling of such a meeting (article 22);
- Change in the composition of the Board of Directors – this resolution must be approved by shareholders accounting for at least two-thirds of the share capital (article 24);
- Winding-up of the Company – this resolution must be approved by shareholders accounting for at least 85 per cent of the paid-up share capital (article 33).

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

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

[4] The Portuguese Companies' Code establishes the following requirements for valid decision-making at the general meeting:

Quorum (article 383):

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

Majority (article 386):

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

I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.
Complies. Section 12.

I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or jointly with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.
Not applicable. The Company Articles of Association do not provide for limitations on the number of votes that may be held or exercised by a shareholder, either separately or jointly with other shareholders. **Section 13.**

I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.
Complies partially. The Company concluded financing contracts with possible early repayment in the event of a change in shareholder control. No measures have been implemented specifically targeting the effects described in this recommendation. **Sections 4 and 84.**

II. SUPERVISION, MANAGEMENT AND OVERSIGHT

Ii.1. Supervision and Management

II.1.1. Within the limits established by law, and excepting small-sized companies, the Board of Directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.
Complies. Sections 27 to 29.

II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the general strategy and policies of the company, ii) define business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.
Complies. As better detailed in **section 9**, only day-to-day management can be delegated.

II.1.3. The General and Supervisory Board, in addition to its supervisory duties, shall take full responsibility at corporate governance level. Hence, through statutory provision or by equivalent means, the requirement shall be established for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.
Not applicable. The model adopted by Corticeira Amorim does not include this body, as described in **section 15**; the powers to define policy and strategies under this recommendation are powers that cannot be delegated by the Board of Directors. The Supervisory Board and the Statutory Auditor have supervisory powers, with the specific nature arising from the scope of the respective activity.

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

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

b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.
Complies. Section 15.

II.1.5. The Board of Directors should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.
Complies. Section 54.

II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.
Complies. Section 18.

II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float.
Does not comply.
Although the Board of Directors does not include independent non--executive members as recommended by the Corporate Governance Code, the Company believes that the existence of two supervisory teams – a supervisory board and a statutory auditor – whose members are all independent, **ensures the interests envisaged by this recommendation are fully and appropriately safeguarded**. In addition, it is believed that the observance of this independence requirement coupled with the liability regime for members of the Supervisory Board, meet the conditions necessary to ensure effective supervision to a high standard of impartiality, rigour and independence.

II.1.8. When board members that carry out executive duties are requested by other board members, said shall provide the information requested, in a timely and appropriate manner to the request.
Complies. Section 15.

II.1.9. The Chairman of the Executive Committee shall provide the Chairman of the Board of Directors, and the Chairman of the Supervisory Board with the notice of meetings and respective minutes.
Complies. Section 29.

II.1.10. If the chair of the Board of Directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.
Does not comply.
The Board of Directors of Corticeira Amorim does not include independent non-executive members, so it is not possible to establish the relationship on the terms set out in this recommendation.

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

II.2. Supervision
II.2.1. Depending on the applicable model, the Chair of the Supervisory Board shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.
Complies. Sections 31 to 33.

II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.
Complies.
It is the responsibility of the Supervisory Board to propose the Statutory Auditor and the respective remuneration, within the framework of the Remuneration Policy approved at the Shareholders' Meeting.

II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of its services when there is a valid basis for said dismissal.
Complies. Sections 38 and 40.

II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.
Complies. Section 38.

II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential illegalities.
Complies. Section 38.
The head of the Internal Audit Department meets quarterly with the Supervisory Board of the Company, to present and discuss the annual work plan, the resources allocated and the actions undertaken, particularly through the preparation and discussion of a report describing the implementation of such plan the work carried out and the conclusions of such actions.

II.3. Definition of Remunerations
II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.
Does not comply. Section 67.
The members of Corticeira Amorim's Remuneration Committee should not be formally considered independent from the Board of Directors. However, it is generally believed – particularly by the Annual General Meeting which elected the Committee members – that **they have adequate technical skills, practical experience and balanced personality to enable them to fully and effectively discharge their role.**

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

II.3.3. The statement on the remuneration policy for the members of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June, shall also contain:

a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies;
Does not comply.
The remuneration policy statement described in section 69 and prepared in accordance with the provisions of Article 2 of Law 28/2009 of 19 June, does not include the information envisaged in this recommendation.

c) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable;

Does not comply. The statement on remuneration policy does not contain this information, as described in **section 69**.

c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.

Does not comply. The statement on remuneration policy does not contain this information, as described in **section 69**.

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

II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.
Not applicable, since the Company has not set up any share or share options plan. **Sections 69, 85 and 86.**

II.3.5. Approval of any retirement benefit scheme established for members of governing bodies shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.
Not applicable, since there is no supplementary pensions or early retirement scheme for members of the corporate bodies. **Section 76.**

III. REMUNERATION

III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.
Complies. Section 69.
Pursuant to the remunerations policy referred to in section 69, the award of the variable pay component of remuneration corresponds to a performance bonus, attributable to the executive members of the Board of Directors, resulting from the short-term performance evaluation and from the contribution of the annual performance to medium / long term economic sustainability of the Organisation.

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

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

They are also 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.

III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or its value.
Complies. Section 69.

III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.
Does not comply.
It must be stressed that current practice clearly reflects a reasonable balance (**Section 77**) not only in terms of absolute values but also in terms of the ratio between fixed and variable remuneration, that there is only a limit - imposed by the Articles of Association - for the part that is established as profit sharing, which cannot exceed 3% for the entire Board of Directors.

III.4. A significant part of the variable remuneration should be deferred for a period of no less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.
Does not comply. Section 77.
The deferral under the conditions specified in this Recommendation is not usual practice. It should be emphasized that the award of the variable component of remuneration to the:

- executive members of the Board of Directors results from the short-term performance evaluation and from the contribution of the annual performance to medium / long term economic sustainability of the Organisation. Its payment 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.

- Officers, results from the verification of compliance with the goals, objectives and strategic initiatives and priority actions defined in a three-year plan, with the respective annual variations, which safeguards the interests covered by this recommendation, although for a period not exceeding three years.

III.5. Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.
Complies. Section 69.

III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their term of office.
Not applicable.
The Company has not, nor ever had, schemes for awarding shares as variable remuneration. The remuneration policy also does not envisage schemes for awarding shares as variable remuneration.

III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.
Not applicable.
The Company has not, nor ever had, schemes for awarding shares as variable remuneration. The remuneration policy also does not envisage schemes for awarding shares as variable remuneration.

III.8. When the removal of board members is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.
Complies.
No legal instrument has been entered into with Directors requiring the company, as provided for in this Recommendation, to pay any damages or compensation beyond that which is legally due.

V. AUDITING

IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.

Does not comply.

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

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

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

Complies. Sections 37 and 41.

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

Complies. Section 40.

V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

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

Complies. Sections 89 and 92.

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

Complies. Sections 89 and 92.

VI. INFORMATION

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

Complies. Sections 59 to 65.

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

Complies. Section 56.

VII. ANALYSIS OF COMPLIANCE WITH CORPORATE GOVERNANCE POLICIES AND PRACTICES OUTLINED IN OTHER REGULATIONS

VII.1. Description of the diversity policy applied by the company with regard to its management and supervisory bodies, namely, in terms of age, sex, qualifications and professional background, the objectives of this diversity policy, the way in which it has been applied and the results during the reference period (article 245-A(1)(r) of the Portuguese Securities Code)

Complies. Part I - introduction to Chapter B., points 19 and 26. (Board of Directors), and sections 33 and 36 (Supervisory Board).

VII.2. Balanced representation of men and women in management and supervisory bodies of listed companies (article 5 of Law no. 62/2017 of 1 August)

Complies. Sections 17 and 31.

Mozelos, 19 February 2018

The Conselho de Administração da Corticeira Amorim, S.G.P.S., S.A.

António Rios de Amorim
Chairman

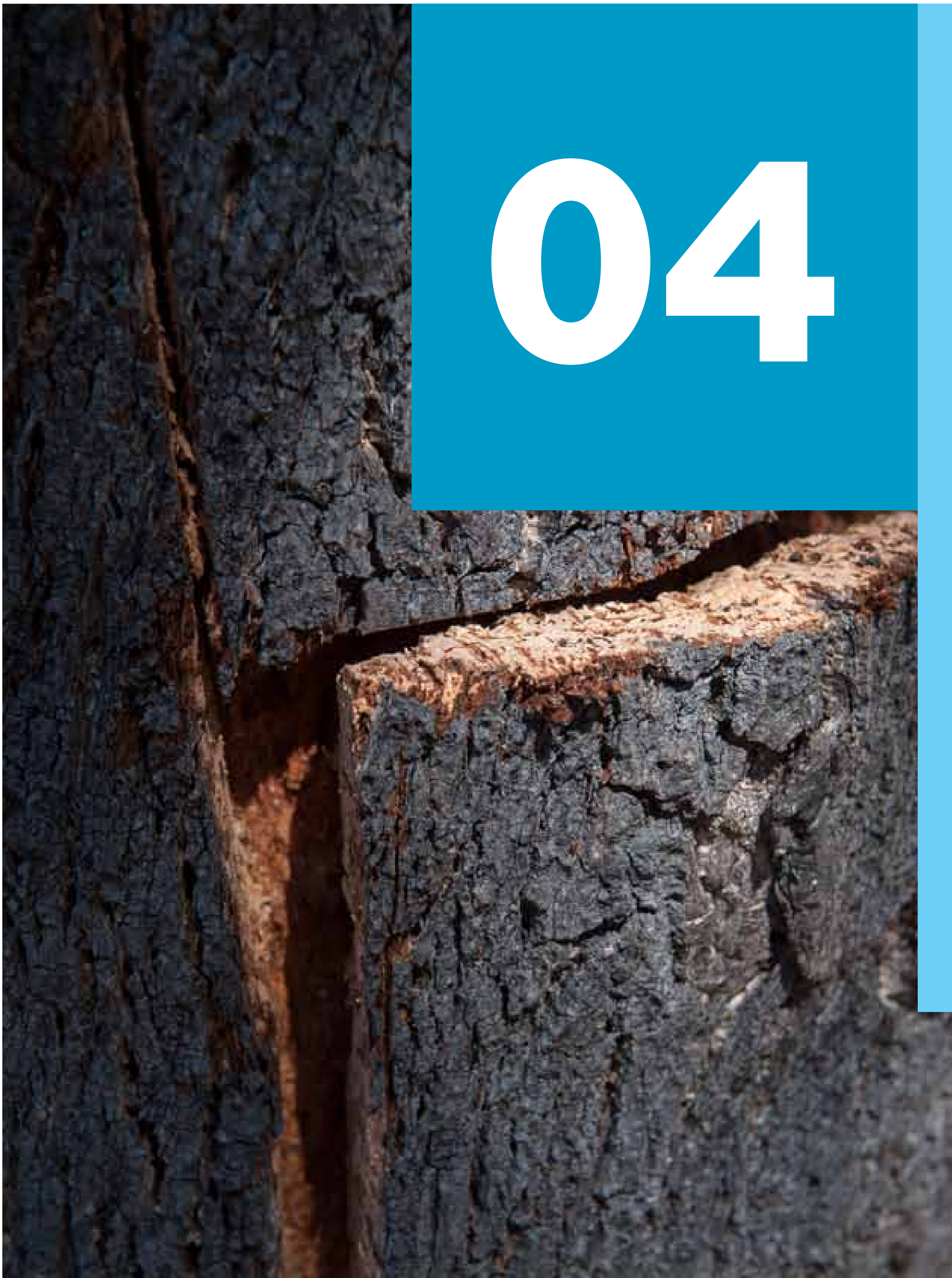
Nuno Filipe Vilela Barroca de Oliveira
Vice-Chairman

Fernando José de Araújo dos Santos Almeida
Member

Cristina Rios de Amorim Baptista
Member

Luísa Alexandra Ramos Amorim
Member

Juan Ginesta Viñas
Member



04

Sustainability Report

MESSAGE FROM THE DIRECTOR OF SUSTAINABILITY

Dear Stakeholder,

Corticeira Amorim has been publishing regular reports on its sustainability strategy, policies and performance for more than a decade. This report resumes the annual publication of our management practices in relation to the main economic, environmental and social impacts we face and is now being included with the consolidated annual report. This will help us to reach a wider audience of stakeholders and to promote the environmental, social and economic advantages of cork products and solutions, an example of a rare harmony that meets the needs of people and nature.

The circular economy is attracting growing attention from government, companies and society in general. Although the underlying concept is not new, this new economic model, based on optimising product life cycles, is defined as an alternative solution for minimising raw material and energy consumption.

The cork ecosystem makes Corticeira Amorim an outstanding example of a circular economy, involving as it does, cyclical cork extraction that does not damage the tree, an integrated production process that does not generate waste and synergies with other materials and by-products, promoting recycling and extending the useful life of resources.

What distinguishes us is our vertical and integrated management of cork through the whole production process, valuing the totality of this renewable natural resource. We are constantly looking for ways to optimise the consumption of other materials and what is left over from the manufacturing process, 90% is destined for recovery, with clear environmental and economic advantages. We also apply our knowhow in numerous research and innovation projects aimed at discovering new combinations of cork with recyclable materials, such as foams and polymers used in the footwear, automobile and packaging industries, and in developing technical applications with high added value.

We continue to support a number of successful initiatives around the world for the selective collection of used cork stoppers. These are promoted in partnership with local NGOs and part of the income from them is used to support important causes such as reforestation, environmental education and the specific intervention areas in which the NGOs are involved. In 2017, the amount of recycled cork used in the production of other high valued-added products and solutions increased. There is still, however, plenty of room for growth.

We continue to strive to use energy more efficiently, reducing not only the economic costs, but also the associated environmental impacts, seeking to reduce the emission of greenhouse gases. We have put in place an efficient energy mix, optimising our endogenous energy source (cork powder, which is used to meet about two thirds of the Group's energy needs) and have achieved important improvements in production processes, as reflected in the ISO 50001 and ISO 14001 standard certifications obtained by some of our industrial units.

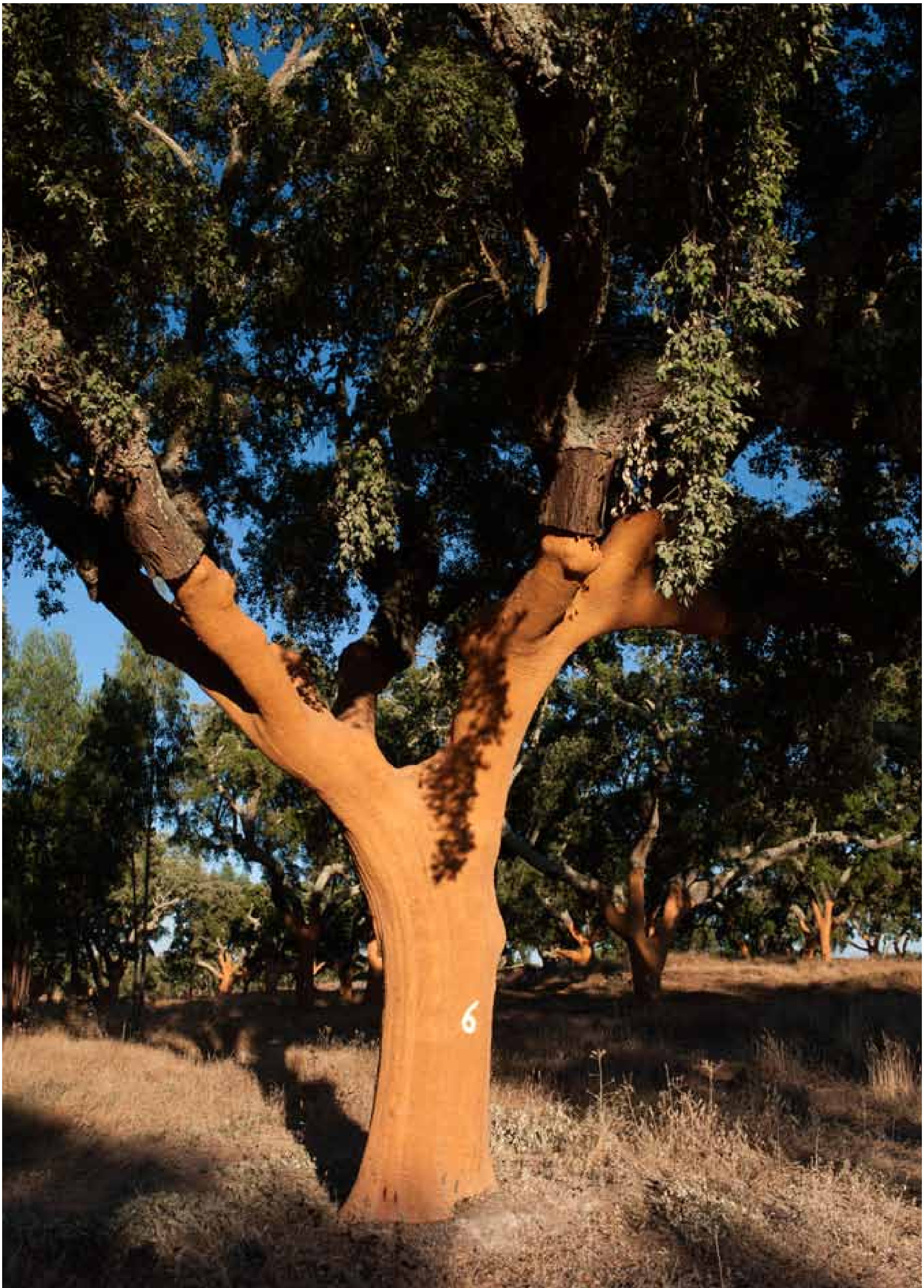
Corticeira Amorim's circular economy contributes in a significant way to achieving the United Nations' Sustainable Development Goal (SDG) number 12 – sustainable consumption and production. In the way the UN's SDGs relate to the Group's business areas, we have also seen that our sustainability strategy is clearly in line with another 10 SDGs. These include Corticeira Amorim's pioneering work on the regeneration of natural capital; its fundamental role as a direct employer in the geographical areas where it operates; its implementation of people management practices that create work environments where plurality and difference are key factors for continuous improvement and innovation; its work with communities and the value chain to promote sustainable development practices through example and awareness-raising initiatives; its commitment to research, development and innovation; and the concern for economic growth and social harmony that the Group has shown over almost 150 years of activity.

This is the path that we have been following in a safe and consistent way and it has produced remarkable results. It is a never-ending journey, the success of which depends on the trust and encouragement of our stakeholders and on the professionalism and skill of the whole Corticeira Amorim team – more than 4,200 cork ambassadors who carry our message and our example to the four corners of the world.

To all of you, a special word of appreciation.

Cordially,

Cristina Rios de Amorim
Administrator and Director of Sustainability



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ABOUT THE SUSTAINABILITY REPORT

Corticeira Amorim has regularly published a sustainability report since 2006 – an unprecedented practice in its business sector – promoting transparency, improving practices and fostering the adoption of the principles of sustainability both in its value chain and among its main stakeholders.

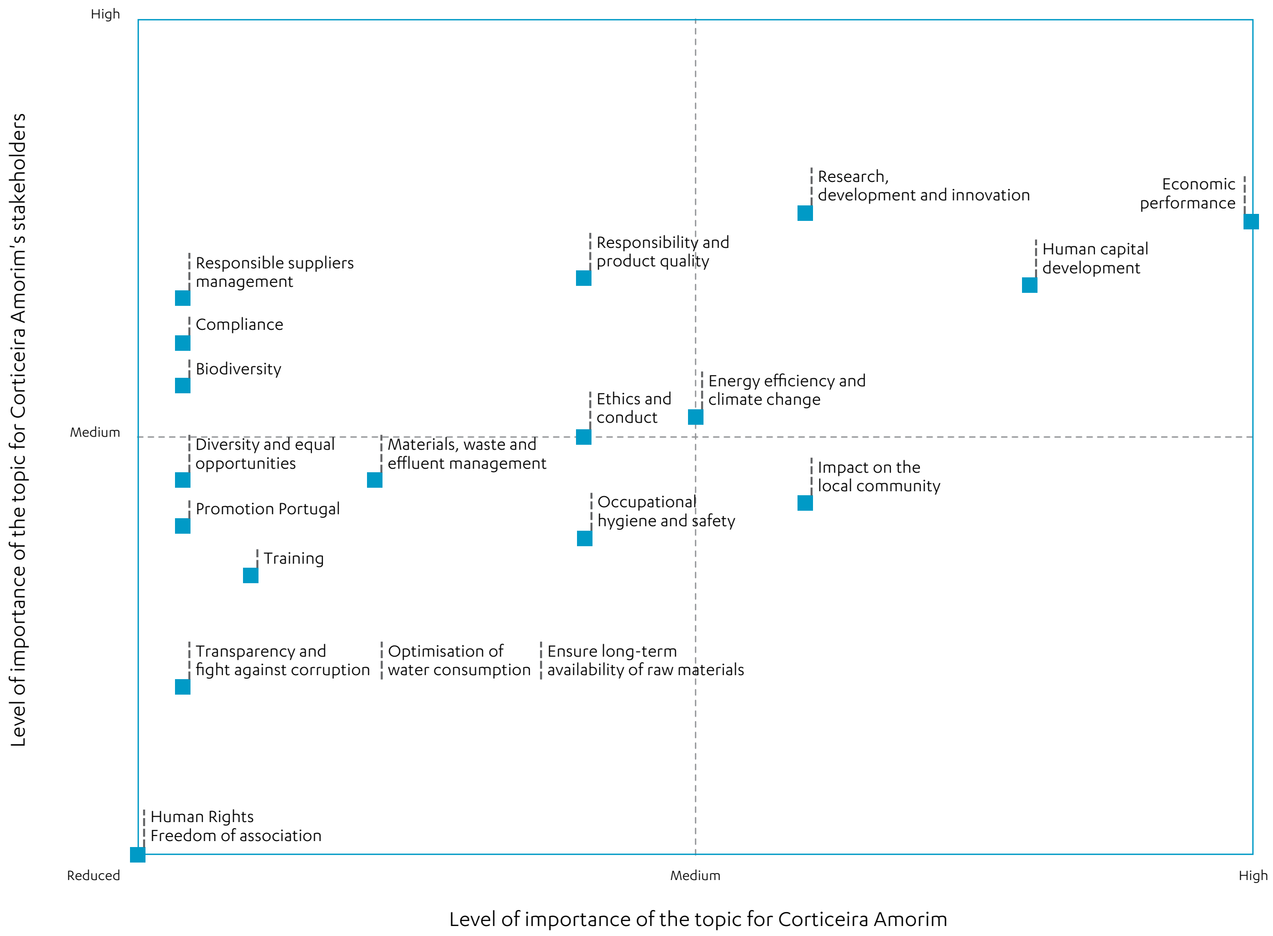
This current report, generically entitled Sustainability Report 2017, details the economic, social and environmental performance of the Corticeira Amorim Group for the years 2016 and 2017 (perimeter indicated below). It was prepared in accordance with the latest GRI guidelines – GRI Standards 2016 for the core level and meets the legal requirements introduced by Portugal's Decree-Law no. 89/2017 of July 28, being, under article 508-G of the Commercial Companies Code, a Consolidated Non-Financial Statement of Corticeira Amorim, SGPS, SA.

Key indicators from previous years are included, where possible, appropriate and relevant, to provide stakeholders with a perspective of the company's development.

The content of this report is complemented by publically accessible information contained in the Group's Consolidated Management Report, the Corporate Governance Report and on the company website – www.amorim.com.

Corticeira Amorim constructed a materiality matrix based on the results of a stakeholder consultation process (conducted in 2015) and the importance of the various sustainability themes that are relevant to the Group. This matrix illustrates the materiality of the different social, environmental and economic themes and served as a basis for the selection of the information contained in this report.

Materiality Matrix – Corticeira Amorim



The process showed that the most significant topics for Corticeira Amorim and its stakeholders are: economic performance; research, development and innovation; energy efficiency and climate change; and human capital management. Given their importance to the group, biodiversity (the sustainable management of the cork oak) and occupational hygiene and safety were also considered relevant for the purposes of this report.

Corticeira Amorim plans to consult its stakeholders again during 2018 to update the materiality matrix.

The criterion adopted to define the universe of companies covered by this report was to include all units that generate significant impacts in regard to the areas referred to above. The scope of the report does not include all the companies in the Corticeira Amorim group, largely due to the difficulty of implementing sustainability information systems in smaller companies. The companies covered include 87% of the Group's industrial units and corresponded to 68% of its employees at the end of 2017.

The methodologies used to calculate indicators, used in addition to the GRI Standards Guidelines, are explained in chapter 7. Methodological Notes. Whenever the reported data does not refer to all the companies covered, the area covered considered is indicated. Similarly, whenever the reported data are derived from estimates, the basis on which these estimates are calculated is presented.

Validation of the sustainability information included in this report was conducted by Ernst & Young Audit & Associados, SROC, S.A..

This document is available at *https://www.amorim.com/en/sustainability/sustainability-reports/*.
Clarifications can be requested from Corticeira Amorim using the email address:
natural.choice@corticeira.amorim.com.

2

CORTICEIRA AMORIM

2.1. ORGANISATIONAL PROFILE

Identification of the Organisation

Corticeira Amorim, SGPS, S.A. is a holding company with its registered office in Mozelos, Santa Maria da Feira. The shares that represent its share capital currently amount to €133 million and are listed on Euronext Lisbon.

Operational Structure

Organised into five Business Units (BUs) – Raw Materials, Cork Stoppers, Floor and Wall Coverings, Composite Cork and Insulation Cork – Corticeira Amorim operates in more than 100 countries on all continents, being the world's largest cork company and one of the most international companies in Portugal.

Corticeira Amorim adopts a management model based on a strategic-operational holding concept, where the Business Units are coordinated by the Executive Board, which is empowered with broad management powers and is assisted by the support divisions, which monitor and coordinate the activities of the BUs, as illustrated in the diagram in chapter B. Corporate Boards and Committees of the Corporate Governance Report.

The use of the balanced scorecard method by Corticeira Amorim and its BUs enhances the strategic alignment of the whole organisation. It is the responsibility of Corticeira Amorim's Board of Directors to approve the objectives and strategic initiatives that (i) apply to the whole organisation, and (ii) that are specific to Corticeira Amorim and to each BU.

Main Products and Services

Corticeira Amorim is continually deepening its knowledge of cork as a raw material, developing a vast portfolio of sustainable products and applications that are used by industries and organisations that are among the most demanding in the world in terms of quality – such as aerospace, construction, interior design, and wines and spirits. Highlights include:

Cork Stoppers BU: world leader in the production and supply of cork stoppers with an annual production of five billion units. Its extensive portfolio of natural cork stoppers (for wine, sparking wine and spirits) and its own distribution network place it in an unparalleled position to supply the ideal cork stopper for every wine segment and in any part of the world;

Floor and Wall Coverings BU: world leader in the production and distribution of cork flooring and wall coverings. The BU is renowned for the quality, innovation and unique characteristics of its interior design solutions, which ensure a perfect combination of aesthetics, well-being and durability;

Composite Cork BU: this unit focuses on the production of cork granules, agglomerates and cork-rubber composites. The natural properties of cork, enhanced by combination with other materials, result in the development of cutting-edge solutions for a wide range of business sectors including construction, footwear, automobiles, aerospace, railways, electricity transformers and interior design, among others;

Insulation Cork BU: this unit is dedicated to the production of insulation materials with excellent technical performance standards that are rigorously 100% natural. The unique characteristics of expanded cork agglomerate ensure a high level of thermal, acoustic and anti-vibration insulation – as well as practically unlimited durability – making it a material of choice for sustainable construction projects. Because of its tactile appeal, it is also being increasingly used in interior design.

Participation in Associations

The companies of the Corticeira Amorim Group are members of the governing bodies and participate actively in the discussions of several Portuguese and international associations and organisations in areas of interest to its activities and the sustainable development of the countries where it operates. They include:

Organisation	Aim	Amorim Representative
APCOR Associação Portuguesa da Cortiça	Cork sector business association that represents, promotes, disseminates and researches the Portuguese cork industry.	Vice-President of the Steering Committee and President of the General Meeting
BCSD Conselho Empresarial para o Desenvolvimento Sustentável EQUILÍBRIO RESPONSÁVEL	A non-profitmaking public utility association that brings together and represents companies that commit to sustainability by developing inter-company projects that encourage sustainable development.	Vice-President of the Steering Committee
aiff associação para a competitividade da indústria da fileira florestal crescer forte grow stronger	A body that supports the competitiveness and technological advancement of forest-based industries with the aim of protecting forests and guaranteeing their future without neglecting ecological, social and economic issues.	Secretary of the General Assembly and Steering Committee Member
SMART WASTE PORTUGAL	A non-profit collective whose purpose is to contribute to the production and dissemination of knowledge in the area of waste. It encourages action to enhance cooperation between entities operating in the waste sector by promoting and supporting the activities and projects of its associates that contribute to achieving the association's goals.	Steering Committee Member
centroHabitat Plataforma para a Construção Sustentável	A body that brings together companies, municipalities, research and development centres, business associations and other entities that believe in sustainability as a rallying banner for innovation and competitiveness.	Steering Committee Member
IB-S INSTITUTO DE CIÊNCIA E INOVAÇÃO PARA A BIO-SUSTENTABILIDADE	A University of Minho initiative that brings together more than 80 researchers from diverse fields of knowledge – biology, civil engineering, electronics, materials, physics and mathematics – with the goal of finding solutions to the complex societal challenges associated with sustainability.	Strategic Council Member

2.2. PEOPLE AND CULTURE

Aware of its responsibility as a critical player in its area of activity, Corticeira Amorim fully assumes its leadership role, fostering the ambition to continuously develop new cork solutions that combine exceptional technical performance, a premium factor and unique sustainability credentials and that add value to the market when compared with more conventional solutions.

It is a source of pride to work with a natural raw material as versatile as the thousands of applications that cork gives rise to and, Corticeira Amorim believes, that it will continue to generate.

However, it is, in fact, the company's employees all round the world that support Corticeira Amorim's growth and innovation strategy. This is why the company advocate a people management policy that promotes ambition and challenge, commitment and demand, cooperation and working in partnership. Developing a work environment where transparent communication, internal equity and diversity of every kind are imperatives is the fundamental guideline for the company's policies and practices as they relate to people and work environments.

Corticeira Amorim believe that to go far, a group of women and men from different countries with different roles should all converge in a shared culture where identification with its products and its business is something that everyone can share.

This shared culture is based on:

Mission:

To add value to cork in a competitive, distinctive and innovative way that is in perfect harmony with nature.

Values:

Pride – We take pride in the tradition of our business, in our Company history and in the knowledge that we have accumulated in the many years of work of different generations. We are proud to work with a raw material that comes from the earth, that is sustainable, has an identity, and combines tradition, modernity and innovation.

Ambition – We take pleasure in what we do, we drive ourselves to do more and better, attracting new customers, new markets and new applications for cork.

Initiative – We find solutions for commitments and challenges, responding quickly, effectively and positively to different circumstances and contexts, always focused on the development of the business and the industry.

Sobriety – We celebrate victories and commemorate successes internally, favouring discretion in our relationship with the outside world, never forgetting that we must always learn more and continuously do better.

Attitude – We remain loyal to the company through good and bad times, via our effort, commitment and availability, giving our best and always respecting Colleagues, Customers, Suppliers, Shareholders and other stakeholders relevant to the sustainability of Corticeira Amorim.

Principles and Policies

Matters relating to the governance, risk and internal control of Corticeira Amorim are subject to wide and regular reflection within the organisation. Reflecting the professionalism and the ethics of its leaders and managers – as well as their culture – some aspects related to these issues are not formally set down in writing or publicly available.

While being convinced that the risks to which the Company's activity is subject are fully covered and the interests of its stakeholders safeguarded, the Company is aware of the increasing emphasis and scrutiny given to such matters and has begun a detailed analysis of its current practices. This analysis is under way and aims, wherever possible and appropriate, to give formal expression to these matters and to publish them.

The policies adopted by Corticeira Amorim reflect a set of commitments by the Company in the areas of ethics and economic, environmental and social responsibility. Together, they embody the responsibilities assumed by the different companies within the framework of a management model that advocates responsible competitiveness. Full details can be found at: *https://www.amorim.com/en/sustainability/integrated--management-system/policies-and-management-system/* and: *https://www.amorim.com/en/for-investors/institutional-informations/board-members/*.

Code of Ethics and Professional Conduct

Corticeira Amorim has formalised a Code of Ethics and Professional Conduct to guide the professional behaviour of all its employees. The Code is the subject of regular reflexion and revision, most recently in 2017. The Code currently covers 12 areas:

- Professional use of the company's assets;
- Privacy and confidentiality;
- Rules governing the use of information technology;
- Relations between employees;
- Community;
- Corruption/bribery;
- Customers and suppliers;
- Communication with the exterior;
- Corporate image;
- Industrial property;
- Data protection;
- Human rights/preventing harassment.

Charter of Principles of the Business Council for Sustainable Development (BCSD)

Corticeira Amorim subscribed in November 2017 to the Charter of Principles of the BCSD Portugal. The Charter sets out the fundamental principles of sustainability that subscribing companies voluntarily adopt, seeking to absorb them into their value chain and sphere of influence. The Charter also encourages subscribers to go beyond compliance with legal norms by adopting recognised ethical, social, environmental and quality standards, as well as practices and management values that would be recognised as upholding the BCSD's principles in any context of the global economy.

Like all subscribers to the Charter, Corticeira Amorim:

- recognises the importance of sharing information about sustainability with its stakeholders, giving answers and clarifying any doubts or concerns in the area of sustainability, thus contributing towards stressing the importance and relevance of adopting sustainable practices;
- considers the Charter as an initiative that is applicable throughout the value chain and will seek to open a dialogue with its direct and relevant suppliers in order to encourage them to sign up to the Charter;

- commits itself to the ambitions set out in the United Nations Sustainable Development Goals.

The Charter can be consulted at: *http://www.bcsdportugal.org/wp-content/uploads/2017/12/Carta_Principios_BCSDPortugal.pdf*

Human Rights

Defending and respecting human rights is a fundamental practice for Corticeira Amorim. No cases of discrimination have been identified in any of the group's activities or operations, nor has any risk of child labour, forced or compulsory labour or restrictions on the freedom of association or unionisation been identified.

The work with Corticeira Amorim's chain of suppliers is carried out in accordance with institutional and legal structures. Working conditions in the supply chain satisfy the labour legislation in force in each region where Corticeira Amorim operates. Although no such risks have been identified in the company's activities or in the supply chain, Corticeira Amorim's aim is to continue adopting practices which distinguish it positively in terms of sustainable development and the safeguarding of human rights, promoting – by example and awareness-raising initiatives – these practices throughout the supply chain. Thus, Corticeira Amorim's methodology for the qualification and assessment of suppliers includes, among other means, the use of social responsibility indexes, as detailed in subchapter 2.3. Supply Chain, and at https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/.

Corruption and Bribery

The identification and assessment of corruption and bribery risks in the markets where Corticeira Amorim operates is carried out jointly by the Executive Board and the BU management teams, taking into account the specific characteristics of each market and is complemented by internal control process audits that assess the conformity of processes and identify inefficiencies.

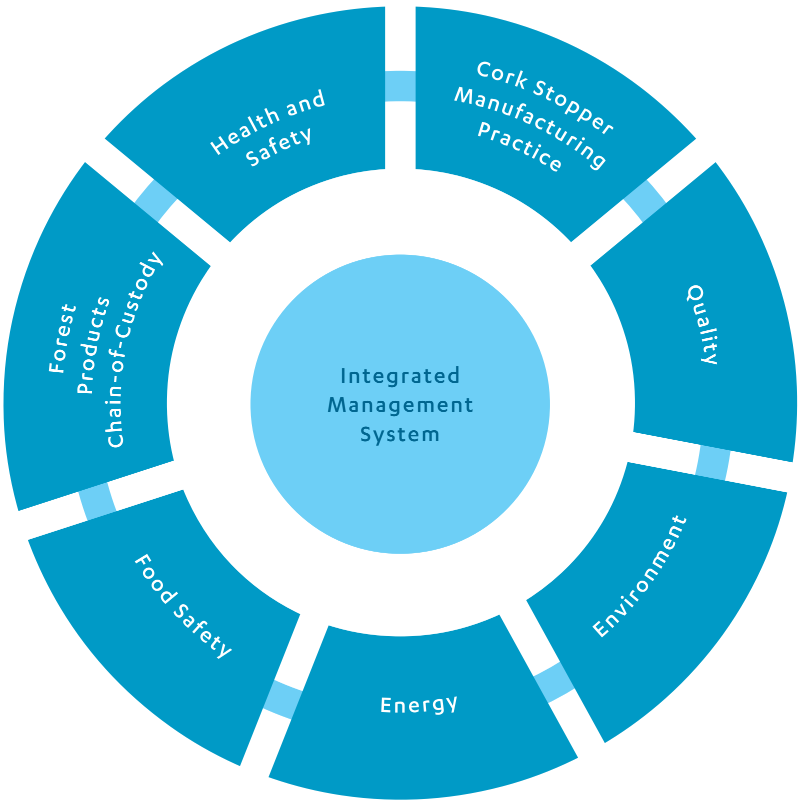
Corticeira Amorim has defined a procedure for communicating irregularities and it is incumbent on the company's Audit Committee, a body composed entirely of independent members, to receive, in accordance with its operating regulations, any notice of irregularities (addressed to the Audit Committee and sent by post to the company headquarters) communicated by shareholders, employees or other persons or entities, and to deal with them appropriately. After analysing the irregularities communicated, it is also the committee's responsibility to suggest measures for preventing the occurrence of such irregularities.

No irregularities were communicated in 2016 or 2017. More information on this can be found in the Corporate Governance Report, chapter C. Internal Organisation, II. Communicating irregularities.

Corticeira Amorim's Management Systems

Corticeira Amorim's management system certifications are considered fundamental for ensuring the effective management of environmental and social issues and are geared towards achieving the company's strategic goals. The BUs are certified in different management systems appropriate to safeguarding against and mitigating the non-financial risks arising from their activities.

In 2016 and 2017, the renewal of the certifications of the different sub-management systems in the different companies helped reinforce these practices. This is summarised in the table in chapter 6 of the Consolidated Management Report, Approaching Sustainability.

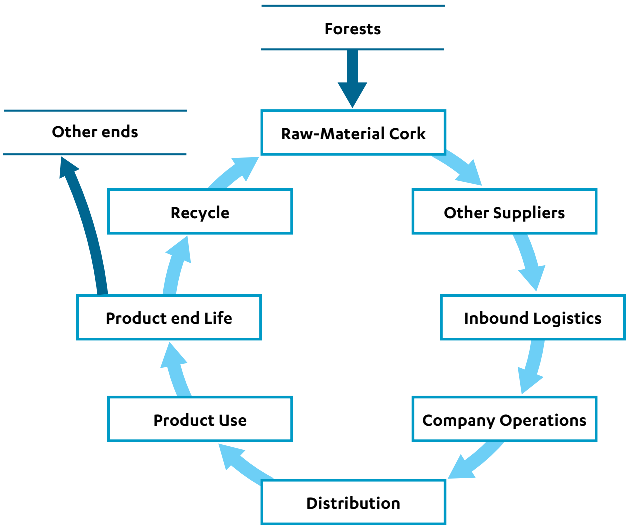


2.3. SUPPLY CHAIN

Purchasing Policy

Reflecting the ethical, economic, environmental and social responsibility commitments referred to in subchapter 2.2. People and Culture, Corticeira Amorim gives preference, wherever possible, to suppliers who provide raw materials according to the best sustainability practices – in terms of both origin and manufacturing processes.

Corticeira Amorim considers raw material suppliers (mainly of cork) and transportation services as dominant in its value chain, given their critical importance to the business and their relative weight in the company's cost structure.



Raw Materials (cork)

The integrated management of the business begins with the Raw Materials BU. Its mission is to guarantee the supply of all types of cork raw materials for the different BUs and their respective market applications.

Although not a forest owner, Corticeira Amorim maintains a very close relationship with cork producers, promoting, through the encouragement of best practices in forest management, the continuous production of quality cork and the corresponding profitability of cork producers.

It is the responsibility of the Raw Materials BU to prepare, discuss and decide on Corticeira Amorim's multi-annual supply policy.

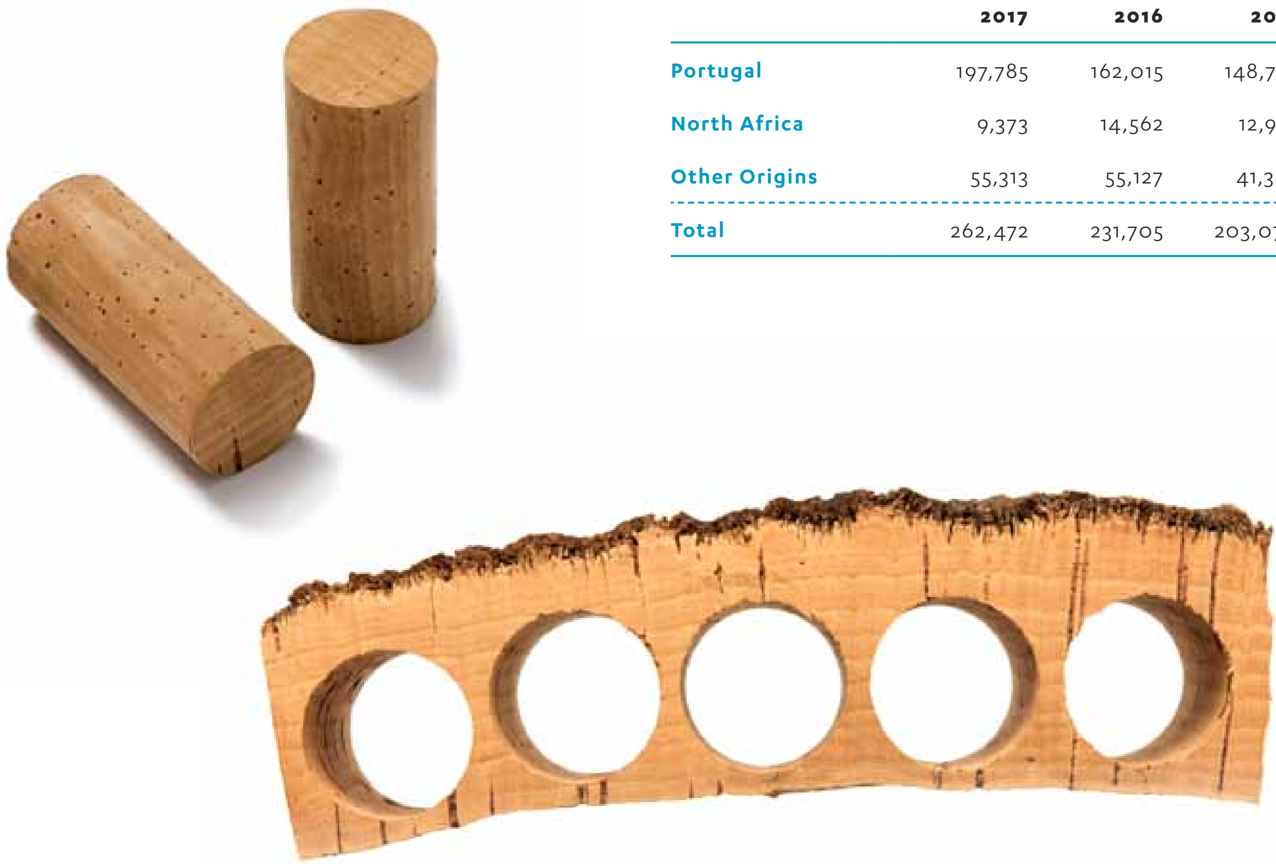
Innovating processes in a business perceived as eminently traditional is one of the BU's constant strategic objectives and a determining factor in the competitiveness of the business.

The Raw Materials BU assumes other important missions, having a significant impact on the accumulation of knowledge about cork forests (*montado*) and improvements in the quality of the cork produced. Among other activities, the BU promotes the forest certification of cork producers, including Forest Stewardship Council (FSC®) certification – the BU having been one of the first to receive this accreditation. The BU is characterised by its strong research and forestry development policies. Introducing new cork production techniques by means of improved irrigation processes is one of its priority areas with the aim of increasing the quality and quantity of the cork produced to ensure the sustainability of the business.

Cork is purchased mainly in Portugal (particularly in the Alentejo region). This has a positive economic impact, both at a regional and a national level.

Cork purchases (thousands of euros)

	2017	2016	2015
Portugal	197,785	162,015	148,752
North Africa	9,373	14,562	12,981
Other Origins	55,313	55,127	41,338
Total	262,472	231,705	203,070



Transport

The company runs a Department of Transportation within the Central Purchasing Department that is governed by values of commitment, credibility, integrity (ethics) and the pursuit of excellence. Its strategic goals include:

- positioning purchasing as a value generator for the organisation;
- optimising the purchasing structure with a view to achieving goals common to the whole organisation;
- differentiating its approach according to the category and nature of the process in question;
- aligning the technological platform with management processing and information requirements.

In recent years, the transport area has become a critical factor for the business in both economic and environmental terms. This is due, on one hand, to an increase in costs caused by fuel price rises, and, on the other, by the weight transport has in the consumption and emissions of upstream and downstream operations in the value chain. This situation requires new solutions to prevent transport becoming a negative factor in Corticeira Amorim's international business competitiveness.

In this context, a number of measures have been initiated, giving preference, whenever possible, to the transport of goods by sea rather than by road, the former being the company's main means of transport.

Procurement and Provisioning

To manage the purchase of all non-cork materials, services and contracts, including transportation, the company runs a Central Purchasing Department. Its mission is to manage the portfolio of suppliers professionally and from a global perspective to maximise the sustainable creation of value by Corticeira Amorim, seeking excellence in the goods and services acquired and in permanent harmony with the goals of Corticeira Amorim companies. In this context, Corticeira Amorim privileges the establishment of stable and lasting partnerships with suppliers and enjoys a high degree of loyalty among its main suppliers.

Pre-qualification, Qualification and Evaluation of Suppliers

The company has defined a methodology for the pre-qualification, qualification and evaluation of suppliers, partly based on social responsibility (IRSoc) and environmental liability indexes (IRAmb): suppliers are qualified to supply Corticeira Amorim in function of the quality of the good or services they supply, their delivery times and their social responsibility and environmental responsibility indices.

- Methodology for Evaluating the Social Responsibility Index (IRSoc)

  The IRSoc is calculated according to the percentage of requirements met by the supplier. If the supplier is certified in accordance with the NP 4469 standard, they will be given an IRSoc of 100%. For each requirement that the supplier does not undertake to comply with, 25% will be subtracted from their IRSoc.

- Methodology for Evaluating the Environmental Responsibility Index (IRSoc) (IRAmb)

  The IRAmb is calculated according to the percentage of requirements met by the supplier. If the supplier is certified in accordance with the ISO 14001 standard, they will be given an IRAmb of 100%. For each requirement that the supplier does not undertake to comply with, 25% will be subtracted from their IRAmb.

If a supplier is found not to meet one or more of the requirements to which they have committed, they will be given an IRSoc or IRAmb of zero. Among evaluated suppliers, none were found not to have complied with their commitments in 2016 and 2017. More information on the requirements of these indices can be found at https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/.

3

SUSTAINABILITY MANAGEMENT AND STRATEGY

3.1. SUSTAINABILITY MANAGEMENT STRUCTURE

Corticeira Amorim reflects continually on its corporate governance in the light of Portuguese and international best practices, the developing circumstances of its business activities and the challenges to which it has to respond. As a result, it has implemented a set of measures that seek to strengthen internal control and oversight systems, increase transparency, encourage the participation of all stakeholders in the life of the company and ensure the sustained creation of value.

Best corporate governance practices are a cornerstone of Corticeira Amorim's sustainable development. The Corporate Governance Report sets out in detail the structure and practices of corporate governance, describing on the website *https://www.amorim.com/en/sustainability/management-of-corporate-sustainability/* the material considered relevant or complementary to this report, in particular

- listening to and involving stakeholders;
- the organisational structure supporting corporate sustainability (CS) management.

The integrated sustainability management system is based on Corticeira Amorim's mission and values. It advocates:

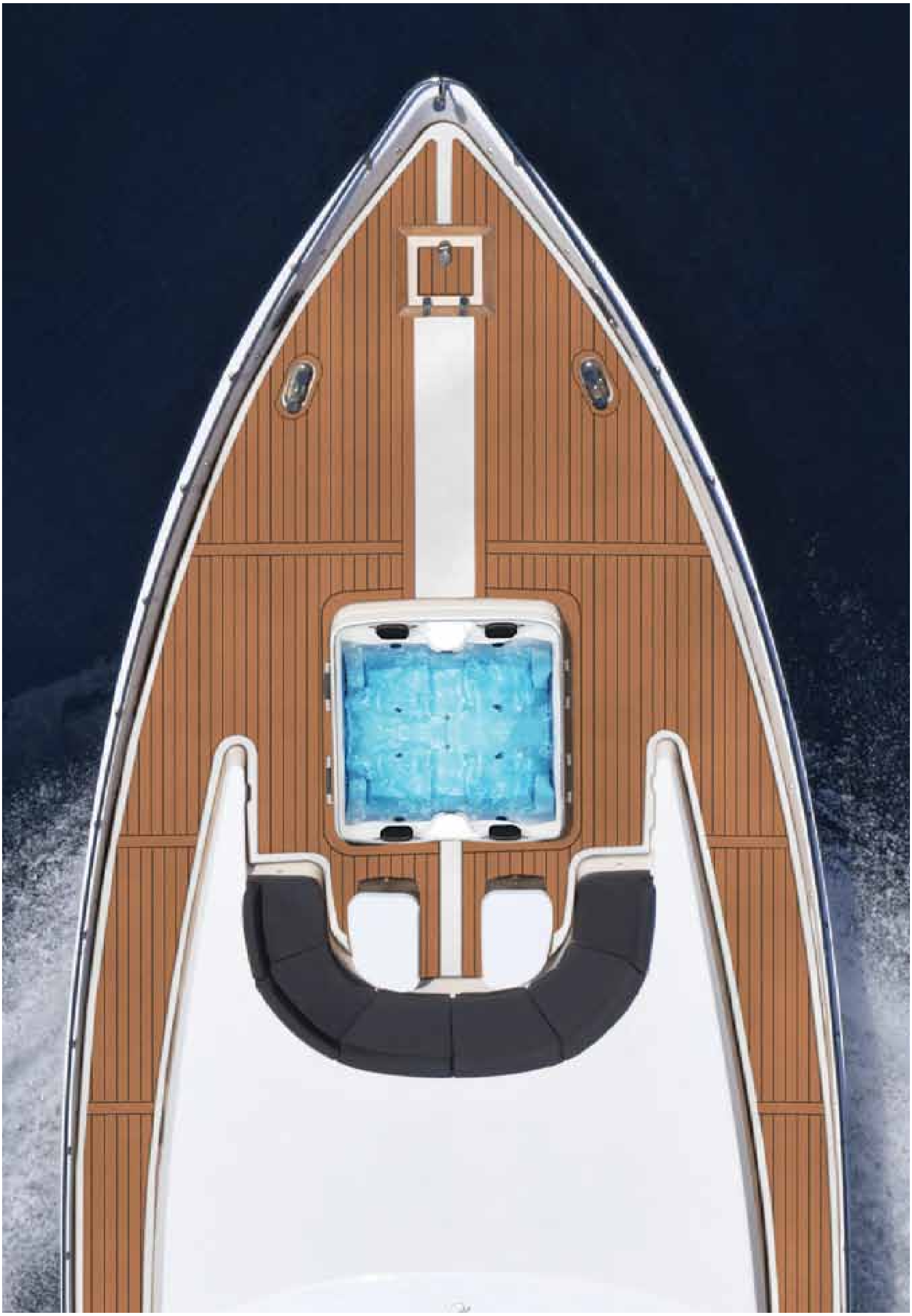
Interaction with stakeholders, especially listening to them regularly. This is considered fundamental for validating strategic options and for gauging expectations regarding the matters that stakeholders want Corticeira Amorim to monitor and communicate to them. Additional information about the most recent stakeholder consultation can be found in subchapter 3.2. Engagement with Stakeholders.

Strategy: The strategic alignment of the whole organisation is strengthened by the use of the balanced scorecard method. It falls to the Board of Directors to approve strategic goals, strategic initiatives and priority actions. The integration of processes with the strategic perspectives of the balanced scorecard strengthens sustainable development practices by aligning the different management subsystems that promote efficiency, as shown here: *https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/*.

Operations: the teams responsible for implementing sustainable development practices at each BU, acting in accord with a structured program called Natural Choice, implement the initiatives and actions required to meet defined goals and regularly monitor performance.

Support structure: the organisational structure facilitates the management and alignment of the sustainable development strategy and policies and practices that derive from it. The support area focuses on coordinating the activities of each BU and their respective functional areas with the Executive Commission responsible for their monitoring and supervision, as set out in the diagram in chapter B. Corporate Boards and Committees of the Company Corporate Governance Report. António Rios de Amorim oversees sustainability.

Management and Strategy in the Corticeira Amorim Group

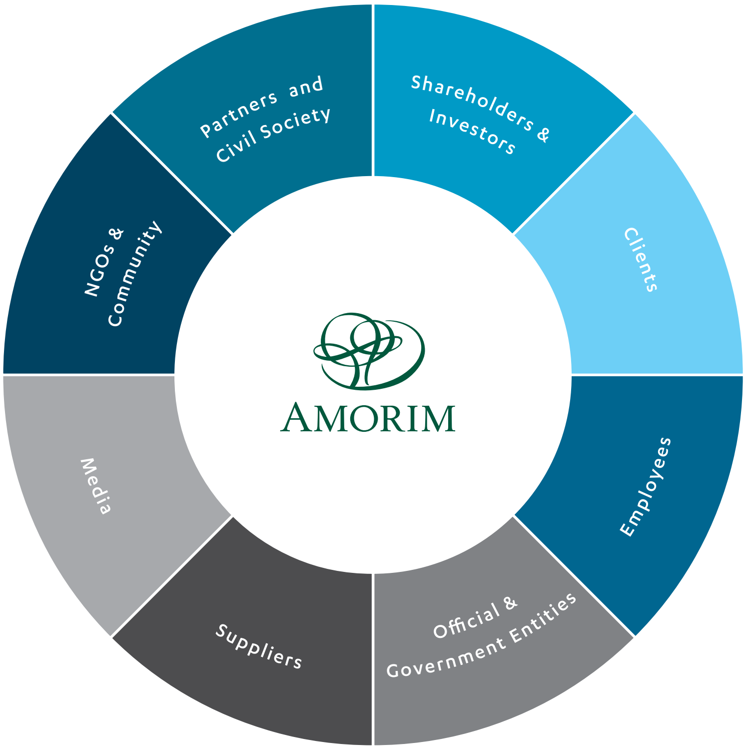


3.2. ENGAGEMENT WITH STAKEHOLDERS

Corticeira Amorim recognises all its stakeholders as fundamental to the continuation of its activities and to the success of the company. Corticeira Amorim considers that all its stakeholders fulfil important roles in validating its strategic options. The sustainable management of Corticeira Amorim takes into account their concerns and expectations in deciding what issues require monitoring and communicating.

Corticeira Amorim's Stakeholders

Corticeira Amorim's stakeholders include all those persons or institutions that affect and/or are affected by the company's activities, products or services and by its performance.



Main Means of Communication with Stakeholders

Corticeira Amorim seeks to manage engagement and communication with its stakeholders in the best way possible for understanding and responding to their concerns and expectations. To this end, the company uses a differentiated range of communication methods and channels, as summarised in the following table. The communications methods used are subject to regular review.

Shareholders and Investors	Clients	Employees	Official and Government Entities
General Meeting of Shareholders	Website	Website	Website
Roadshows	Information Brochures	Intranet	Report & Accounts (annual)
Website	Quarterly Newsletter	Informative panels in the company´s premises	Sustainability Report
Report & Accounts (annual)	Digital Newsletter	Quarterly Newsletter	Regular publication of the Company´s operation performance evaluation reviews
Sustainability Report	Participation in fairs and events in the sector	Principles, Procedures and Policies	Support to initiatives / projects
Management Report	Scheduled visits of the sales departments	Staff Gathering	Working Groups
Regular publication of the Company´s operation performance evaluation reviews	Visits to the facilities of Corticeira Amorim	Satisfaction surveys	
Personalised attention to requests from shareholders and investors	Customer satisfaction surveys	Performance management system	
Visits to the facilities of Corticeira Amorim	Cooperation Protocols regarding R&D	Various seminars and workshops	
Quarterly Newsletter	Sustainability Report	Organisation of themed weeks and awareness-raising activities	
Digital Newsletter		Regular publication of the company´s operation performance evaluation reviews	

Suppliers	Media	NGOs & Community	Partners & Civil Society
Website	Website	Website	Website
Visits to the facilities of Corticeira Amorim	Press releases	Visits to the facilities of Corticeira Amorim	Cooperation protocols regarding R&D
Meetings and periodic contacts	Report & Accounts (annual)	Initiatives for involvement with the local community	Publication of technical articles
Consultation for selection and assessment of suppliers	Sustainability Report	Collaboration in initiatives for protecting cork oak forests and environmental quality	Visits to the facilities of Corticeira Amorim
Awareness-raising and technical support programmes	Regular publication of the Company´s operation performance evaluation reviews	Environmental education initiatives	Periodic meetings
Sustainability Report	Personalised programmes for journalists (visits and interviews)	Sustainability Report	Personalised attention to requests from partners and civil society
			Sustainability Report

Stakeholder Consultation

Corticeira Amorim has defined a regular stakeholder consultation and engagement process that enables the company to identify the core sustainability issues to considered among future priorities and for designing a strategy for their respective engagement.

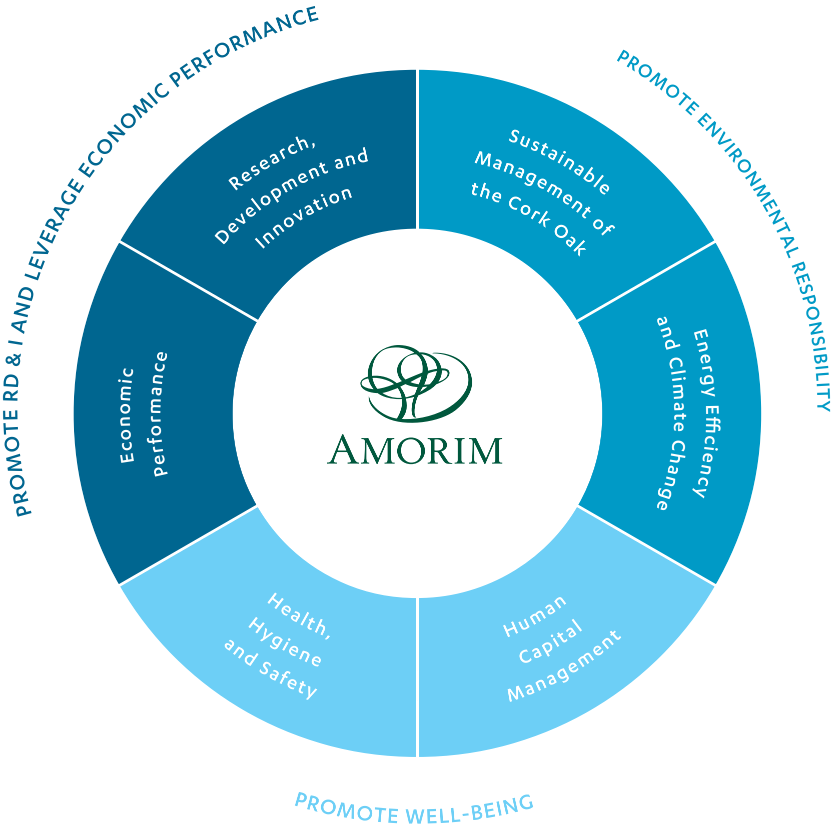
The most recent consultation process took place in 2015, with 95% of the sample consulted reporting that Corticeira Amorim is an active organisation in terms of sustainability related matters that presents a clear vision of its responsibilities. The methodology and the results of this consultation process can be found in the 2015 sustainability report available at *https://www.amorim.com/xms/files/Sustentabilidade/Relatorios/Relat_sust_2015_EN_web_protect.pdf*.

In 2018, Corticeira Amorim plans to consult its stakeholders again to identify and evaluate sustainability related themes and issues.

3.3. SUSTAINABLE DEVELOPMENT PRIORITIES

The strategic priorities for sustainable development identified by Corticeira Amorim comprise economic, environmental and social concerns that take into consideration the results of consulting stakeholders, benchmarking analysis, internal commitments and policies and alignment with the 17 goals set out by the United Nations Sustainable Development Goals (SDGs).

Given an identified need to undertake an internal process of reflection aimed at improving the definition of goals related to sustainability and organisational requirements for meeting them, the company has embarked on a detailed analysis of its practices. As this analysis is still under way, it would be inappropriate to include any concrete objectives or targets for the coming years in this report.



Ambitions established by the United Nations Sustainable Development Goals (SDGs)

Approved by 193 countries in September 2015, the 17 SDGs make up part of the 2030 sustainable development agenda of the United Nations. They are the result of governments and citizens all around the world working together to establish a new global model capable of ending poverty, providing prosperity and well-being for all, protecting the environment and combatting climate change.

In 2017, Corticeira Amorim strengthened its commitment to meeting the ambitious targets set out in the SDGs by signing up to the charter of principles of the BCSD Portugal (as explained in the note to sub-chapter 2.2. People and Culture) and took its first step towards aligning its sustainability strategy with the 17 SDGs, weaving them into its specific operating areas.

Corticeira Amorim's sustainability strategy aligns with 11 of the 17 SDGs.

Strategic priorities identified by Corticeira Amorim	Sustainable Development Goals																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Economic																	
Economic Performance								■									
Research, Development and Innovation									■								
Social																	
Human Capital Management	■			■	■			■		■							
Health, Hygiene and Safety			■														
Environmental																	
Sustainable Management of the Cork Oak													■		■		
Energy Efficiency and Climate Change							■					■	■				
Global	1	0	1	1	1	0	1	2	1	1	0	1	2	0	1	0	0

No Poverty

Good Health and Well-Being

Quality Education

Gender Equality

Affordable and Clean Energy

Decent Work and Economic Growth

Industry, Innovation and Infrastructure

Reduced Inequalities

Responsible Consumption and Production

Climate Action

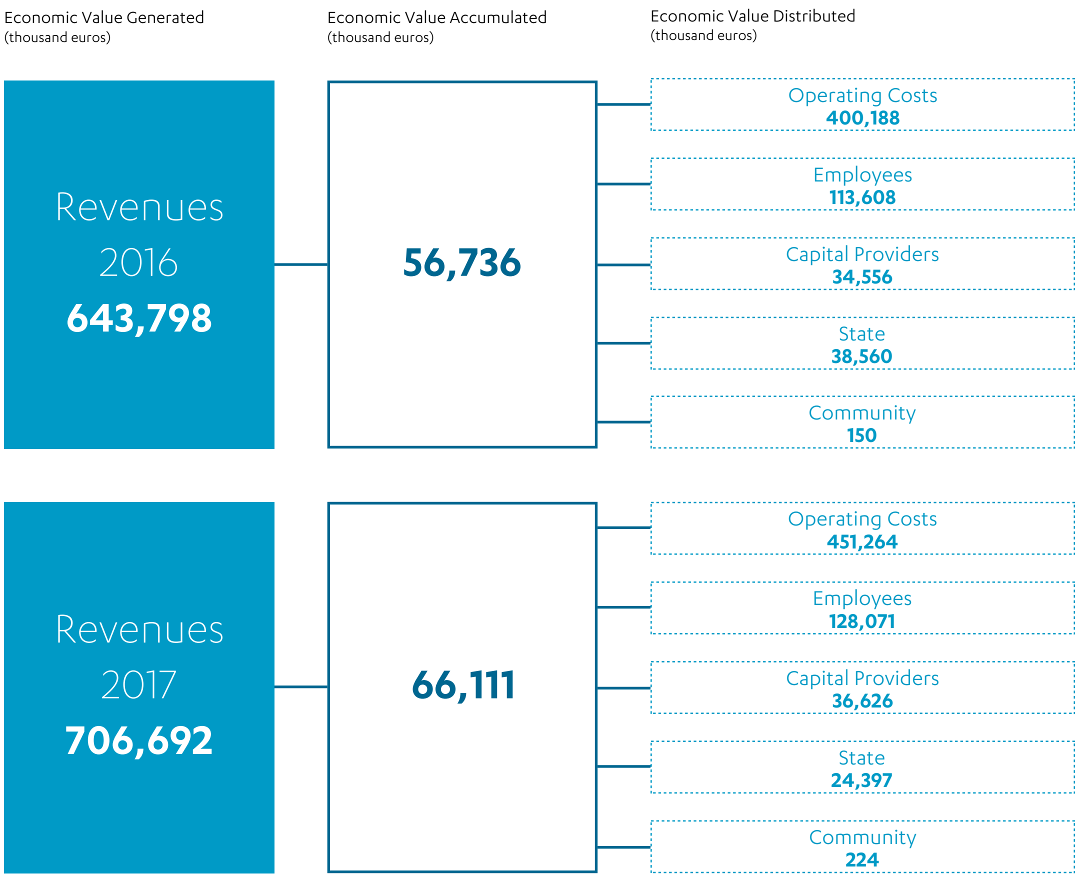
Life on Land

4

PROMOTING RESEARCH, DEVELOPMENT AND INNOVATION AND LEVERAGING ECONOMIC PERFORMANCE

4.1. ECONOMIC PERFORMANCE

In 2017, Corticeira Amorim generated total revenues of €706.7 million and distributed €640.6 million to its various stakeholders; in 2016, the group generated revenues totalling €643.8 million and distributed €587.1 million to its stakeholders.



In every country the group operates in, Corticeira Amorim contributes to local social security regimes covering all its employees in accordance with the specific legislation in effect. In 2017, this contribution rose to €20 million, up from €17.8 million in 2016.

Ratio of the lowest wage to the Portuguese minimum salary

As is the case in most sectors in Portugal, wage levels for different categories of employees are regulated by collective employment contracts. In the case of the cork industrial sector, the minimum wage agreed under the collective employment contract in question in 2017 was €760.45. The ratio this salary to Portugal’s minimum national wage was 1.37.

In addition to full compliance with its legal obligations, Corticeira Amorim also awards bonuses and additional payments of different types, among other benefits.

Financial Incentives

Focused on continuously leveraging the development of new cork solutions that offer the market high added value, Corticeira Amorim received operating subsidies totalling about €0.7 million in 2016 and 2017, primarily to support research, development and innovation projects.

4.2. RESEARCH, DEVELOPMENT AND INNOVATION

Research, development and innovation (R&D+I) is strategic to business development and value creation for all Corticeira Amorim's BUs.

With a strong emphasis on qualitative improvement, the company expands knowledge to enhance production processes and technologies, leading to the creation of new products. In addition to the specific R&D+I skills of each BU, the company has established Amorim Cork Research as a key independent structure covering the whole group.

R&D+I currently accounts for an annual average investment of more than €7 million. A far greater sum is invested in latest generation technologies and exclusive production processes.

The company's R&D+I policy is guided by the following principles:

- Developing new products and markets for cork;
- Seeking out new technological solutions, in terms of both products and processes, in partnerships with customers, suppliers and other bodies;
- Strengthening the reputation of its brands through the constant evolution of product ranges in response to new market and consumer trends;
- Fostering a culture of innovation through an environment favourable to the creativity, critical spirit and initiative of employees, nurturing team work and mutual assistance;
- Valuing innovative practices;
- Establishing an environment that provides incentives for boldness, assuming risks and failures as an inherent part of the innovation processes;
- Providing continuous training for employees in support of their professional and personal fulfilment;
- Facilitating internal and external communications, establishing new channels for exchanging information and improving existing ones;
- Permanently seeking to implement the best management and monitoring practices and identify opportunities for improvements.

Raw Materials

With the objective of changing the current panorama of the cork oak forest, the Forest Intervention Project seeks to strengthen the productivity and quality of cork oak forests. The R&D department of the Raw Materials BU studies and develops new processes for improving the quality and competitiveness of its customers' products, its customers being the other Corticeira Amorim BUs.

Cork Stoppers

The R&D+I department of the Cork Stoppers BU has focused on increasing knowledge and awareness about the interactions between cork stoppers and wine, product innovation and the consequent improvements in the quality of cork stoppers.

Floor and Wall Coverings

In the case of the Floor and Wall Coverings BU, significant investment in R&D+I has generated new and pioneering technological solutions highlighted by the development of new flooring collections that incorporate cork.

Composite Cork

The Composite Cork BU is a case study of success in strengthening the potential of cork.

The strategy of aligning R&D+I with advanced engineering processes has led to the emergence of new products and new applications for cork-based composite materials.

Insulation Cork

The R&D+I work of the Insulation Cork BU is based on the challenge of creating environment friendly products on an industrial scale without recourse to additives and requiring only low levels of energy consumption. These products are primarily designed for sustainable construction.

Amorim Cork Ventures

This business incubator was launched with the goal of nurturing the design and planning of new cork-based products and businesses, mainly targeting international markets, providing entrepreneurs with access not only to financing but also to management skills, know-how and a network of contacts spanning different countries. Amorim Cork Ventures channelled an accumulated total of €409,000 into four start-ups between 2015 and the end of 2017. For further information is provided in chapter 5. Amorim Cork Ventures, of the Consolidated Management Report.

Amorim Cork Research

Corticeira Amorim deploys a transversal structure that brings together skills in its key R&D+I areas of products and processes in an approach designed to complement the work at the different BUs. Developing these R&D projects has resulted in the definition of four innovative solutions, now in the industrial operating phase, for manufacturing products that apply "know-how" developed by Amorim Cork Research.

In 2016 and 2017, expenditure on Amorim Cork Research projects amounted to €1.1 million and €0.9 million respectively (€0.9 million in 2015).

Patents

In 2016 and 2017, Corticeira Amorim continued to strengthen protection of its intellectual property. This sustained approach was implemented through the submission of requests for sixteen new patents. In this way, the company has positioned itself as an important global partner and an example of innovation in perfect harmony with nature.

The leading activities and projects under development in 2016 and 2017 are detailed in the chapter Innovation Research & Product Development of Consolidated Management Reports for the respective years.

5

PROMOTING ENVIRONMENTAL RESPONSIBILITY

5.1. ENERGY EFFICIENCY AND CLIMATE CHANGE

The contribution made by Corticeira Amorim to combating climate change involves continuous improvements to its energy performance, with a corresponding reduction in greenhouse gas emissions.

The company's input also extends to the implementation of production technologies and processes in the development of its products, guaranteeing the most efficient use of the cork consumed through the whole industrial cycle.

As one of the leading supporters of cork recycling programs on the global scale, Corticeira Amorim also contributes to combatting climate change, extending the life cycle of cork through recycling and delaying the release of carbon emissions embedded in cork back into the atmosphere.

In 2013, Corticeira Amorim established an environmental policy common to all its BUs and holding companies. In alignment with its principles and sustainable management practices, it made commitments to:

- Guarantee compliance with all legal stipulations and other requirements agreed to by the organisation and applicable to all the environmental aspects of its activities, products and services;
- Control significant environmental impacts and contribute to preventing pollution:
- Act proactively to evaluate and take preventive measures appropriate to minimising the environmental impacts specific to each activity, applying, whenever viable, the best practices and technologies available.

To implement these commitments, the various Corticeira Amorim BUs have set up different management systems and gained certification under the diverse norms as described in chapter 2.2. People & Culture. Mention should also be made of the Energy Efficiency Forum that several times a year brings together the energy managers from each BU with the aim of improving performance and operating efficiency. The 27th and 28th editions of this forum took place in 2017.

Half of the dry weight of cork is carbon, that is, approximately 1.7g of carbon per natural cork stopper or 6.2g of CO_2.

CASE STUDY

Raw Materials BU Environmental Management System

The Environmental Management System of Amorim Florestal – Coruche Industrial Unit (IU) received its ISO 14001:2004 certification in August 2016, a goal arising from the commitment to environmental management taken on by Corticeira Amorim in 2013 that reflects its concern the principles and best practices of sustainable management.

The ISO 14001 implementation process resulted in several improvements at the Coruche IU, including the installation of a more efficient gas and biomass boiler, increasing the height of its chimneys, and installing a biological wastewater treatment plant for the secondary treatment of liquid effluents. A new roof was constructed over the wastewater treatment plant as well as grounded retention basins for storing alcohol tanks. Other installations included two boiler-meters and a spectrophotometer for daily analysis and monitoring the COC (Chemical Oxygen Consumption) of industrial effluent. Transparent roofing was installed in the disc-manufacturing zone. In addition to reducing energy consumption, this provides natural light that makes working in these industrial areas more pleasant.

In this process, the greatest difficulties related to the amount of investment required, relations with the authorities responsible for industrial licensing and, in the behavioural field, raising the awareness of employees in regard to the correct treatment of waste.

In addition to structural improvements and legal compliance, the process resulted in other organisational and behavioural benefits. An environmental plan portraying the respective environmental impacts and evaluating the significance of the process and the contributions made by the company was drafted and kept up to date. This process also involved the implementation of Kaizen environmental procedures for monitoring the evolution of the environmental management system as well as measures for recording, evaluating and dealing with any non-conformity. The process led to an increase in the number of employee training/awareness-raising hours focused on controlling and processing waste.

These efforts and investments, among others already described, resulted in a reduction in environmental impacts resulting from company activities and improvements in recycling rates.

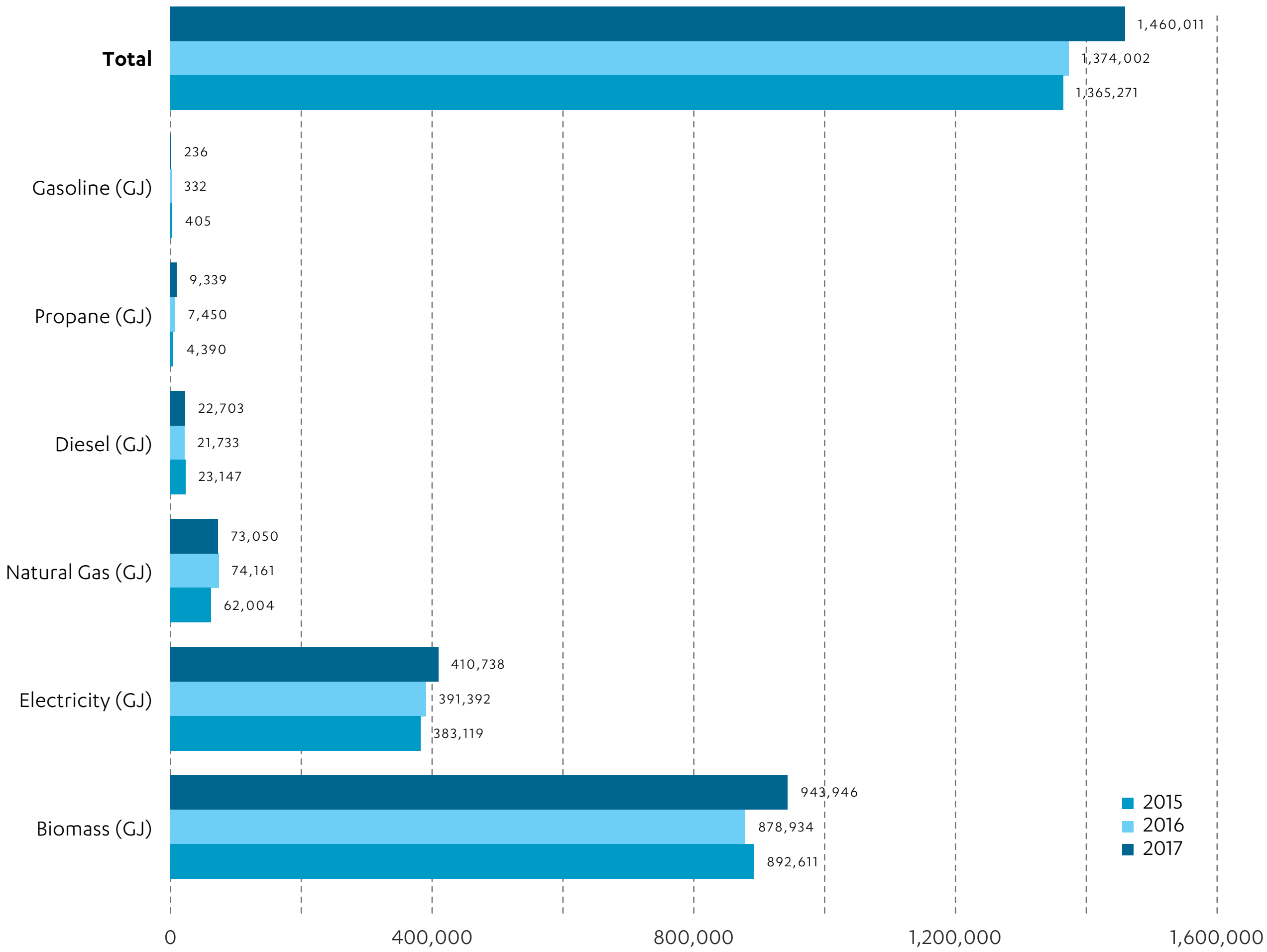
IN 2017, 65% OF ENERGY CONSUMED WAS GENERATED BY CORK DUST AND OTHER BIOMASSES (64% IN 2016)

Energy

Energy consumption by Corticeira Amorim, measured in GJ, rose in 2016 and 2017 in comparison with 2015 in keeping with the increase in business activities, while the energy mix remained practically unaltered.

Corticeira Amorim has invested in improvements to the process by which its endogenous resource – cork dust – continues to be its core energy source, thus reducing its consumption of fuels derived from non-renewable sources. In 2017, 65% (64% in 2016 and 65% in 2015) of the company's energy needs were met by using this energy source, ranked as neutral in terms of CO_2 emissions.

Biomass (GJ)	943,946
Electricity (GJ)	410,738
Natural Gas (GJ)	73,050
Diesel (GJ)	22,703
Propane (GJ)	9,339
Gasoline (GJ)	236
Total (GJ)	**1,460,011**



Energy Intensity

	2017	2016	2015
Energy Intensity (GJ/M€ sales)	2161	2,142	2,257

Aware of the significant economic costs, as well as the important environmental impacts, such as climate change and the exhaustion of natural resources, Corticeira Amorim carefully manages its energy use, seeking to improve its energy efficiency to reduce consumption levels as well as the associated costs and environmental impacts.

In 2016 and 2017, a series of initiatives designed to rationalise energy consumption were implemented: directly, through actions related to technology and the efficiency of energy--consumption equipment (alterations and improvements to compressed air, lighting, and power drive systems, other processes and thermal energy) and, indirectly, through the certification of energy management systems under the ISO 50001 standard. The implementation of this norm enabled the five industrial units in the Cork Stoppers BU, which served as pilots for implementation, to establish systems and processes to improve their energy performance, use and consumption, prioritising in particular more efficient usage of already available energy sources. This led to reductions in greenhouse gas and other environmental emissions, as well as decreases in related costs.

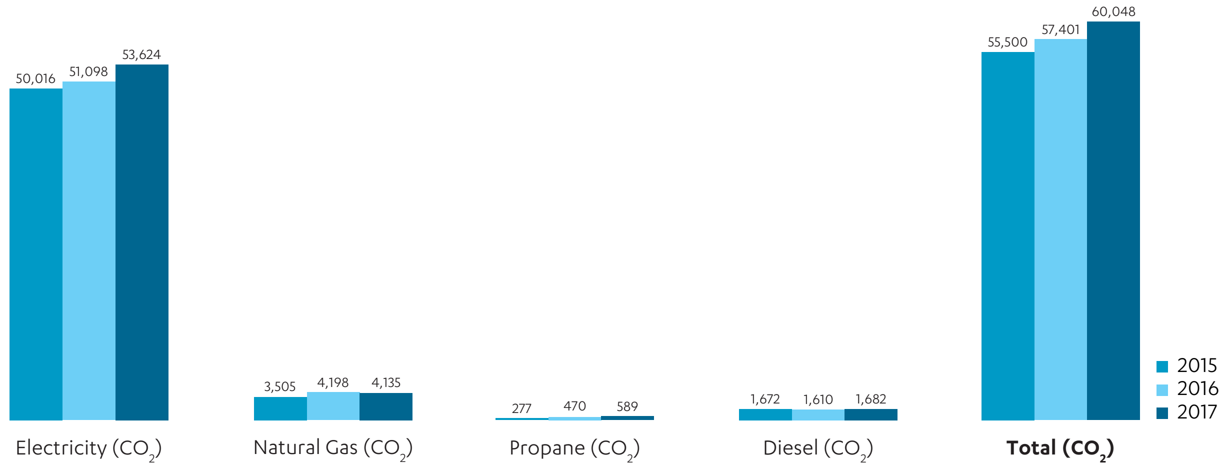
A total of €1.8 million was invested in energy efficiency in 2016 and 2017, resulting in energy savings of more than 50,000 GJ, equivalent to preventing the emission of more than 5,000 tons of CO_2.

Emissions

Despite the rise in activities in the period under analysis, Corticeira Amorim registered, in relative terms, a decrease in the carbon intensity of its operations of 88.9 tons of CO_2 for each €1 million sales in 2017 (compared with 89.5 tons in 2016).

60,048 t CO_2 – CO_2 Emissions

88.9 t CO_2/€1 million of sales – Carbon Intensity of Business Activities



Carbon Intensity

	2017	2016	2015
Carbon Intensity (t CO_2 / M€ sales)	88,9	89,5	91,8 *

*For comparative purposes, recalculated as methodological notes

To calculate the CO_2 emissions resulting from the consumption of propane gas, natural gas and diesel, the company considered the same emission factors as those applied in the 2015 sustainability report.

In regard to electricity, and to align with the recommendations set out in the Greenhouse Gas Emissions Protocol – Corporate Norms for Transparency and Accounting issued by the World Resources Institute/World Business Council for Sustainable Development, the present report reflects changes to the criteria following the calculation of the indirect energy emissions (scope 2) applying the location-based method and the Intensive Energy Consumption Management System (SGCIE), dispatch 17313/2008, emission factor. Applying the market-based methodology, would have resulted in indirect energy emissions of 54,792 t CO_2 in 2017 and 41,485 t CO_2 in 2016 (2015: 54,453.8 t CO_2– recalculated according to the most recent emission factor information provided by the energy supplier).

Upstream and Downstream Activity in the Value Chain

In 2015, Corticeira Amorim ascertained the consumption and emissions associated with upstream and downstream activity in the value chain for the first time.

The figures presented below include the most relevant part of the value for the activity in Portugal, taking in a broader range than that applied in 2015, in particular taking into account 95% of upstream and downstream transport and distribution operations (30% in 2015).

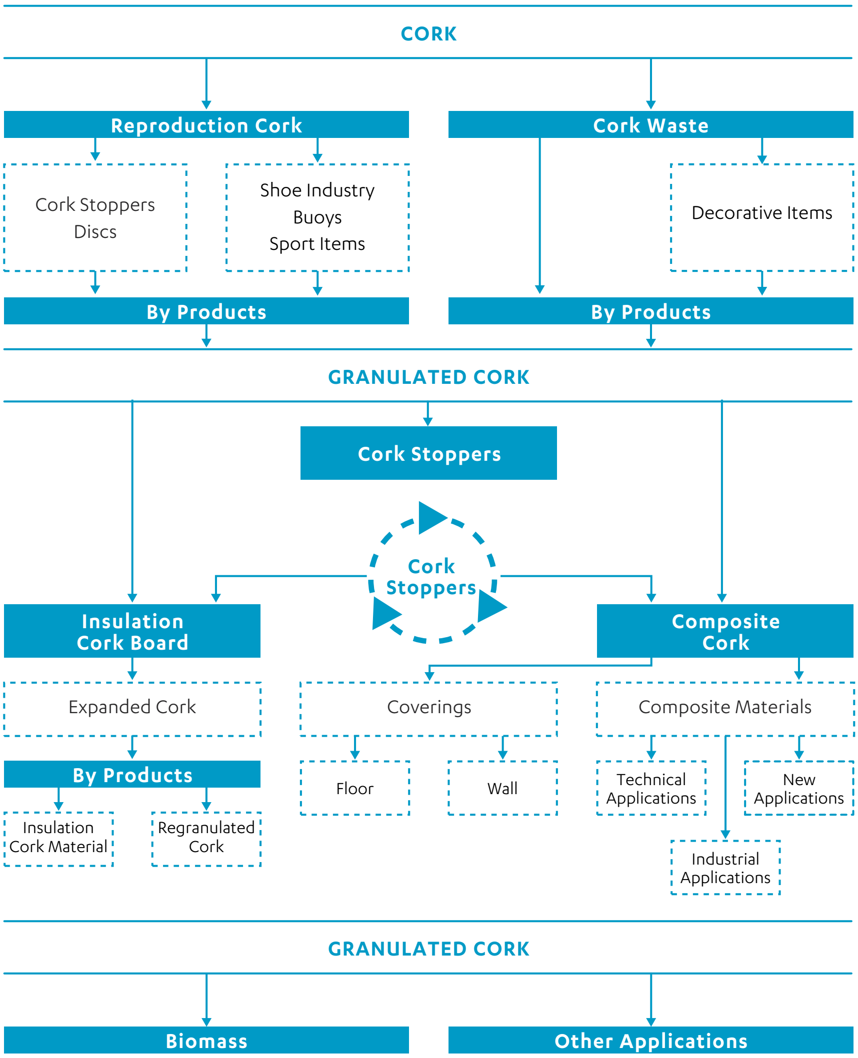
	2017		2016	
	Consumption outside the Organisation (GJ) (Portugal Scope)	CO_2 Emissions – Scope 3 (t CO_2) (Portugal Scope)	Consumption outside the Organisation (GJ) (Portugal Scope)	CO_2 Emissions – Scope 3 (t CO_2) (Portugal Scope)
Transport and upstream distribution	364,681	27,022	510,153	37,801
Waste generated in operations	3,199	237	4,020	298
Business travel	16,420	1,175	14,953	1,075
Employee transport	32,458	2,405	29,536	2,188
Transport and downstream distribution	911,767	67,072	879,941	65,203

Circular Economy

Corticeira Amorim has identified optimising the use and consumption of cork throughout the production cycle as a key strategy. By-products generated during the cork stopper production process and cork that does not meet production standards are used in other high added-value applications. Cork not suitable for use in such products is used as a source of energy in the form of biomass, deemed neutral in terms of CO_2 emissions.

As a result, there is no wastage and no cork waste is generated – no cork is lost and everything is used to generate value. Even the raw material generated by the maintenance of cork oak forests (pruning trimmings) is used in the production of floor and wall coverings and insulation cork solutions, as well as for a multiplicity of other purposes.

The diagram below illustrates the cork transformation process adopted by Corticeira Amorim, and some of the applications resulting from its integral application, a paradigmatic case of the circular economy.



IN THE CORK INDUSTRY, NOTHING IS WASTED AND EVERYTHING IS TRANSFORMED.

CASE STUDY

Circular Economy in the Composite Cork BU

The origins of Amorim Cork Composites within Corticeira Amorim exemplify the use of by-products and other sources of cork that, due to their technical characteristics, are of little interest cork stopper production. Given the opportunities for leveraging the performance of the composite materials developed and produced by Amorim Cork Composites, this business unit has expanded its range of action to incorporate other non-cork by-products, in particular the foams and other polymers left over by the footwear, automobile and packaging sectors. The focus has been on synthetic rubbers, polyethylene, polyurethanes and ethylene-vinyl acetate (EVA) foams that complement cork as a material for designing new value proposals. The synergies stemming from combining cork with these materials could unlock the potential for creating a panoply of new products across a wide range of segments.

The discarded products generated by Amorim Cork Composites' production operations are themselves incorporated into manufacturing processes. This has been implemented through a phased approach, complemented by greater knowledge about the core raw material – cork – and the means for realising the potential of some of its characteristics, focusing on performance and the technology underpinning the product and its applications. This approach has also benefitted from a greater store of company knowledge about business models and the critical factors required to benefit from the characteristics associated with the circularity of materials.

The most recent flooring underlay, created by Amorim Cork Composites in 2017, is an example of a product with a life cycle based on the circular economy. Specifically developed for the luxury vinyl tile (LVT) sector, it combines cork with EVA sourced from the footwear industry. Creating this innovative composite combining cork with EVA granulates resulted in the production of an underlay with a high quality acoustic performance that is able to withstand indentation (ISO 24343-1). It is also an excellent option for levelling irregular flooring surfaces.

The new underlay, produced from natural and recycled materials, helps both preserve the planet's natural resources and minimise problems related to waste disposal in landfills.

For Amorim Cork Composites, the major challenges involved in using these raw materials relate to guaranteeing homogeneity and ensuring the quantities needed for manufacturing while at the same time always maintaining quality control standards to ensure that the product offers the customer value. In the case of materials used in the circular economy, especially those with lower density levels, logistical costs can often make the recycling of by-products economically unviable, making the logistical component particularly important.

Competitive advantages includes:

- elimination of waste,
- reduced raw material costs,
- exploring new business opportunities.

In 2017, focusing on the development of new products from the perspective of the circular economy, Amorim Cork Composites launched a pilot factory project focused on innovation – i.cork factory. Over the next two years, an investment will be made in technologies and processes with the main aim of using raw materials from the circular economies of other industries, especially low-, medium – and high-density foams. The aim is to create and run a programme for collecting, conceiving and designing new products based on combing natural materials and the discarded/by-products of other industries, combining them with cork.

Eco-efficient Products

Cork is the bark of the cork oak. A natural raw material, harvested in cycles of nine years without damaging the tree, its properties lend it an unparalleled character. It is light, waterproof, elastic and compressible, provides thermal and acoustic insulation, is slow to combust and resistant to friction. It is also fully biodegradable, renewable, recyclable and reusable, making it a product that can circulate continuously through the economy.

Cork is an excellent ecological alternative to high-impact non-renewable materials and, in a world where innovation and ecology go hand in hand, has attracted the interest of more and more sectors taking advantage of the characteristics of cork to create new products and solutions that also contribute to society adapting, mitigating or correcting the impacts of climate change, resource dilapidation and environmental erosion, leading to an industrial transition to a low carbon economy.

Waste

Corticeira Amorim does not consider cork dust as waste, but uses it as an energy resource. The company recognises the importance of recovering waste with a view to prolonging its useful life in the economy and reaping the benefits of reducing raw material use, saving energy and water, reducing the need for waste treatment and mitigating the negative impacts of landfills and incineration. In 2017 and 2016, 90% of the total waste generated by Corticiera Amorim was recycled by authorised agents and only 10% was eliminated.

90% – Used Waste

10% – Disposed Waste

	2017	2016	2015
Hazardous Industrial Waste	282	249	278
Recovery	170	116	72
Disposal	112	134	206
Non – Hazardous Industrial Waste	8,544	9,559	9,292
Recovery	7,811	8,683	8,368
Disposal	733	876	925
Total	**8,826**	**9,808**	**9,571**

(Ton)

Recycling cork

One of the environmental advantages of recycling cork lies in the fact that it incorporates carbon absorbed by the cork oak, which is held there throughout the cork's lifetime. Increasing the life cycle of cork through recycling delays the release of this carbon back into the atmosphere.

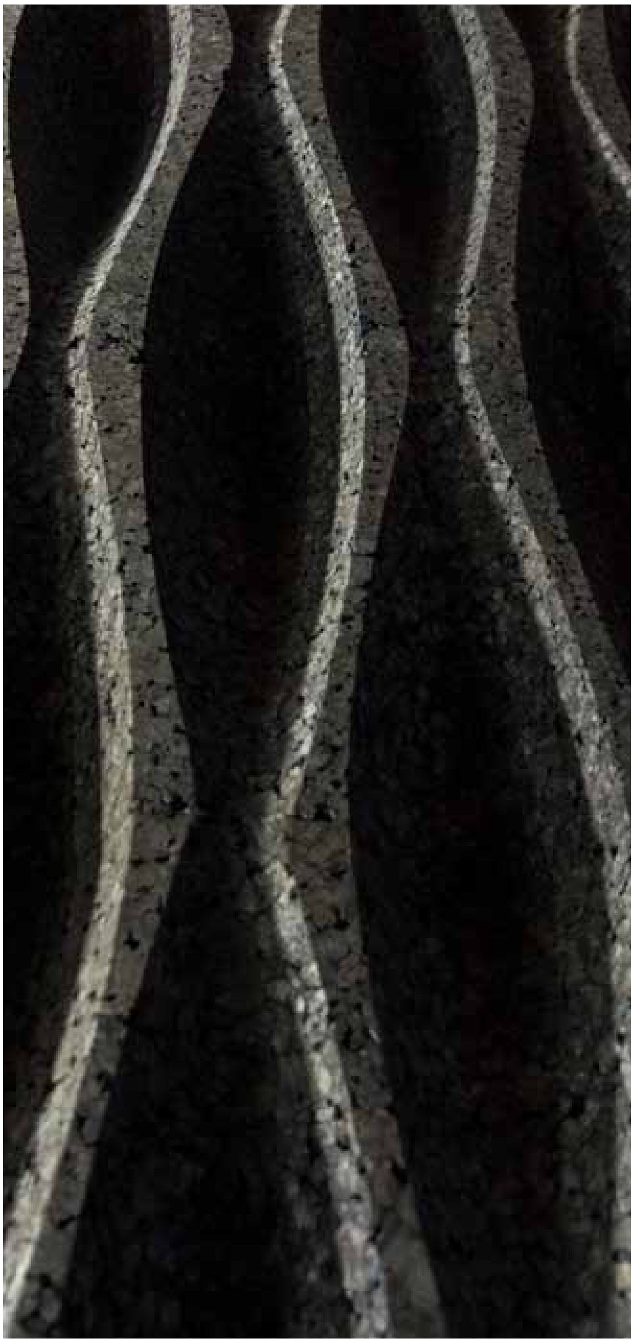
Although not used in cork stoppers, recycled cork can have a second life and be used for a multiplicity of other purposes, extending its life cycle and the related environmental benefits.

Cork stoppers and other cork products are collected, treated and ground at one of three Corticeira Amorim industrial units in Portugal licensed for recycling cork. After being processed into granules, it can be reintegrated into the production process and used to produce composite and insulation cork agglomerates. .

The company supports several initiatives for the selective collection and recycling of cork stoppers, a concept that originated in Portugal in 2008 with the launch of the Green Cork project, a partnership between Corticeira Amorim and Quercus, Portugal's leading environmental association. The project was subsequently extended to other countries, including Spain, the US, Canada, France, Italy, the UK, South Africa and Australia.

"Besides involving a less wasteful extraction process and the versatility in the potential product applications, cork is biodegradable, easy to reuse and is resistant enough to be cycled through the economy several times"

CIRCULATE BY ELLEN MACARTHUR FOUNDATION CIRCULATE, 09/06/2015



In 2017, 342 tonnes of cork (279 tonnes in 2016) were recycled at the company's industrial plants.

GREEN CORK
PROJETO DE RECICLAGEM DE ROLHAS DE CORTIÇA

Green Cork is a Portuguese program for the selective collection and recycling of cork stoppers. It was created in 2008 in conjunction with Quercus and other partners. The programme was designed to promote a new recycling practice in Portugal – the collection of used cork stoppers – and, at the same time, to increase their CO_2 retention period. Another aim is to increase public awareness of the environmental benefits of cork products as they support an ecosystem that provides innumerable environmental benefits and includes one of the world's "biodiversity hotspots". Green Cork also finances the Common Forest project, which supports the planting of native Portuguese trees, namely the cork oak.

Since its inception, the program has been responsible for collecting more than 77.9 million cork stoppers and has contributed to the planting of almost 871,000 trees in various parts of Portugal.

Participating in Green Cork is simple, just save cork stoppers and go to any of the collection points shown here:
http://www.greencork.org/participe/.

E
TI
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The ETICO project was launched in 2011, the result of an ambition by Amorim Cork Italy to collect an increasing number of the millions of cork stoppers used every year in Italy and thus recover a 100% recyclable raw material.

Over the years, Amorim Cork Italy has involved institutions and associations throughout Italy. Currently, around 1,000 volunteers run more than 5,000 collection points throughout the country.

The project is called ETICO because, for every ton of cork stoppers collected and delivered to Amorim Cork Italy, the association that collects them receives a donation for their projects. Part of the contribution comes from the sale of cork stoppers to companies that process them into cork granules, to which is added a voluntary contribution made by Amorim Cork Italy.

Thanks to the many volunteers of these organisations, millions of used cork stoppers are given new life – in a figurative sense through the financing of solidarity projects; in a literal sense because the cork stoppers themselves become part of the circular economy and, after grinding, are given a new life in the form of cork agglomerate, widely used in the sustainable construction sector for the production of insulation panels with FSC Recycled certification and in the world of design, as is the case of the leading furniture design company Riva1920 that, during the Salone del Mobile 2017 in Milan, presented a table made of recycled Amorim stoppers submerged in transparent resin.

The ETICO project is a unique initiative that has been awarded the special Legambiente prize and has been featured at the Giacimenti Urbani event.

Recently, the ETICO project launched the "Eticork – Amorim Loves the Planet" award for eco-solidary projects in the wine sector in Italy that stand out for the depth of the impact they make and their importance in a particular area. In 2017, the award went to the Carlo Pellegrino wine company for the initiative "Together for Pantelleria". Following the fires that the island suffered in 2017, this important wine producer raised funds to create a guided nature reserve where they will reproduce endangered botanical species, an invaluable heritage for the island and for the world.

Since its launch, the ETICO programme has collected more than 58.3 million cork stoppers for recycling.
http://www.amorimcorkitalia.com/campagna-etico

KORKEN FÜR KORK

The sustainable project 'Korken für Kork', created by the social institution Diakonie Kork Epilepsiezentrum with the support of Amorim Cork Deutschland, has led to the collection and recycling of 2 million cork stoppers at the same time as promoting the social integration of people with special needs. The initiative has been made possible by the contribution of Corticeira Amorim customers who return used corks. In the four years to 2016, these corks have been transformed into new products including memo boards and insulation panels. The process involves disabled people who participate in the workshops of Diakonie Kork Epilepsiezentrum, one of the best-known epileptic centres in Germany.

The project makes a valuable contribution to reducing waste and extending the useful life of cork, taking advantage of its sustainable properties and, above all, providing a means for Amorim Cork Deutschland to contribute to community development.

OPÉRATION RECYCLAGE ECOBOUCHON by AMORIM

In an increasingly globalised world, training partnerships between organisations help make sustainability a reality. Amorim France's recycling program was launched in 2009 with the aim of strengthening customer relations by enhancing the environmental credentials of cork stoppers, the wine bottle closure with the lowest carbon footprint, and combining environmental protection with support for a number of social solidarity and health institutions.

Since its launch, the program has collected more than 271.7 million cork stoppers for recycling. Its most important donations include contributions to cancer research and social support activities. www.ecobouchon.com

RECORK

Corticeira Amorim is a partner of ReCORK, the largest cork stopper recycling program in North America, adopted in 2008 by the Canadian shoe company SOLE. The cork stoppers collected through the project's network of more than 3,000 partners are forwarded to units that transform and subsequently incorporate them into the production of SOLE shoe soles. This alliance of companies and individuals works together for environmental change by collecting and reusing cork stoppers.

Since the beginning of the project, more than 75 million cork stoppers have been collected. https://recork.org/

5.2. SUSTAINABLE MANAGEMENT OF THE CORK OAK AND BIODIVERSITY

Sustainable Management of Cork Oak Forests (Montado)

Although it is not a forest owner, Corticeira Amorim recognises sustainable management of the cork oak forests as a strategic priority.

The company stands out for its innovative approaches to Natural Capital. An example of this is the evaluation of the environmental benefits provided by cork oak forests, at the level of individual properties, that established the causal relationships between agroforestry management and benefits to the ecosystem and that attributed a value to them – €100/year per hectare (more information in https://www.amorim.com/en/sustainability/approach/)

Corticeira Amorim is conscious of its role in ensuring the viability of cork oak forests, which sequester 73 tons of carbon dioxide for every ton of cork produced, according to a study by the University of Aveiro's Centre for Environmental and Marine Studies (CESAM) and Portugal's Instituto Superior de Agronomia (ISA), published in 2016.

"If land is not converted into some form of wealth, adapted to the land's own limitations, it has no meaning. The force of the forest is a sustenance that has no price… "

AMÉRICO FERREIRA DE AMORIM

The company's contribution to the maintenance, conservation and enhancement of the cork oak forest is based on the following guidelines:

- Expanding knowledge about the environmental impact of cork products and the ecosystem they support;
- Promoting cork solutions and the development of the cork oak forest as guarantors of the ecosystem;
- Encouraging internal and external awareness initiatives;
- Proactive discussion of policies and proposals for measures to protect the cork oak and conserve cork oak forests, as well as promoting the cork sector, the certification of forest management systems and remuneration of the environmental benefits of cork oak forests. In this context, it seeks to:
- Encourage FSC® certification, making forest producers aware of the benefits of these principles and criteria for responsible forest management;
- Raise awareness among forest owners of the need to conserve cork oak forests and adopt best practices that improve the fundamental benefits that ecosystems provide to the whole population, whether in terms of carbon sequestration, soil formation, regulation of the water cycle, protecting biodiversity or encouraging best forest management practices;
- Join platforms, when appropriate, to encourage responsible consumption of forest products and curb the degradation of forests around the world.

Increasing knowledge relating to the impact of cork products and the ecosystem they make viable

Corticeira Amorim was the first company in the industry to promote the analysis of the environmental impact of its products, namely cork stoppers, comparing the life cycle of cork stoppers with those of aluminium caps and plastic seals. The analysis concluded that cork stoppers are the most environmentally friendly product. More information can be found at *https://www.amorim.com/en/sustainability/integrated-management-system/management-approaches/*.

In 2016 and 2017, a number of life cycle analysis and Environmental Product Declaration (EPD) studies were carried out, especially by the Floor and Wall Coverings, Composite Cork and Insulation BUs, for cork solutions aimed at the construction segment. Through these studies and declarations it has been possible to highlight the superior environmental performance of cork solutions, based on internationally recognised standards.

Analysis of the life cycle of natural cork stoppers

The Natural Cork Stopper Life Cycle Study, conducted by PriceWaterhouseCoopers in accordance with ISO 14040 and ISO 14044 environmental management standards, has classified natural cork stoppers as the best alternative for wine producers, distributors and retailers seeking to minimise their carbon footprint and adopt best practices for environmental performance. According to the study, the production of each natural cork stopper results in the retention of 112g of CO_2, in sharp contrast to the emission of CO_2 imputed to artificial seals.

Analyses of the life cycles of all flooring solutions

All the Floor and Wall Coverings BU's solutions have environmental performance declarations based on life cycle analysis (LCA). The declarations are validated and published by the Institut Bauen und Umwelt e. V. (IBU) at http://ibu-epd.com/en/epd-program/published-epds/. IBU is part of the ECO Platform, an international non-profit association established by the programme's European operators, European trade associations in the construction sector and LCA professionals.

In 2017, the Floor and Wall Coverings BU was the first manufacturer in Europe to mark all its products with a new "TÜV PROFiCERT-product INTERIOR" label indicating that the products meet the requirements of different countries in terms of environmental emissions:

- AgBB (DIBt) in Germany;
- Emissions class A+ in France;
- Belgian VOC regulations on emissions from construction product;
- LEED v4 (outside North America; LEED v4 for BUILDING DESIGN AND CONSTRUCTION, April 5, 2016);
- BREEAM *International New Construction* 2016 (Technical Manual SD233 1.0), Exemplary Level;
- Finnish M1 classification for construction products (Finland);
- RAL UZ 120 (not for PVC flooring), February 2011 (Germany);
- Austrian Eco Label, Guideline UZ 56, floor coverings, version 3.0, January 1, 2015 (the requirements for odour are not included).

Expanded Insulation Corkboard

In a comparative life-cycle analysis between products produced by the Insulation Cork BU and conventional products, expanded cork agglomerates stood out clearly from an environmental point of view. Having virtually unlimited durability, the material retains all its characteristics throughout the product's lifecycle as well as being 100% natural and fully recyclable. It is produced industrially with no use of additives in a process that consumes a reduced level of energy, an unequalled added value that maximises the material's positive impact on the environment. Using natural resources is a priority for the Insulation Cork BU's production process – more than 90% of its energy needs being provided by biomass (cork dust).

Forest Stewardship Council (FSC®) Certification

In 2004, Corticeira Amorim became the first company in the cork industry to receive FSC® chain of custody certification. In anticipation of the needs of the wine industry – the customer for its main product – it also became the first packaging company in the world to receive this certification. Among other initiatives, Corticeira Amorim was responsible, between 2008 and 2015, for a free technical advice service for forest producers together responsible for more than 20,000 hectares of cork oak forest in Portugal. The advice was aimed at identifying and adopting best management practices and supporting biodiversity. The service was launched in October 2007, when Corticeira Amorim joined the European Commission's Business and Biodiversity Initiative, through a protocol established in partnership with Portugal's Institute for Nature Conservation and Forests (ICNF) and two NGOs, WWF and Quercus. As well as the technical advisory service for forest producers, the agreement was also aimed at encouraging forestry research and disseminating best management practices.

Corticeira Amorim continues to focus on product development in accordance with FSC® principles and aims to maintain FSC® certification, a well-known international standard. By the end of 2017, 31 Corticeira Amorim (industrial and/or distribution) units had received chain of custody certification in accordance with FSC® regulations, providing the market with increased guarantees of an ethical business stance in regard to conserving forest resources.

Forestry Intervention Project

All initiatives of the forestry intervention project have a common goal: to ensure the production of more and better cork.

Although Corticeira Amorim does not own cork oak forests, it enjoys a close relationship with the whole cork industry, particularly with forest owners. In this context, the company has led a series of initiatives aimed at making forestry producers more aware of the importance of careful forest management, a vital principle for the sustainability of a sector in which Portugal is the world leader.

In 2013, a favourable moment for Corticeira Amorim and for the whole sector, when cork exports were reaching record levels, the company launched a new project to support cork oak forests (*montado*) called the Forest Intervention Project. The aim was to ensure the maintenance, conservation and valorisation of cork oak forests, and, thus, the continuous production of quality cork. The project was well received by all stakeholders in the field and is being developed in partnership with forestry producers, Portuguese and international research institutions, and local public bodies.

The main goals of the Forest Intervention Project include: improving the installation of irrigation systems, sequencing the cork oak genome, improving the cork oak species and combatting pests and diseases.

In 2017, a first structured plantation of 50 hectares of cork oaks was launched, an innovative project in comparison existing cork oak plantations as it benefits from the installation of an improved irrigation system.

The project was born out of an experimental plantation of cork oaks that Francisco de Almeida Garrett, owner of Herdade do Conqueiro in Avis, Alentejo (Portugal), began irrigating a few years ago. The success of his experiment – the first cork harvest for some trees was made after only eight years instead of the normal 20-25 years – motivated him to contact Corticeira Amorim. The company, aware of the importance of these results, immediately involved the University of Évora with the aim of channelling scientific knowledge into an empirical experiment that had proved successful in an area where no encouraging results had previously been achieved. Although a number of investments have been made in Portugal's cork oak forests in the past, the fact is that the normal growth cycle of the cork oak, from planting to the first extraction of cork suitable for the production of natural cork stoppers, remains as long as four decades, making investment in the species unattractive.

Against this background, Corticeira Amorim drew up a structured and unprecedented plan to develop the full potential of cork oak forests, ensuring not only the preservation of the current area (736 thousand hectares in Portugal), but also the planting of new areas of cork oaks, the national tree of Portugal and an autochthonous species perfectly adapted to the climatic and soil conditions of the regions where it is grown. The goal is for about a quarter of all cork produced in Portugal to be harvested from new plantations by 2030.

- **Project for improving the cork oak and crossbreeding different species:**

  The aim of this project is to select trees only by crossbreeding species naturally without any genetic manipulation. The goal is to produce trees that are better adapted to soil and climate conditions as well as to climate change to produce quality cork.

  Achieving shorter growth cycles for cork oaks is just one of the main goals of the Forest Intervention Program. Another method currently in development uses a symbiotic process – mycorrhiza – that involves the application of a fungus to the roots of cork oaks to increase their robustness and resistance.

  Sequencing the cork oak genome is another vector of the Forest Intervention Project. This is an important step for the sector that will open up new fields in applied research into cork. Mapping the cork oak's genetic code will make it possible to identify the genetic markers for cork quality and to develop other markers for identifying pest – and disease-resistant trees.

  By this means, it is possible to achieve an ideal selection of cork oaks while retaining genetic variability. For example, the identification of a species that has proven to be extremely drought resistant while producing superior quality cork may, through cross-pollination, yield new specimens that consume

“Corticeira Amorim’s business activities show that it is possible to grow and, simultaneously, contribute to a carbon neutral economy. The value chain of the forest, the cork oak and other tree species could make a crucial contribution to Portugal fulfilling its commitment to achieve a carbon neutral economy by 2050.”

ANTÓNIO RIOS DE AMORIM

water more efficiently. Research focused on pest and disease control has progressed, particularly in regard to combatting the flathead oak borer (*coruebus undatus*). A combination of traps and volatile attractants (pheromones) to enable the bio-rational control of this insect, and thus decrease the number of trees affected, is in the final phase of field-testing.

- **Support Office for Forestry Producers:**

  At the end of 2017, under the theme of “looking after the present, building the future”, Corticeira Amorim decided to sow the seeds for what will become a Support Office for Forestry Producers, with the goal of returning the fruits of forestry research to where they originate – forestry producers. The aim is to extend the use of empirically and scientifically acquired knowledge by making a large part of the research in this area available to producers working on the ground. The project includes the following activities:

  - Field visits;
  - Themed technical sessions;
  - Seminars;
  - Creating a best practice manual for improved irrigation installations;
  - Creating a best practices manual for tree growers;
  - Creating a glossary of terms to standardise communication.

Biodiversity

The areas where Corticeira Amorim operates are not located in areas classified by Portugal’s Institute for the Conservation of Nature and Forests (ICNF) as protected, meaning its operations have no significant impact on biodiversity at this level.

The fact that cork extraction has a minimal effect on carbon storage and carbon balance is of great importance in terms of the cork oak ecosystem. In other words, the harvesting of cork (a fundamental activity for the viability of cork oak forests) does not affect the carbon sink function of the cork oak ecosystem. This is largely due to the fact that the process of extracting the cork is a highly specialised process that does not damage the tree. The cork oak lives on average for 200 years, during which time its bark can be harvested between 15 and 18 times. The cork oak is the only species of oak whose bark regenerates itself after each extraction.

Cork oaks forests are important reservoirs of biodiversity. The pan-European conservation network Natura 2000 classifies *montado* as highly important for conserving biodiversity.

In biological terms, cork oak forests are extremely rich and varied, but also extremely vulnerable. They form the basis of an ecological system that is unique in the world and contribute to the survival of many species of native fauna and to safeguarding the environment. In many cases, these areas form mixed agroforestry systems, where cork oaks coexist with livestock breeding and cereal cultivation.

This ecosystem includes various species of ants, bees, butterflies, lizards and snakes, as well as mammals, from the more common, such as deer and wild boar, to the most fascinating and unusual such as the wild horse (*ginete*), the mongoose and the Iberian lynx, the feline species most threatened with extinction.

Cork oak forests are also part of the habitat of a large variety of birds, some of them also endangered, such as the black vulture, the black stork and the imperial eagle.

LIFE + SUBER Project, Catalonia

The four-year LIFE + SUBER Project began in 2014. The aim is to promote the conservation of cork oak forests and thus support the value chain associated with them. The project is coordinated by the Consortium Florestal de Catalunya and has as partners, in addition to Amorim Florestal, the Forestry Technological Centre of Catalonia, Forest Catalonia and the Forestry Ownership Centre of Catalonia. The initiative has a total budget of more than €1 million and is being developed with the support of the European Commission as part of the LIFE + program. It is also co-financed by Amorim Florestal Mediterranean, the Barcelona Provincial Council and the Catalan Institute of Soil. It was designed with the goal of adapting forest production to climate change and combating phenomena such as water stress, the increase of pests and the greater frequency of forest fires. Initiatives focus mainly on the region of Catalonia (Spain) and comprise three types of actions:

- **Implementation**: involving 40 pilot demonstration plantations using a range of innovative forests management techniques, from irregular management with selective cleaning to cork oak planting, the restoration of degraded areas and the large-scale elimination of the flathead oak borer (*coruebus undatus*). In parallel, a set of tools is being developed with the aim of improving the political and normative framework for cork oak plantations with a view to adapting this type of forest to climate change.

- **Procedures**: to test the effectiveness of actions taken and propose adjustments for improving techniques.

- **Dissemination**: to help project owners and managers to transfer the techniques and tools developed through the project.

Cork oak forests are one of 36 world hotspots for biodiversity, on a par with Amazonia and the African Savannah.

"THE FLORA OF THE MEDITERRANEAN BASIN IS 'DRAMATIC'. ITS 22,500 ENDEMIC VASCULAR PLANT SPECIES ARE MORE THAN FOUR TIMES THE NUMBER FOUND IN ALL THE REST OF EUROPE."

CONSERVATION INTERNATIONAL

6

PROMOTING WELL-BEING

More than 96% of the employees represented in this report belong to industrial-based companies. The indicators shown in this chapter are therefore influenced by the predominance of operational management activities and should be considered in this context.

Companies not considered in this analysis and which represent – in terms of number of employees – about 32% of the total, are predominantly engaged in commercial and business support activities, which would have a different impact on some of the indicators.

6.1. HUMAN CAPITAL MANAGEMENT

Guaranteeing the commitment and dedication of employees is fundamental to Corticeira Amorim's people management policies and practices.

Ensuring a safe and healthy work environment, encouraging the development of employee skills in a challenging context and supporting their professional and personal evolution are concrete goals for the company's human resources performance and has prompted a growing concern and consequent investment in this area in recent years.

The management of human resources, geared to achieving these strategic objectives, follows people management and motivation policies set out here: https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/. The policies:

- Adopt and assume the principle of freedom of association;
- Promote a physically, socially and psychologically safe and healthy work environment and continually seek to evolve by adopting the best techniques and practices in this field;
- Promote the implementation of the principles and the adoption of the practices set out in the Code of Ethics and Professional Conduct and in public commitments that should characterise internal relations between employees, as well as their interactions with different stakeholders;
- Implement people management practices in the field of recruitment and skill development that promote non-discrimination and equality of opportunity, building work environments where plurality and difference are a factor for continuous improvement and innovation;
- Adopt leadership practices by example, which value learning and development, as well as recognition and compensation practices based on merit and exempt from judgments of a discriminatory nature.

Employment

2 899 – Total Workforce Reported in 2017

25% – Woman

82% – Permanent

98% – Full-Time

85% – Employees in Portugal

In 2016 and 2017, most indicators relating to Corticeira Amorim's employees remained little changed from previous years.

The number of employees recorded in 2017 was the highest for the past three years, reflecting the high level of business activity registered in that year and the continuing growth trend of recent years.

The recruitment structure reflects the predominance of industrial operations, whose growth in 2017 had a direct impact on the turnover rate of employees, which rose from 11% in 2016 to 12% in 2017.

On the other hand, the prevalence of direct contracts, which applied to 82% of the permanent workforce, show Corticeira Amorim's commitment to employment policies that favour stability and medium – and long-term commitment to its employees.

Gender distribution values remain stable. Corticeira Amorim values diversity, supporting it through non-discrimination policies and practices, especially in regard to recruitment and career progression. The recruitment of more skilled employees has translated into an improved gender balance among management support technicians.

Total number of employees by category, gender and age range

	Age			Gender	
	< 30	30 a 50	> 50	Female	Male
Directors	0	9	13	0	22
Managers	1	39	27	9	58
Heads of Department	0	39	23	16	46
Sales Staff	15	68	32	25	90
Management Support Technicians	78	104	22	84	120
Team Leaders	5	71	60	26	110
Administrative Staff	15	117	60	112	80
Maintenance, Quality and Logistics Technicians	52	169	118	87	252
Production Operators	229	932	601	378	1 384
TOTAL 2015	**316**	**1 611**	**876**	**692**	**2 111**
TOTAL 2016	**364**	**1 539**	**965**	**716**	**2 152**
TOTAL 2017	**395**	**1 548**	**956**	**737**	**2 162**

Corticeira Amorim has been giving priority to hiring younger employees on permanent contracts, a practice adopted in most areas of the company. For skilled jobs such as management support technicians and maintenance, quality and logistics technicians, hiring workers on permanent contracts is also important for retaining critical business skills.

As a result, the trend towards rejuvenating the workforce was maintained in 2017 to prepare the organisation for future challenges. One of the company's objectives is to lower the average age of its employees over the medium term. At the end of 2017, most Corticeira Amorim employees were aged 30-50.

There has been a high volume of new entrants over the past three years, due to changes in the company's industrial activities, training objectives for new skills and the renovation of some structures. The employee turnover rate has remained stable as a consequence. The company, however, has shown a greater capacity to maintain female employees (number of entries against the number of exits).

Number and rate of turnover and new hires by age group, gender and region

	2017	2016	2015
Number of hires	**362**	**339**	**382**
Rate of new hires	**12%**	**12%**	**14%**
<30	6%	5%	6%
30 a 50	6%	6%	7%
>50	1%	1%	1%
Female	3%	3%	2%
Male	10%	9%	11%
Portugal	9%	9%	12%
Rest of the World	3%	3%	2%
Number of exits	**344**	**323**	**309**
Turnover rate	**12%**	**11%**	**11%**
<30	4%	3%	2%
30 a 50	5%	5%	5%
>50	3%	3%	4%
Female	2%	2%	3%
Male	10%	9%	8%
Portugal	9%	8%	8%
Rest of the World	3%	3%	3%

Labour Relations

Freedom of association is a right of all Corticeira Amorim employees and is actively exercised by 25% of those covered by this report. To regulate working conditions in Portugal, collective labour contracts that cover 100% of employees are agreed on by APCOR, representing the cork industry, and the trade unions that represent the sector's workers.

The different Group companies also have internal bodies that represent employees (trade union commissions, workers' commissions, occupational health and safety commissions) and participate in various aspects of the day-to-day life of the companies.

In terms of labour relations, internal communication is fundamental to the involvement and commitment of employees in day-to-day operations and company projects. Communication, which takes different forms, seeks to promote clarification, to encourage an alignment with and focus on goals, to facilitate the implementation of decisions related to restructuring and to enhance and strengthen positive skills, attitudes and behaviour consistent with the company's culture.

25% – Employees exercise the right to freedom of association

100% – Collective Work Contracts established between APCOR and the sector's trades unions (Portugal)

Training and Education

The need to adjust qualifications and develop skills is a constant in all Corticeira Amorim's companies and structures.

The implementation of new technologies, new forms of work organisation and the consequent need for skilled employees in industrial units, the normal demands of markets and customers in the commercial areas and the challenges posed by innovation all require the training and development of human resources. Despite the peaks and successive records registered in terms of business activity in 2016 and 2017, training has been maintained at the same level in recent years.

In 2017, the skill recognition, development and certification project (RVCC) was resumed, enabling employees to complete their school education in a business context and proceed to higher levels of study. While not professional training in the true sense of the term, the academic and personal progress of employees provides added value. Investing in the academic qualifications of its workforce is a critical success factor for Corticeira Amorim.

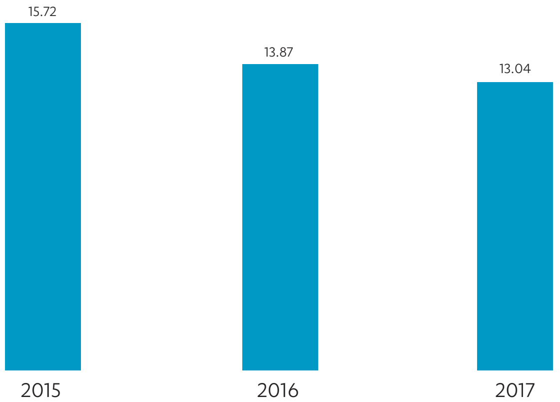
The development of professional skills is another important area in which the company invests. This is reflected in the more than 37 thousand hours of training in various areas, from job adaptation to behavioural, management, continuous improvement, innovation and technology skills that Corticeira Amorim provides annually.

Training has been identified as an area that would clearly benefit from evolution. Investment in training will tend to increase further over the next three years, particularly in production areas.

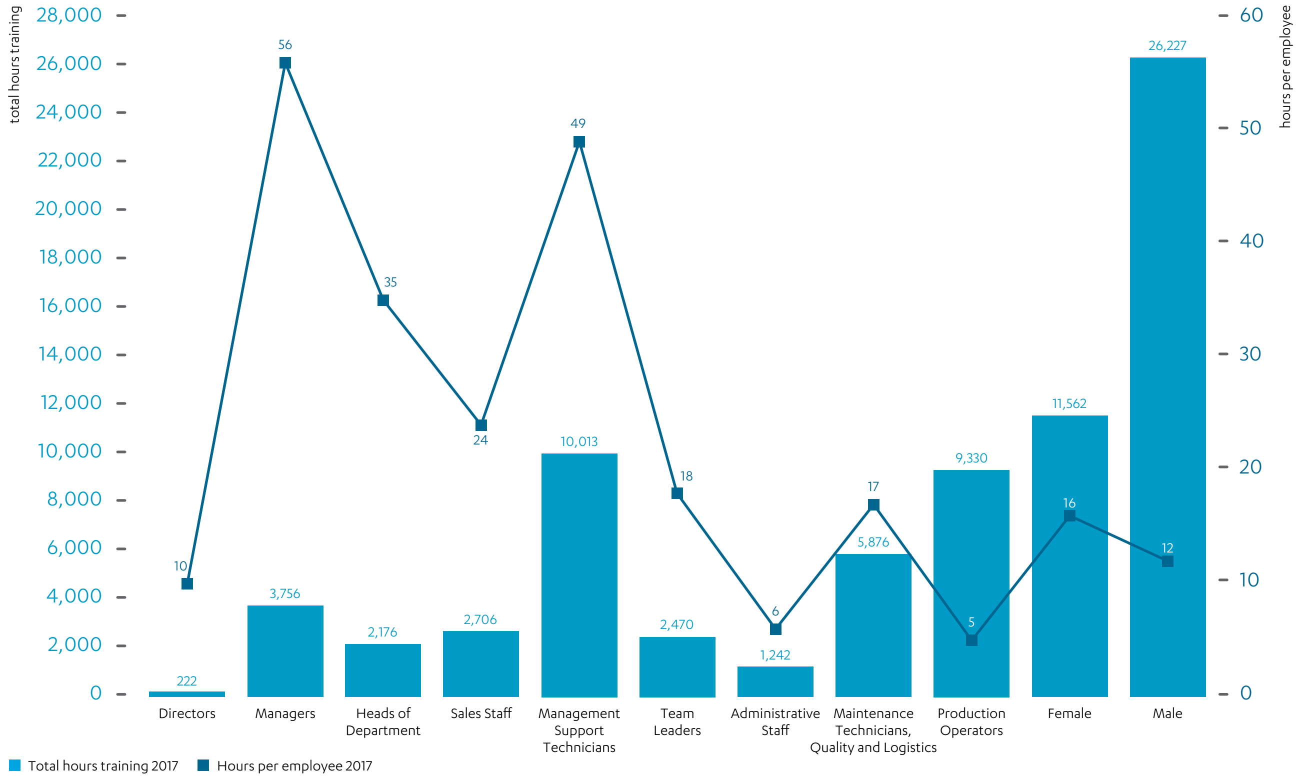
37 789 – Hours of training

13,04 – Average number of training hours per employee

Average number of training hours



Average number of training hours per employee, by gender and professional category



Diversity, Equal Opportunities and Non-discrimination

As referred to in subchapter 6.1. Human Capital Management, Corticeira Amorim advocates people management and motivation policies that promote non-discrimination and equal opportunity in the recruitment, promotion and training of its employees, as well as in their remuneration and working conditions. The criteria of equity and promoting merit govern decisions in every situation, never factors based on gender, age, race or religion.

Social realities and the gender imbalance found in certain roles and positions in different organisations and institutions is obviously transposed into the organisational reality of Corticeira Amorim, which was founded more than a century ago and is not detached from the context in which it operates.

Equal Remuneration for Women and Men

Corticeira Amorim bases its people management practices on evaluating merit and rewarding performance. The company does not restrict the access of women to any professional positions or categories, nor are increases in remuneration affected by factors that are not based on skills and real performance.

The ratios shown represent a positive change in gender equity. Change in this area, affected by the past, takes some time to be perceived. Over the past three years, however, positive changes can be observed. The only exception to this trend is the commercial category where the change has been negative. This is explained by the geographical distribution of employees. This occurs mostly in Portugal, where female employees are still under-represented. Male employees have a much greater weight in several Western Europe countries and in the US, where average wage levels are much higher than in Portugal. This distorts the remuneration ratio, which looked at country-by-country would be much more balanced.

Salary ratio between woman and men, by employee category

	2017	2016	2015
Managers	0.7	0.8	0.7
Heads of Department	0.8	0.7	0.7
Sales Staff	0.5	0.6	0.6
Management Support Technicians	0.9	0.8	0.8
Team Leaders	1.1	1.0	0.9
Administrative Staff	1.1	1.1	1.1
Maintenance, Quality and Logistics Technicians	0.9	0.9	0.8
Production Operators	1.0	1.0	1.0

Remuneration ratio between woman and men, by employee category

	2017	2016	2015
Managers	0.7	0.8	0.7
Heads of Department	0.7	0.7	0.7
Sales Staff	0.7	0.7	0.6
Management Support Technicians	0.8	0.8	0.8
Team Leaders	1.0	0.9	0.9
Administrative Staff	1.1	1.0	1.1
Maintenance, Quality and Logistics Technicians	0.8	0.8	0.8
Production Operators	0.9	0.9	0.9

6.2. HEALTH, HYGIENE AND SAFETY

Corticeira Amorim's commitment to health, hygiene and safety (HHS) at work is evident from the investments it makes, its continuous review of safety plans, its monitoring of their effectiveness and suitability in relation to potential risks, and its efforts to train and raise the awareness of employees in relation to these risks. These initiatives are key to improving the company's performance in this regard.

The BUs have implemented structured plans aimed at continuous improvements and sustained practices, preventing risk, reducing occurrences and mitigating consequences. This has had a positive impact on indicators in these areas. Of note, one unit – that accounts for 16% of the company's total workforce – validated and received external certification according to international standard OHSAS 18001.

Corticeira Amorim's health and safety goal is for the physical, social and psychological well-being of employees to be a constant in all its companies. Its objectives in this area include:

- Improving the risk assessment and implementation of health and safety at work;
- Improving the working conditions and well-being of its employees;
- Reducing the frequency of work accidents;
- Reducing the number of days lost due to accidents and occupational illnesses.

21,1 – Accident frequency index 2017

1,62 – Work-related illness rate

547 – Lost working days rate

3,4% – Absenteeism rate

1 – Fatal accidents*

**Accident in itinere*

No fatal accidents were recorded at Corticeira Amorim's facilities in 2016 and 2017. However, a death occurred as a result of a road accident during a journey outside the company's installations.

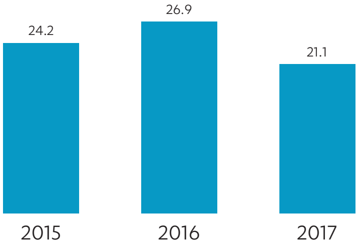
Although the number of occupational accidents declined last year and had remained stable in previous years, the improvement has not been sufficient to achieve the company's medium-term objective: to reduce the number of accidents by more than 50% by 2020.

Achieving this goal requires long-term intervention on several fronts. Corticeira Amorim took the first steps in this direction in the last quarter of 2017.

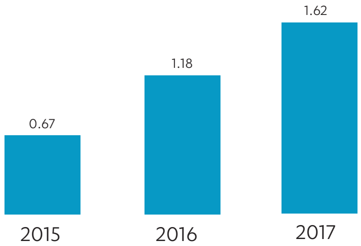
The company is also aware that excellent performance in this field implies much more than investment in equipment and other material means. It requires, above all, a culture geared to protecting the physical integrity and well-being of its employees, exemplary practices on the part of management and continuous investment in training employees to adopt a responsible attitude to safety at work.

Absenteeism has remained relatively stable at 3%-3.5%. This figure has been decreasing and is below the average for industrial companies in Portugal.

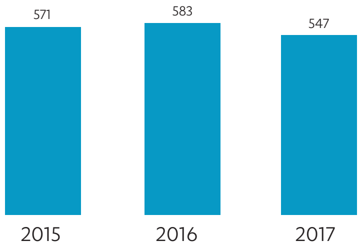
Accident frequency index



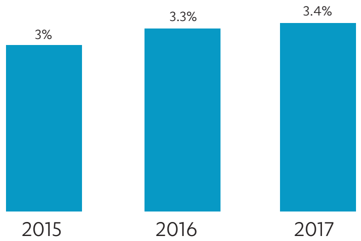
Work-related illness rate



Lost working days rate



Absenteeism rate



Ratios of accidents, professional illnesses, lost days, and absenteeism, and number of work-related fatalities, by gender

	2017	2016	2015
Number of accidents in the workplace	**130**	**159**	**145**
Female	21	32	24
Male	109	127	121
Nº of fatalities	**1***	**0**	**0**
Accident frequency index	**21.1**	**26.9**	**24.2**
Female	14.3	22.1	15.7
Male	23.2	28.4	27.1
Work-related illness rate	**1.62**	**1.18**	**0.67**
Female	0.00	0.69	1.97
Male	2.13	1.34	0.22
Lost working days rate	**547**	**583**	**571**
Female	304	486	439
Male	623	614	616
Absenteeism rate	**3.4%**	**3.3%**	**3.0%**
Female	4.3%	3.9%	4.3%
Male	3.1%	3.1%	2.5%

* Accident in itinere
2015, for comparative purposes, recalculated as methodological notes

6.3. EMPLOYEE WELL-BEING

Corticeira Amorim offers benefits to employees who seek to improve their well-being outside working hours and who make efforts to conciliate work with their personal and family life, namely:

- Besides work-related medicine, most Corticeira Amorim's companies in Portugal offer general medical services with the possibility of consultations at least twice a week. There is also an influenza vaccination plan for employees and various health screenings (ophthalmological, cardiac and respiratory, among others). The BUs also have protocols with clinical analysis laboratories that take blood and other samples at the companies and with pharmacies that deliver medicines to the workplace.

- In education, annual subsidies are available for the children of employees and student workers to help them purchase school supplies. The children of all employees in Portugal who obtain better school grades at middle and secondary school are also rewarded;

- The company canteens are accessible to direct family of the employee; also employees are allowed to purchase meals to take home, thus, in some cases, facilitating family life.

6.4. COMMUNITY ENGAGEMENT

Corticeira Amorim has shown a concern for social balance since it was founded almost 150 years ago. It was one of the first companies to make a canteen and a doctor available to all employees in the distant year of 1938. Its concept of social responsibility is not limited to its employees, but also extends to the surrounding community, where it seeks to engage with people in the same way.

Natural Choice Programme

The Natural Choice Program, launched by Corticeira Amorim in 2008, with initiatives that are renewed annually, has as its main objectives:

- to raise the awareness among employees and society in general, as citizens responsible for future generations, of the need for social solidarity and for more environmentally friendly behaviour;

- to ensure sustainable development practices are a positive factor of differentiation among different stakeholder groups.

Main Initiatives – 2016-2017

- The "hand in hand" project
  Annual initiative for exchanging school textbooks covering all the Group's companies in Portugal.

- Environmental education initiatives
  Collaboration with between basic education schools and business schools in Portugal and abroad; sessions sponsored by employees at schools; school visits to the company's facilities, with more than 1,000 students participating in 2017 – 300 in school environments and 700 in company environments.

- Porto Futuro programme
  Protocol with the Porto Municipal Council that supports the collaboration of Corticeira Amorim with a group of schools in the Portuguese city on transposing business practices to the schools:

  - "Junior Achievement" volunteers – entrepreneurship and financial education – participation of more than 100 volunteers since 2005;

  - Presence at the General Councils of the School Group;

  - Diverse Projects;

  - Donation of computer equipment, floor and wall coverings and insulation. Sponsorship of merit awards.

- Sustainability Week
  Repeated every year close to June 1st – National Cork Day – and aimed at raising awareness of sustainability among employees and civil society. It involves sports events held in close collaboration with local communities that seek to promote healthy lifestyles, as well as workshops and various competitions related to sustainability aimed at involving local communities and drawing attention to the sustainable practices that Corticeira Amorim embraces daily.

- Sustainability Forum 2017
  The Sustainability Forum was held as part of Corticeira Amorim's Sustainability Week. The aim was to raise awareness of the main aspects of sustainability today and to provide an opportunity for discussing new trends. Some benchmarking against other companies was also carried out.

- APCOR solidarity walk
  More than 400 people participated in the APCOR solidarity walk in 2017, the event's second consecutive year. The amount raised through walker registrations was donated to the Voluntary Firefighters of Santa Maria da Feira (Portugal).

- Reforestation
  Every year in a joint Amorim-Quercus initiative that forms part of the Common Forest program dozens of volunteers from Corticeira Amorim mobilise to plant trees native to Portugal.

  Corticeira Amorim has been a partner of the program since its launch through the cork stopper-recycling programme Green Cork, all the proceeds of which are used to finance the conservation of native Portuguese forests.

  In 2016 and 2017, about 4,500 cork oaks were planted in the Alentejo region, a part of Portugal where there is a large area of cork oak forests and a potential re-ordering forested land.

  Since 2011, volunteers from Corticeira Amorim have planted about 18,500 trees, most of them cork oaks.

- Other initiatives
  Evidence of the engagement of the company and its employees is reflected in many initiatives, ranging from the voluntary rehabilitation of school spaces to participation in humanitarian associations, internal campaigns for collecting food and clothing for donation to social institutions and donations in kind to a number of causes and projects of merit. Group companies also encourage the involvement of employees in the "Biological Gardens" project, providing spaces within their premises for the cultivation of vegetable gardens.

6.5. PATRONAGE AND DONATIONS

Donations

Over the years Corticeira Amorim has continually pursued a policy of donating materials to institutions of recognised merit with a capacity for social intervention, a practice with an evident social value that helps improve the quality of the services provided by those institutions.

In 2016 and 2017, several institutions – public, private and associative – benefited from donations of a wide range materials (Corticeira Amorim products, office supplies, computer equipment and other items).

The Albertina Ferreira de Amorim Foundation

Corticeira Amorim is a leading donor to the Albertina Ferreira de Amorim Foundation, which was created in 2008 and granted public utility status at the end of 2017. The aim of the Foundation is to promote solidarity and to foster the ethical, religious, cultural and civilizational aspects of human advancement. The Foundation acts in two primary areas: support for scientific research in the field of cork raw materials, and humanitarian and social support for causes and projects in the communities surrounding Corticeira Amorim companies.

In 2016 and 2017, it was active in making social, humanitarian and life-supporting interventions through financial support or donations in kind to about 30 institutions in the areas of social insertion, foster care, support for the elderly, fire-fighting corporations, hospital units and the Portuguese League Against Cancer, among others.

Other assistance

Since Corticeira Amorim was founded, it has been a partner of the Bagos D'Ouro Association, an institution dedicated to supporting children and young people in need in the Douro region of Portugal. The Association provides assistance by supporting children's school careers and creating opportunities for developing successful lives. The company is also a founding partner of the Terras de Santa Maria Foundation. Corticeira Amorim is represented on the board of directors of this Foundation and annually awards a prize to the best management student at Portugal's Instituto Superior Entre Douro e Vouga (ISVOUGA).

7 METHODOLOGICAL NOTES

7.1. PERIMETER OF THE SUSTAINABILITY REPORT

As there were no material changes in the universe of companies that make up the perimeter considered in the Sustainability Report, the indicators for 2016 and 2017 are comparable with those of 2015.

In chapter 4. Promoting Research, Development and Innovation and Leveraging Economic Performance, the values presented are those for the consolidated Corticeira Amorim Group (100% of companies included). In the remaining chapters, the companies included cover 87% of industrial units and 68% of the employees of the Corticeira Amorim Group at the end of 2017, as shown in the table below:

Company	Location	Country	%
Raw Materials			
Amorim Florestal, S.A.	Ponte de Sôr	Portugal	100%
Amorim Florestal España, SL	San Vicente Alcántara	Spain	100%
Amorim Florestal Mediterrâneo, SL	Cádiz	Spain	100%
Augusta Cork, S.L.	San Vicente Alcántara	Spain	100%
Amorim Tunisie, S.A.R.L.	Tabarka	Tunisia	100%
Société Nouvelle du Liège, S.A. (SNL)	Tabarka	Tunisia	100%
Société Tunisienne d'Industrie Bouchonnière	Tabarka	Tunisia	55%
Comatral – C. de Maroc. de Transf. du Liège, S.A.	Skhirat	Morocco	100%
Cork Stoppers			
Amorim & Irmãos, S.A.	Santa Maria Lamas	Portugal	100%
Amorim Top Series, S.A.	Vergada	Portugal	75%
Francisco Oller, S.A.	Girona	Spain	92%
Floor and Wall Coverings			
Amorim Revestimentos, S.A.	S. Paio de Oleiros	Portugal	100%
Amorim Benelux, BV	Tholen	Netherlands	100%
Amorim Deutschland, GmbH – AR	Delmenhorts	Germany	100%
Amorim Flooring (Switzerland) AG	Zug	Switzerland	100%
Amorim Flooring North America Inc.	Hanover – Maryland	U.S.A.	100%
Amorim Flooring, SA	S. Paio de Oleiros	Portugal	100%
Composite Cork			
Amorim Cork Composites, S.A.	Mozelos	Portugal	100%
Amorim Compcork, Lda	Mozelos	Portugal	100%
Amorim Cork Composites Inc.	Trevor – Wisconsin	U.S.A.	100%
Amorim Industrial Solutions – Imobiliária, S.A.	Corroios	Portugal	100%
Insulation Cork			
Amorim Isolamentos, S.A.	Vendas Novas	Portugal	100%
Holding Company and Others			
Corticeira Amorim, SGPS, S.A.	Mozelos	Portugal	100%
Amorim Cork Research, Lda.	Mozelos	Portugal	100%
Amorim Cork Services, Lda.	Mozelos	Portugal	100%
Amorim Cork Ventures, Lda	Mozelos	Portugal	100%

7.2. SUBCHAPTER 4.1. ECONOMIC PERFORMANCE

The amounts presented refer to the consolidated Amorim Group (100% of the companies included).

Revenues correspond to the sum of the following items: sales; supplementary income; operating subsidies; own works; other operating income; financial income; capital gains from property, plant and equipment (deducted from capital losses).

Operating costs do not include depreciation.

Investment in the community includes only the value of donations in cash and does not include contributions and donations in kind.

7.3. CHAPTER 5. PROMOTING ENVIRONMENTAL RESPONSIBILITY

Energy Efficiency and Climate Change – Energy and Emissions

The conversion factors published by the Portuguese Environmental Agency (APA) were used for 2016 and 2017, except for the conversion factor for cork powder, which is an internal value used in Energy Intensive Consumption Management System (SGCIE) audits:

Natural Gas (GJ/1000m³)	38.44
Propane (GJ/t)	48.45
Diesel (GJ/t)	43.07
Gasoline (GJ/t)	44
Biomass – Cork Powder (GJ/t)	15.7
Biomass – Other (GJ/t)	15.6
Electricity (GJ/kWh)	0.0036

In 2016 and 2017 the emission factors published by the Portuguese Environmental Agency (APA) were used. In the case of emissions associated with electricity consumption (market-based method), the information made available at the time of the report by the supplier Endesa was used. In the case of emissions associated with electricity consumption (location-based method), the Energy Intensive Consumption Management System (SGCIE), official dispatch 17313/2008 reference was used. Emissions outside Portugal were considered of little material importance (about 7%):

Natural Gas (kg CO_2/GJ)	56.6
Propane (kg CO_2/GJ)	63.1
Diesel (kg CO_2/GJ)	74.1
Gasoline (kg CO_2/GJ)	73.7
Biomass (Cork Powder)	0
Biomass (Other)	0
Electricity – 2015 supplier (g CO_2/kWh)	511.70
Electricity – 2016 supplier (g CO_2/kWh)	381.58
Electricity – 2017 supplier (g CO_2/kWh)	480.24
Electricity – Location: Portugal (g CO_2/kWh)	470.00

The diversity of Corticeira Amorim's applications and businesses makes it difficult to define an indicator that clearly shows the evolution of CO_2 emissions in relation to activity levels. Over time, efforts have been made to respond to this need by analysing different indicators and in recent years the company has opted for the ratio of emissions to the value of total sales. This indicator involves some limitations, namely those related to the differences between the perimeter considered in the numerator (more restricted) and the perimeter considered in the (broader) denominator. These become more evident in years when there have been material changes in the perimeter of companies under consideration. In 2017, Corticeira Amorim announced the acquisition of 60% of the Bourrassé Group and 100% of S.A.S. Sodiliège. To maintain the comparability of the indicator, the effect of these acquisitions was excluded in the calculation of the energy intensity and carbon intensity of activities in 2017, with the consolidated sales value considered for that year being €676 million.

In regard to energy consumption outside the organisation, for which the bibliography has no conversion factors for accurately determining, Corticeira Amorim estimated energy consumption based on emission values and the emission factors of the fuels in questions. To do this, some special considerations had to be made. For this reason, the calculation shown is an estimate. Corticeira Amorim will continue working to consolidate the methodology used.

Thus, the following activities and assumptions were considered:

- Transport and upstream distribution and transport and downstream distribution: the quantity of product bought and sold was considered, which corresponds to 95% of the total; emission factors associated with the transportation of products by sea, air and/or road;
- Waste generated by operations: the total waste produced and the waste sent to the respective recipients was considered; emission factors associated with road transport per ton transported;
- Business trips: emission values calculated by the travel agency;
- Transport of employees: an assessment was made of the distance travelled by employees; emission factors associated with road transport according to the distance employees travelled to and from work.

The information sources for all the emission factors considered were published by the GHG Protocol, the Portuguese Environmental Agency (APA) and the Department for Environment, Food & Rural Affairs (Defra-UK).

7.4. CHAPTER 6. PROMOTING WELL-BEING

Health, Hygiene and Safety

The procedure for calculating the frequency index, the rate of occupational illnesses and the rate of lost days was changed according to the International Labour Organisation (ILO) Code of Practice. The formulas considered are as follows:

- Frequency index = No accidents/Potential hours of work x 1,000,000.
- Occupational illness rate = No. of cases of occupational diseases/Potential hours of work x 1,000,000.
- Lost Days Rate = Number of days lost/Potential work hours x 1,000,000.
- Absenteeism rate = Days of absence/Potential days of work.

For the calculation of the frequency index, only the accidents that give rise to lost days are considered.

To determine the number of days lost, the number of workdays is considered. Counting begins the day after the accident occurs and stops when the employee returns to work.

8

GRI TABLE

GRI ref.	Description	Value/ Location
GRI 102 – GENERAL DISCLOSURES		
	Organisational Profile	
102-1	Name of the organization	2. Corticeira Amorim – 2.1. Organisational Profile
102-2	Activities, brands, products, and services	2. Corticeira Amorim – 2.1. Organisational Profile
102-3	Location of headquarters	2. Corticeira Amorim – 2.1. Organisational Profile
102-4	Location of operations	2. Corticeira Amorim – 2.1. Organisational Profile | Consolidated Annual Report 2017 – Wordwide Presence
102-5	Ownership and legal form	2. Corticeira Amorim – 2.1. Organisational Profile
102-6	Markets served	2. Corticeira Amorim – 2.1. Organisational Profile
102-7	Scale of the organization	2. Corticeira Amorim – 2.1. Organisational Profile | 6. Promoting Well-Being – 6.1. Human Capital Management| Consolidated Annual Report 2017 – Organizational Chart | Consolidated Management Report – 9. Consolidated Demonstration of the Financial Position and 10. Main Consolidated Figures
102-8	Information on employees and other workers	6. Promoting Well-Being – 6.1. Human Capital Management, Employment

Total number of employees by gender and employment contract	2017	2016	2015
Women	**737**	**716**	**692**
Permanent	630	622	627
Fixed Term Contract	107	94	65
Men	**2,162**	**2,152**	**2,111**
Permanent	1,753	1,739	1,686
Fixed Term Contract	409	413	425
TOTAL	**2,899**	**2,868**	**2,803**

Total number of employees by region and type of work	2017	2016	2015
Portugal	**2,469**	**2,447**	**2,425**
Full-time	1,991	1,966	1,963
Part-time	478	481	462
Rest of the World	**430**	**421**	**378**
Full-time	392	395	350
Part-time	38	26	28
TOTAL	**2,899**	**2,868**	**2,803**

Total number of employees by gender and type of work	2017	2016	2015
Women	**737**	**716**	**692**
Full-time	727	708	689
Part-time	10	8	3
Men	**2,162**	**2,152**	**2,111**
Full-time	2,125	2,129	2,096
Part-time	37	23	15
TOTAL	**2,899**	**2,868**	**2,803**

GRI ref.	Description	Value/ Location
102-9	Supply chain	2. Corticeira Amorim – 2.3. Supply Chain
102-10	Significant changes to the organization and its supply chain	In 2017, Corticeira Amorim announced the acquisition of 60% of the Bourrassé Group and 100% of S.A.S. Sodiliège.
102-11	Precautionary Principle approach	Corporate Governance Report – C. Internal Organisation
102-12	External initiatives	2. Corticeira Amorim – 2.2. People and Culture
102-13	Membership of associations	2. Corticeira Amorim – 2.1. Organisational Profile, Participation in Associations
	Strategy and Analysis	
102-14	Statement from senior decision-maker	Consolidated Annual Report 2017 – Chairman´s Letter
102-15	Key impacts, risks, and opportunities	Consolidated Annual Report 2017 – 13. Business Risks and Uncertainties
	Ethics and Integrity	
102-16	Values, principles, standards, and norms of behavior	2. Corticeira Amorim – 2.2. People and Culture
102-17	Mechanisms for advice and concerns about ethics	2. Corticeira Amorim – 2.2. People and Culture
	Governance	
102-18	Governance structure	"3. Sustainability Management and Strategy – 3.1. Sustainability Management Structure | Corporate Governance Report – B. Corporate Boards and Committees, II. Management and Supervision, a) Composition
102-24	Nominating and selecting the highest governance body	Corporate Governance Report – B. Corporate Boards and Committees
	Stakeholder Engagement	
102-40	List of stakeholder groups	3. Sustainability Management and Strategy – 3.2. Engagement with Stakeholders
102-41	Collective bargaining agreements	6. Promoting Well-Being – 6.1. Human Capital Management, Labour Relations
102-42	Identifying and selecting stakeholders	3. Sustainability Management and Strategy – 3.2. Engagement with Stakeholders, Corticeira Amorim's Stakeholders
102-43	Approach to stakeholder engagement	3. Sustainability Management and Strategy – 3.2. Engagement with Stakeholders , Main Means of Communication with Stakeholders
102-44	Key topics and concerns raised	3. Sustainability Management and Strategy – 3.2. Engagement with Stakeholders, Stakeholder Consultation | 3.3. Sustainable Development Priorities
	Report Profile	
102-45	Entities included in the consolidated financial statements	1. About the Sustainability Report | 7. Methodological Notes – 7.1. Perimeter of the Sustainability Report
102-46	Defining report content and topic Boundaries	1. About the Sustainability Report
102-47	List of material topics	1. About the Sustainability Report
102-48	Restatements of information	1. About the Sustainability Report | 7. Methodological Notes – 7.3. Chapter 5. Promoting Environmental Responsibility and 7.4. Chapter 6. Promoting Well-Being
102-49	Changes in reporting	1. About the Sustainability Report | 7. Methodological Notes – 7.1. Perimeter of the Sustainability Report
102-50	Reporting period	1. About the Sustainability Report
102-51	Date of most recent report	Sustainability Report 2015, covering the years 2014 and 2015.
102-52	Reporting cycle	Message from the Director of Sustainability | 1. About the Sustainability Report
102-53	Contact point for questions regarding the report	1. About the Sustainability Report

GRI ref.	Description	Value/ Location
102-54	Claims of reporting in accordance with the GRI Standards	1. About the Sustainability Report
102-55	GRI content index	Present table.
102-56	External assurance	1. About the Sustainability Report
GRI 200 – ECONOMIC STANDARDS		
	Material Aspect: 201 – Economic Performance	
103 – Mana-gement Approach	Generic Management Approach:	a – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholder consultation with the company's internal perspective. In direct relation to economic performance, the topic "Economic Performance" was considered a topic with a high materiality index (materiality matrix – 1. About the Sustainability Report). b – Corticeira Amorim has over the years promoted several initiatives relating to economic performance (4. Promoting Research, Develo-pment and Innovation and Leveraging Economic Performance – 4.1. Economic Performance). c – Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and reports them in this report (4. Promoting Research, Development and Innovation and Leveraging Economic Performance – 4.1. Economic Performance).
201-1	Direct economic value generated and distributed	4. Promoting Research, Development and Innovation and Leveraging Economic Performance – 4.1. Economic Performance
201-2	Financial implications and other risks and opportunities due to climate change	"Consolidated Management Report – 13. Business Risks and Uncertain-ties | Corporate Governance Report – C. Internal Organisation, Internal Control and Risk Management | 4. Promoting Research, Development and Innovation and Leveraging Economic Performance | 5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change – 5.2. Sustainable Management of the Cork Oak and Biodiversity
201-3	Defined benefit plan obligations and other retirement plans	4. 4. Promoting Research, Development and Innovation and Leveraging Economic Performance – 4.1. Economic Performance
201-4	Financial assistance received from government	4. 4. Promoting Research, Development and Innovation and Leveraging Economic Performance – 4.1. Economic Performance, Financial Incentives
	Aspect: GRI 202 Market Presence	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4. 4. Promoting Research, Development and Innovation and Leveraging Economic Performance – 4.1. Economic Performance , Ratio of the lowest wage to the Portuguese minimum salary
	Aspect: GRI 204 – Procurement Practices	
204-1	Proportion of spending on local suppliers	2. Corticeira Amorim – 2.3. Supply Chain, Cork purchases (thousands of euros)
	Aspect: GRI 205 – Anti-Corruption	
205-1	Operations assessed for risks related to corruption	2. Corticeira Amorim – 2.2. People and Culture, Corruption and Bribery
205-3	Confirmed incidents of corruption and actions taken	2. Corticeira Amorim – 2.2. People and Culture, Corruption and Bribery
GRI 300 – ENVIRONMENTAL STANDARDS		
	Material Aspect: GRI 302 – Energy	
103– Mana-gement Approach	Generic Management Approach:	a – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholder consultation with the company's internal perspective. In direct relation to energy, the topic "Energy Efficiency and Climate Change" was considered a topic with a high materiality index (materiality matrix – 1. About the Sustainability Report). b – Corticeira Amorim has over the years promoted several initia-tives relating to energy consumption (5. Promoting Environmental Responsibility). c – Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and reports them in this report (5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change).

GRI ref.	Description	Value/ Location
302-1	Energy consumption within the organization	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Energy
302-2	Energy consumption outside of the organization	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Upstream and Downstream Activity in the Value Chain
302-3	Energy intensity	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Energy Intensity
302-4	Reduction of energy consumption	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Energy Intensity
302-5	Reduction in energy requirements of products and services	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Energy
	Aspect: GRI 303 – Water	
303-1	Water withdrawal by source	(see table below)
	Aspect: GRI 304 – Biodiversity	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5. Promoting Environmental Responsibility – 5.2. Sustainable Management of the Cork Oak and Biodiversity, Biodiversity
304-2	Significant impacts of activities, products, and services on biodiversity	5. Promoting Environmental Responsibility – 5.2. Sustainable Management of the Cork Oak and Biodiversity, Biodiversity
	Material Aspect: GRI 305 – Emissions	
103 – Management Approach	Generic Management Approach:	a – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholder consultation with the company's internal perspective. In direct relation to emissions, the topic "Energy Efficiency and Climate Change" was considered a topic with a high materiality index (materiality matrix – 1. About the Sustainability Report). b – Corticeira Amorim has over the years promoted several initiatives relating to energy consumption and emissions (5. Promoting Environmental Responsibility). c – Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and reports them in this report (5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change).
	Specific Management Approach:	Some Corticeira Amorim units are covered by the regulations of the Intensive Energy Consumption Management System (SGGIE).
305-1	Direct (Scope 1) GHG emissions	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Emissions
305-2	Energy indirect (Scope 2) GHG emissions	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Emissions
305-3	Other indirect (Scope 3) GHG emissions	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change,Upstream and Downstream Activity in the Value Chain
305-4	GHG emissions intensity	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Carbon Intensity
305-5	Reduction of GHG emissions	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Energy, Emissions

Water Consumption (m^3)	2017	2016	2015
Public Network	30,259	31,073	31,022
Groundwater	453,863	440,664	442,692
Total	**484,122**	**471,737**	**473,714**

GRI ref.	Description	Value/ Location
	Aspect: GRI 306 – Effluents and Waste	
306-2	Waste by type and disposal method	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Waste
	Aspect: GRI 307 – Environmental Compliance	
307-1	Non-compliance with environmental laws and regulations	There are no fines or non-monetary penalties for non-compliance with environmental laws and regulations.
	Aspect: GRI 308 – Supplier Environmental Assessment	
308-2	Negative environmental impacts in the supply chain and actions taken	2. Corticeira Amorim – 2.3. Supply Chain, Procurement and Provisioning | 2. Corticeira Amorim – 2.2. People and Culture, Charter of Principles of the Business Council for Sustainable Development (BCSD) and Human Rights
GRI 400 – SOCIAL STANDARDS		
	Material Topic: GRI 401 – Employment	
103 – Management Approach	Generic Management Approach:	As Human Capital Management involves the following aspects "Employment", "Labour Relations", "Training and Education", "Diversity, Equal Opportunities and Non-discrimination", "Equal Remuneration for Women and Men" and "Health, Hygiene and Safety", all these aspects are considered material in following GRI Standards. For purposes of responding to Generic Management Types, this paragraph must be considered. a – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholder consultation with the company's internal perspective. In direct relation to employment, the topic "Human Capital Management" was considered a topic with a high materiality index (materiality matrix – 1. About the Sustainability Report). b – Corticeira Amorim has over the years promoted several initiatives relating to human capital management (6. Promoting Well-Being – 6.1. Human Capital Management and 6.2. Health, Hygiene and Safety). c – Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and reports them in this report (6. Promoting Well-Being – 6.1. Human Capital Management and 6.2. Health, Hygiene and Safety).
	Specific Management Approach:	The work performed in Corticeira Amorim´s supply chain takes place in compliance with institutional and legal structures. The working conditions in Corticeira Amorim´s supply chain meet the labour legislation in each geography where the activity is developed.
401-1	New employee hires and employee turnover	6. Promoting Well-Being – 6.1. Human Capital Management, Employment
	Material Topic: GRI 402 – Labour / Management Relations	
402-1	Minimum notice periods regarding operational changes	Regulations concerning prior notice relating to the work location (in particular those that require subsequent amendment) complied with by Corticeira Amorim.
	Material Aspect: GRI 403 – Occupational Health and Safety	
103 – Management Approach	Specific Management Approach:	The work performed in Corticeira Amorim´s supply chain takes place in compliance with institutional and legal structures. The working conditions in Corticeira Amorim´s supply chain meet the labor legislation in each geography where the activity is developed.

GRI ref.	Description	Value/ Location
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	6. Promoting Well-Being – 6.2. Health, Hygiene and Safety (see tables below)

Ratios of accidents, professional illnesses, lost days, and absenteeism, and number of work-related fatalities	2017	2016	2015
Accident frequency index	**21,1**	**26,9**	**24,2**
Portugal	22,2	26,2	23,9
Rest of the world	14,1	32,2	28,7
Work-related illness rate	**1,62**	**1,18**	**0,67**
Portugal	1,51	1,35	0,77
Rest of the world	2,35	0,00	0,00
Lost working days rate	**547**	**583**	**571**
Portugal	515	573	556
Rest of the world	750	659	741
Absenteeism rate	**3,4%**	**3,3%**	**3,0%**
Portugal	3,5%	3,4%	2,9%
Rest of the world	3,4%	3,3%	3,0%

Number of injury and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organization, by gender	2017
Number of accidents in the workplace	**13**
Female	0
Male	13
Nº of fatalities	**0**
Female	0
Male	0

GRI ref.	Description	Value/ Location
	Material Aspect: Gri 404 – TrainingaAnd Education	
404-1	Average hours of training per year per employee	6. Promoting Well-Being – 6.1. Human Capital Management, Training and Education
	Material Aspect: Gri 405 – Diversity and Equal Opportunity	
103 – Mana-gement Approach	Specific Management Approach:	Corticeira Amorim advocates a policy of management and motivation of people that promotes non-discrimination of any kind, equal opportunities in recruitment, promotion and training of employees, remuneration and working conditions.
405-1	Diversity of governance bodies and employees	6. Promoting Well-Being – 6.1. Human Capital Management, Employment
405-2	Ratio of basic salary and remuneration of women to men	6. Promoting Well-Being – 6.1. Human Capital Management, Equal Remuneration for Women and Men
	Aspect: Gri 413 – Local Communities	
413-1	Operations with local community engagement, impact assessments, and development programs	6. Promoting Well-Being – 6.3. Employee Well-Being and 6.4. Community Engagement and 6.5. Patronage and donations
	Aspect: Gri 414 – Supplier Social Assessment	
414-2	Negative social impacts in the supply chain and actions taken	2. Corticeira Amorim – 2.3. Supply Chain, Procurement and Provisioning | 2. Corticeira Amorim – 2.2. People and Culture, Charter of Principles of the Business Council for Sustainable Development (BCSD) and Human Rights

Mozelos, 19 February 2018

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

António Rios de Amorim
Chairman

Nuno Filipe Vilela Barroca de Oliveira
Vice-Chairman

Fernando José de Araújo dos Santos Almeida
Member

Cristina Rios de Amorim Baptista
Member

Luísa Alexandra Ramos Amorim
Member

Juan Ginesta Viñas
Member

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INDEPENDENT VERIFICATION REPORT

EY
Building a better working world

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Independent Limited Assurance Report of the Sustainability Report

(Free translation from the Original Independent Limited Assurance Report in Portuguese dated March 16, 2018. 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 2017Sustainability Report (hereinafter the "Sustainability Report")included in the "Report and Accounts 2017", relating to the sustainability activities carried out from 1 January 2016 to 31 December 2017.

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 years 2016 and 2017;
   - Analytical review, on a sample basis, of the data calculated by Management, and verification of quantitative and qualitative information disclosed in the report;

Sociedade Anónima · Capital Social 1.335.000 euros · Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas · Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 · C. R. Comercial de Lisboa sob o mesmo número · Sede: Av. da República, 90 · 6.º · 1600-206 Lisboa
A member firm of Ernst & Young Global Limited

- Confirmation on how collection, consolidation, validation and report procedures are being implemented in selected operating units;
- Verification of the conformity of the information included in the non-financial information statements with the results of our work.

6. Regarding sustainability reporting standards of the Global Reporting Initiative - GRI Standards 2016, we performed a review of the self-evaluation made by Management of the adopted option to apply the GRI Standards 2016 and conformity with Article 508º G of the Portuguese Companies Act (*Código das Sociedades Comerciais*) and 245ºA, 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, we concluded that the "Sustainability Report" include the required data and information for a Core option as defined by the GRI Standards 2016 and by the Article 508º G of the Portuguese Companies Act and paragraph r) of the article 245ºA of the Securities Market Code.

Lisboa, March 16, 2018

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas (nº 178)

Represented by:

(signed)

Rui Manuel da Cunha Vieira - ROC nº 1154
Registado na CMVM com o nº 20160766

05

Consolidated Financial Statements

Consolidated Statement of Financial Position (thousand euros)

	Notes	December 31, 2017	December 31, 2016
ASSETS			
Property, plant and equipment	IX	227,905	197,454
Investment property	IX	5,678	7,100
Goodwill	IX	9,848	0
Investments in associates	VI and X	11,006	9,450
Intangible assets	IX	4,077	3,776
Other financial assets	XI	2,520	3,940
Deferred tax assets	XII	13,146	10,004
Non-current assets		**274,180**	**231,723**
Inventories	XIII	359,141	268,691
Trade receivables	XIV	167,604	141,876
Income tax assets	XV	13,297	4,214
Other current assets	XVI	38,180	29,249
Cash and cash equivalents	XVII	17,005	51,119
Current assets		**595,228**	**495,150**
TOTAL ASSETS		**869,407**	**726,873**
EQUITY			
Share capital	XVIII	133,000	133,000
Other reserves	XVIII	224,439	175,347
Net Income		73,027	102,703
Non-Controlling Interest	XIX	29,524	15,892
TOTAL EQUITY		**459,991**	**426,943**
LIABILITIES			
Interest-bearing loans	XX	48,094	38,609
Other borrowings and creditors	XXII	36,774	10,072
Provisions	XXIX	41,320	30,661
Deferred tax liabilities	XII	7,187	6,856
Non-current liabilities		**133,375**	**86,198**
Interest-bearing loans	XX	61,695	48,399
Trade payables	XXI	157,096	109,985
Other borrowings and creditors	XXII	55,019	49,631
Income tax liabilities	XV	2,231	5,717
Current liabilities		**276,042**	**213,732**
TOTAL LIABILITIES AND EQUITY		**869,407**	**726,873**

(this statement should be read with the attached notes to the consolidated financial statements)

Consolidated Income Statement by Nature — Of the Year and Fourth Quarter (thousand euros)

4Q17 (non audited)	4Q16 (non audited)		Notes	2017	2016
170,139	150,554	Sales	VIII	701,609	641,411
83,892	67,392	Costs of goods sold and materials consumed		333,030	294,350
2,833	-4,633	Change in manufactured inventories		4,932	-12,358
30,846	25,814	Third party supplies and services	XXIII	116,524	103,001
33,352	29,163	Staff costs	XXIV	125,630	113,291
-1,349	-1,293	Impairments of assets	XXV	2,290	729
4,580	2,575	Other gains	XXVI	12,348	9,596
2,568	518	Other costs	XXVI	7,822	4,932
28,242	**26,901**	**Current EBITDA**		**133,594**	**122,347**
7,852	8,249	Depreciation	IX	29,599	26,310
20,390	**18,651**	**Current EBIT**		**103,995**	**96,037**
-1,341	-623	Non-recurrent results	XXV	-2,913	-4,353
555	-467	Financial costs	XXVII	1,471	-860
555	*266*	*Interest Costs and other financial costs*		*1,471*	*1,646*
–	*-733*	*Provisions*		-	*-2,506*
74	28	Financial income	XXVII	191	88
81	78	Share of (loss)/profit of associates	X	1,039	2,384
–	47,577	Gain on the disposal of associates	X	0	47,577
18,650	**66,178**	**Profit before tax**		**100,842**	**142,592**
1,344	17,700	Income tax	XII	24,263	37,880
17,306	**48,478**	**Profit after tax**		**76,579**	**104,713**
642	999	Non-controlling Interest	XIX	3,551	2,010
16,664	**47,479**	**Net Income attributable to the equity holders of Corticeira Amorim**		**73,027**	**102,703**
0.125	**0.357**	**Earnings per share - Basic and Diluted** (euros per share)	XXXII	**0.549**	**0.772**

(this statement should be read with the attached notes to the consolidated financial statements)

Consolidated Statement of Comprehensive Income — Of the Year and Fourth Quarter (thousand euros)

4Q17 (non audited)	4Q16 (non audited)		Notes	2017	2016
17,306	**48,479**	**Net Income** (before non-controlling Interest)		**76,579**	**104,713**
		Items that could be reclassified through income statement:			
332	-1,233	Change in derivative financial instruments fair value	XII	1,575	-938
1,261	1,666	Change in translation differences and other	XII	-4,298	1,635
-298	265	Share of other comprehensive income of investments accounted for using the equity method	XII	625	66
573	53	Other comprehensive income	XII	448	53
1,868	**751**	**Net Income directly registered in Equity**		**-1,650**	**816**
19,174	**49,230**	**Total Net Income registered**		**74,929**	**105,529**
		Attributable to:			
18,349	47,139	Corticeira Amorim Shareholders		71,599	102,205
825	2,091	Non-controlling Interest		3,330	3,324

(this statement should be read with the attached notes to the consolidated financial statements)
(items in this Statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note XII)

Consolidated Statement of Cash Flow — Of the Year and Fourth Quarter (thousand euros)

4Q17 (non audited)	4Q16 (non audited)		Notes	2017	2016
		OPERATING ACTIVITIES			
168,193	167,717	Collections from customers		705,476	653,850
-127,212	-130,770	Payments to suppliers		-539,882	-492,569
-34,230	-30,116	Payments to employees		-121,914	-112,431
6,751	**6,831**	**Operational cash flow**		**43,680**	**48,850**
-8,808	-14,446	Payments/collections - income tax		-24,608	-25,655
11,826	1,119	Other collections/payments related with operational activities		55,778	36,702
9,769	**-6,496**	**Cash flow before extraordinary items**		**74,850**	**59,897**
		INVESTMENT ACTIVITIES			
		Collections due to:			
148	1,105	Tangible assets		1,990	1,520
-189	53,670	Financial investments		145	53,676
-16	34	Other assets		576	151
90	37	Interests and similar gains		431	76
250	150	Dividends		500	306
		Payments due to:			
-15,624	-10,108	Tangible assets		-42,758	-33,562
341	-282	Financial investments		-31,421	-319
-991	-898	Intangible assets		-1,508	-1,729
-15,991	**43,708**	**Cash flow from investments**		**-72,045**	**20,119**
		FINANCIAL ACTIVITIES			
		Collections due to:			
0	12,022	Loans		5,250	20,400
297	1,170	Government grants		12,004	2,204
1,706	516	Others		3,534	3,057
		Payments due to:			
-6,806	0	Loans		-24,486	-28,398
-1,219	-589	Interests and similar expenses		-2,263	-1,743
-10,640	-10,741	Dividends		-35,366	-32,804
-180	-876	Government grants		-995	-4,034
-122	-374	Others		-469	-688
-16,964	**1,128**	**Cash flow from financing**		**-42,791**	**-42,006**
-23,186	38,340	Change in Cash		-39,986	38,010
-514	2,047	Exchange rate effect		-3,065	2,032
-114	0	Perimeter variation		2,317	0
18,463	-5,005	Cash at beginning	XVII	35,383	-4,659
-5,348	35,383	Cash at end	XVII	-5,348	35,383

(this statement should be read with the attached notes to the consolidated financial statements)

Consolidated Statement of Changes in Equity (thousand euros)

	Notes	Attributable to owners of Corticeira Amorim, SGPS, S.A. Share capital	Paid-in Capital	Hedge Accounting	Translation Difference	Legal reserve	Other reserves	Net income	Non--controlling interests	Total Equity
BALANCE SHEET AS AT JANUARY 1, 2016		**133,000**	**38,893**	**-169**	**1,145**	**14,294**	**98,590**	**55,012**	**13,368**	**354,133**
Profit for the year	XVIII	–	–	–	–	1,909	53,103	-55,012	–	0
Dividends	XVIII	–	–	–	–	–	-31,920	–	-799	-32,719
Perimeter variation	XIX	–	–	–	–	–	–	–	–	0
Consolidated Net Income for the period	XVIII and XIX	–	–	–	–	–	–	102,703	2,010	104,713
Change in derivative financial instruments fair value	XVIII	–	–	-938	–	–	–	–	–	-938
Change in translation differences	XVIII and XIX	–	–	–	1,106	–	–	–	529	1,635
Other comprehensive income of associates	X	–	–	–	23	–	43	–	–	66
Other comprehensive income		–	–	–	0	–	-732	–	785	53
Total comprehensive income for the period		**0**	**0**	**-938**	**1,129**	**0**	**-689**	**102,703**	**3,324**	**105,529**
BALANCE SHEET AS AT DECEMBER 31, 2016		**133,000**	**38,893**	**-1,107**	**2,274**	**16,203**	**119,084**	**102,703**	**15,893**	**426,943**
BALANCE SHEET AS AT JANUARY 1, 2017		**133,000**	**38,893**	**-1,107**	**2,274**	**16,203**	**119,084**	**102,703**	**15,893**	**426,942**
Profit for the year	XVIII	–	–	–	–	2,567	100,136	-102,703	–	0
Dividends	XVIII	–	–	–	–	–	-34,580	–	-575	-35,155
Perimeter variation	XIX	–	–	–	–	–	–	–	12,800	12,800
Changes in the percentage of interest retaining control	XIX	–	–	–	–	–	1,278	–	-1,923	-645
Agreement to acquire non-controlling interests	VI	–	–	–	–	–	-18,880	–	–	-18,880
Consolidated Net Income for the period	XVIII and XIX	–	–	–	–	–	–	73,027	3,551	76,579
Change in derivative financial instruments fair value	XVIII	–	–	1,575	–	–	–	–	–	1,575
Change in translation differences	XVIII and XIX	–	–	–	-3,981	–	–	–	-317	-4,298
Other comprehensive income of associates	X	–	–	–	662	–	-37	–	–	625
Other comprehensive income		–	–	–	–	–	352	–	96	448
Total comprehensive income for the period		**0**	**0**	**1,575**	**-3,319**	**0**	**315**	**73,027**	**3,330**	**74,928**
BALANCE SHEET AS AT DECEMBER 31, 2017		**133,000**	**38,893**	**468**	**-1,045**	**18,770**	**167,353**	**73,027**	**29,524**	**459,991**

(this statement should be read with the attached notes to the consolidated financial statements)

06

Notes to the Consolidated Financial Statements

I

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, directly or indirectly, holds no interest in land properties used to grow and explore cork tree. Cork tree is the source of cork, the main raw material used by Corticeira Amorim production units. Cork acquisition is made in an open market, with multiple agents, both in the demand side as in the supply side.

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 a registered head office in Mozelos, Santa Maria da Feira. Its share capital amounts to 133 million euros, and is represented by 133 million shares, which are publicly traded in the Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

Amorim Capital, S.A. held 67,830,000 shares of Corticeira Amorim as of December 31, 2016 corresponding to 51.00 % of its share capital. As a result of the merger of this company with Amorim – Investimentos e Participações, S.G.P.S, S.A., these shares are now held by this company. Accordingly, at 31 December 2017, Amorim – Investimentos e Participações, S.G.P.S, S.A. held, as of December 31, 2017, 67,830,000 shares of Corticeira Amorim, corresponding to 51.00% of the capital stock. Corticeira Amorim consolidates in Amorim – Investimentos e Participações, S.G.P.S., S.A., which is its controlling and Mother Company. Amorim – Investimentos e Participações, S.G.P.S., S.A. is 100% owned by Amorim family.

These financial statements were approved in the Board Meeting of February 19, 2018. Shareholders have the capacity to modify these financial statements even after their release.

Except when mentioned, all monetary values are stated in thousand euros (Thousand euros = K euros = K€).

II

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 2017. Consolidated statements were prepared based on a going concern basis and using the records as stated in the companies' books included in the consolidation which adopted local general accepted accounting principles. Accounting adjustments were made in order to comply with the International Financial Reporting Standards (IFRS) as adopted in the European Union as of December 31, 2017. These are based on the historical cost principle, except for financial instruments measured at fair value, which are registered according to IAS 39.

b. CONSOLIDATION

Group companies

The consolidated financial statements include, in reference to 31 December 2017, assets, liabilities, profit and loss of the companies in the Group, understood as the entirety of Corticeira Amorim and its subsidiaries, which are presented in Note VI.

An entity is classified as a subsidiary when it is controlled by the Group. Control exists only where the Group has, cumulatively:

- **a.** power over the investee;
- **b.** exposure to or rights over variable results derived from its relationship with the investee; and
- **c.** the ability to use its power over the investee to affect the amount of the results for investors.

Generally, it is assumed that there is control when the Group holds the majority of voting rights. In order to support this assumption and in cases where the Group does not hold the majority of voting rights in the investee, all relevant facts and circumstances are taken into account when determining the existence of power and control, such as:

- **a.** Any contractual agreements with other holders of voting rights;
- **b.** Any rights arising from other contractual agreements;
- **c.** Existing and potential voting rights.

The existence of control by the Group is re-evaluated whenever there is a change in any facts and circumstances that leads to changes in one of the three factors of control mentioned above.

Subsidiaries are included in the consolidation according to the full consolidation method, from the date when control is acquired until the date it effectively ends.

Intergroup balances and transactions, as well as any unrealised gains on transactions between companies in the Group, are eliminated. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

The accounting policies of subsidiaries are changed whenever necessary to ensure consistency with the policies adopted by the Group.

A change in the participating interest in a subsidiary that does not entail loss of control is recorded as a transaction between shareholders. If the Group loses control over the subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised and any gains or losses are recognised in the income statement. Investments retained are recognised at fair value at the time of the loss of control.

In situations where the Group has substantial control of entities created for a specific purpose, even if it has no direct shareholdings in these entities, they shall be consolidated using the full consolidation method.

Net assets of subsidiaries consolidated through the full consolidation method attributable to the equity stake or shares held by any third parties are recorded in the consolidated statement of financial position, in the line item Non-Controlling Interests.

Interests held by any third parties over the net income of subsidiaries are identified and adjusted by deduction from the equity attributable to the Group shareholders and recorded in the consolidated income statement, in the line item Non-Controlling Interests.

Financial holdings in associates and joint ventures

Associates are companies over which Corticeira Amorim exercises significant influence, understood as the power to participate in the financial and operating policy-making process, without, however, exercising control or joint control. Generally, it is assumed that there is a significant influence whenever the holding percentage exceeds 20%.

The classification of financial investments in joint ventures is determined based on the existence of shareholders' agreements that demonstrate and regulate joint control, which is understood to exist when decisions on activities relevant to the venture require a unanimous agreement between the parties.

The Group owns no interest in joint ventures, as defined in IFRS 11.20.

The existence of significant influence or joint control is determined based on the same type of facts and circumstances applicable in the assessment of control over subsidiaries.

These holdings are consolidated by the equity method; i.e., the consolidated financial statements include the Group's interest in the total recognised gains and losses of the associate/joint venture, from the date on which significant influence/control begins until the date on which it effectively ends. Dividends received from these companies are recorded as a reduction in the value of financial investments.

The Group's share of gains and losses in associates/joint ventures is recognised in the income statement, and its share of operations in Post-acquisition Reserves are recognised in Reserves. The cumulative postacquisition operations are adjusted according to the cumulative operations in the financial investment. When the Group's share of losses in an associate/joint venture equals or exceeds its investment in that entity, including any unsecured receipt transaction, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate/joint venture.

Any excess of the cost of acquisition of a financial investment over the Group's share in the fair value of the assets, liabilities and contingent liabilities identified on the date of acquisition of the associate/joint venture is recognised as goodwill, which is included in the value of the financial holding and whose recovery is assessed annually as part of the financial investment. If the cost of acquisition is lower than the fair value of the net amount of the assets of the associate/joint venture, the difference is recorded directly in the consolidated income statement.

Unrealised gains from transactions between the Group and its associates/joint ventures are eliminated to the extent of the Group's share in the respective associates/joint ventures. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

The accounting policies of associates/joint ventures are changed whenever necessary to ensure consistency with the policies adopted by the Group.

Following the application of the equity method, the Group assesses the existence of impairment indicators; should they exist, the Group calculates the recoverable amount of the investment and recognises an impairment loss if the recoverable amount is lower than the carrying amount of the investment, in the item "Gains/losses in associates and joint ventures" of the income statement.

After the loss of significant influence or joint control, 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 legal currency of Corticeira Amorim, S.G.P.S., S.A., and is the currency in which two thirds of its business is made and so Euro is considered to be its functional and presentation currency.

In non-euro subsidiaries, all assets and liabilities denominated in foreign currency are translated to euros using year-end exchange rates. Net exchange differences arising from the different rates used in transactions and the rate used in its settlements are recorded in the income statement.

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 / year.

Exchange differences are registered in an equity account "Translation differences" which is part of the line "Other reserves".

Whenever a non-euro subsidiary is sold or liquidated, accumulated translation differences recorded in equity are registered as a gain or a loss in the consolidated income statement by nature.

Business combinations and goodwill

The acquisition method is the method used to recognise the entry of subsidiaries in the Group 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 under IAS 39 and (iii) as expenses, pursuant to IAS 37 or other applicable standards, in remaining cases.

Expenses related to the acquisition are not part of the transferred consideration, so they do not affect the determination of goodwill/gains resulting from the acquisition and are recognised as expenses in the year they occur.

On the date of acquisition, the classification and designation of all assets acquired and liabilities transferred are reassessed in accordance with IFRS, with the exception of lease and insurance contracts, which are classified and designated based on the contractual terms and conditions, on the commencement date.

Assets arising from contractual indemnities paid by the seller concerning the outcome of contingencies related, in whole or in part, to a specific liability of the combined entity, shall be recognised and measured using the same principles and assumptions of the related liabilities.

The determination of the fair value of assets acquired and liabilities assumed takes into account the fair value of contingent liabilities arising from a present obligation caused by a past event (if the fair value can be reliably measured), regardless of whether an outflow is expected or not.

For each acquisition, the Group can choose to measure "non-controlling interests" at their fair value or by their respective share in the assets and liabilities transferred from the acquiree. The choice of a method influences the determination of the amount of goodwill to be recognised. When the business combination is achieved in stages, the fair value on the date of acquisition of the interests held is remeasured to the fair value on the date when control is obtained, by contra entry of 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, acquired after 1 January 2005, 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 interests

Corticeira Amorim chooses to treat multiple transactions in a business combination as separate acquisitions.

When the facts and circumstances indicate that Corticeira Amorim has no control over the shares subject to the agreement, Corticeira Amorim chooses the approach of full recognition of non-controlling interest, in which non-controlling interest continue to be recognized in equity until the moment when the subsequent agreement is implemented. The recognized value of non-controlling interest changes due to allocation of results, changes in other comprehensive income and dividends declared in the reporting period as referred to in note II letter b).

When there is an agreement to acquire an additional interest in a subsidiary, a financial liability is recorded. The financial liability for the agreement is accounted for under IAS 39. On initial recognition, the corresponding debit is made to another component of "Equity" attributable to the parent company. Subsequent changes in the value of the financial liability that result from the remeasurement of the present value payable are recognized in the profit or loss attributable to the parent company.

When the agreement is realized, Corticeira Amorim accounts for an increase in its ownership interests. At the same time, the financial liability and derecognizes an offsetting credit in the same component of equity reduced on initial recognition.

c. TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at acquisition cost net of accumulated depreciation and impairment losses.

Subsequent costs are included in the carrying amount of the asset or recognized as separate assets when it is probable that future economic benefits that exceed the originally measured level of performance of the existing asset will flow to the enterprise and the cost of the asset to the enterprise can be measured with reliability. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Financial charges related to financing for production / acquisition of assets that require a substantial period of time to be ready to be used 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
Plant machinery	4 to 10
Motor vehicles	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 is expected higher and significative future benefits, is capitalized.

An asset's carrying amount is written down to its recoverable amount and charged to the income statement if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses and disposals are included in the income statement.

d. INTANGIBLE ASSETS

Intangible assets are initially measured at cost. Subsequently they are measured at cost less accumulated depreciation and impairment losses.

Research expenditures are recognised in the income statement as incurred.

Development expenditure is recognised as intangible asset when the technical feasibility being developed can be demonstrated and the Group has the intention and capacity to complete its development and start trading or using it and that future economic benefits will occur.

Amortisation of the intangible assets is calculated by the straight-line method, and recorded as the asset qualifies for its required purpose:

	Number of years
Industrial Property	10 to 20
Software	3 to 6

The estimated useful life of assets is reviewed and adjusted when necessary, at the balance sheet date.

e. INVESTMENT PROPERTY

Investment property includes land and buildings not used in production.

Investment property is initially registered at acquisition cost plus acquisition or production attributable costs, and when pertinent financial costs during construction or installation. Subsequently is measured at acquisition cost less cumulative depreciations and impairment, until the residual value.

Periods and methods of depreciation are as follows in c) note for tangible fixed asset.

Properties are derecognized when sold. When used in production are reclassified as tangible fixed asset. When land and buildings are no more used for production, they will be reclassified from tangible fixed asset to investment property.

f. NON-FINANCIAL ASSETS IMPAIRMENT

Assets with indefinite useful lives are not amortised but are annually tested for impairment purposes, or more frequently if there are events or changes in circumstances that indicate impairment.

Assets under depreciation are tested for impairment purposes whenever an event or change of circumstances indicates that its value cannot be recovered.

For the estimate of impairments, assets are allocated to the lowest level for which there are separate identifiable cash flows (cash generating units).

In assessing impairment, both internal and external sources of information are considered. Tests are carried out if the level of profitability of cash-generating units is consistently below a minimum threshold, from which there is risk of impairment of assets. Impairment tests are also performed whenever management makes significant changes in operations (for example, total or partial discontinuation of the activity).

Impairment tests are performed internally. Whenever impairment tests are performed, future cash flows are discounted at a specific rate for the cash-generating unit, which includes the risk of the market where it operates.

The group uses external experts (appraisers) only to determine the market value of land and buildings in situations of discontinuation of operations, where they are no longer recovered by use.

Impairment losses are recognized as the difference between its carrying amount and its recoverable amount. Recoverable corresponds to the higher of its fair value less sales expenses and its value for use.

Impairment losses, if any, are allocated specifically to the individual assets that are part of the cash flow generating unit.

Non-financial assets, except goodwill, that generated impairment losses are valued at each reporting date regarding reversals of said losses.

g. OTHER FINANCIAL ASSETS

This caption is primarily related to investments in equity instruments available for sale, which have no stock exchange share price and whose fair value cannot be estimated reliably and are therefore measured at cost. Dividends, if any, are recognized in the period in which they occur, when the right to receive is established.

h. 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).

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.

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.

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 very reduced.

The intermediate and finished products are not as susceptible of alternative use. In these cases, the amount by which inventories are expected to be realized is influenced by the age of those inventories. Thus, in addition to the specific analysis (priority form of determination of net realizable value), the group applies a criteria based on the rotation to estimate the reduction of expected value of these materials in function of their ageing.

i. TRADE AND OTHER RECEIVABLES

Trade and other receivables are registered initially at fair value and subsequently registered at amortized cost, and adjusted for any subsequent impairment losses which will be charged to the income statement.

Medium and long-term receivables, if applicable, will be measured at amortised cost using the effective interest rate of the debtor for similar periods.

Trade and other receivables are derecognised when the rights to receive cash flows from the investments expire or are transferred, as well as all the risks and rewards of its ownership.

j. FINANCIAL ASSETS IMPAIRMENT

At each reporting date, the impairment of financial assets at amortised cost is evaluated.

Financial asset impairment occurs if after initial register, unfavourable cash flows from that asset can be reasonably estimated.

Impairment losses are recognized as the difference between its carrying amounts and expected future cash flows (excluding future losses that yet have not occurred), discounted at the initial effective interest rate of the asset. The calculated amount is deducted to the carrying amount and loss recognised in the earnings statement.

As a rule, Corticeira Amorim grouped the financial assets according to similar credit risk characteristics, the impairments being estimated based on the experience of historical losses.

At the end of each period, an analysis is performed on the quality of customer loans. Given the characteristics of the business it is considered that the balances overdue up to 90 days are not susceptible to impairment. Balances overdue between 90 and 120 days are considered as being able to generate an impairment of around 30% and balances between 120 and 180 days 60%. All balances overdue for more than 180 days, as well as all balances considered as doubtful, will give rise to a total impairment.

This rule does not overlap the analysis of each specific case. The analysis of the specific cases is determined on the individual accounts receivable, taking into account the historical information of the clients, their risk profile and other observable data in order to assess if there is objective proof of impairment for these accounts receivable.

Impairment of Other Financial Assets is verified through the analysis of the companies' approved financial statements, as well as the evaluation of the expected future cash flows of their activity.

If the impairment loss decreases in a future period, the losses previously recognized against the Income Statement are reversed.

k. CASH AND EQUIVALENTS

Cash includes cash in hand, deposits held at call in banks, time deposits and other no-risk short-term investments with original maturities of three months or less. In the Consolidated Statement of Cash Flow, this caption includes Bank overdrafts.

l. SUPPLIERS, OTHER BORROWINGS AND CREDITORS

Debts to suppliers and other borrowings and creditors are initially registered at fair value. Subsequently are measured at amortised cost using the effective interest rate method. They are classified as current liabilities, except if Corticeira Amorim has full discretion to defer settlement for at least another 12 months from the reporting date.

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 the Liabilities, in the Suppliers account, 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.

Liabilities are derecognised when the underlying obligation is extinguished by payment, cancelled or expires.

m. INTEREST BEARING LOANS

This line includes interest bearing loans amounts. Any costs attributable to the lender, will be deducted from the loan amount and charged, during its life, using the effective interest rate.

Interests are usually charged to the income statement as they occur. Interests arising from loans related with capital expenditure will be capitalised and charged to the specific asset under construction. Capitalisation will cease when the project is ready for use or suspended.

n. INCOME TAXES – CURRENT AND DEFERRED

Income tax includes current income tax and deferred income tax. Except for companies included in groups of fiscal consolidation, current income tax is calculated separately for each subsidiary, on the basis of its net result for the period adjusted according to tax legislation. Management periodically addresses the effect of different interpretations of tax law.

Deferred taxes are calculated using the liability method, reflecting the temporary differences between the carrying amount of consolidated assets and liabilities and their correspondent value for tax purposes.

Deferred tax assets and liabilities are calculated and annually registered using actual tax rates or known tax rates to be in vigour at the time of the expected reversal of the temporary differences.

Deferred tax assets are recognized to the extent that it is probable sufficient future taxable income will be available utilisation. At the end of each year an analysis of the deferred tax assets is made. Those that are not likely to be used in the future will be derecognised.

Deferred tax liabilities are recognized for all taxable temporary differences, except those related to i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities that do not result from a business combination, and that at transaction date does not affect the accounting or tax result.

Deferred taxes are registered as an expense or a gain of the year, except if they derive from values that are booked directly in equity. In this case, deferred tax is also registered in the same line.

Deferred tax liabilities are not recognized in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

o. EMPLOYEE BENEFITS

Corticeira Amorim Portuguese employees benefit exclusively from the national welfare plan. Employees from foreign subsidiaries (about 27% of total Corticeira Amorim) or are covered exclusively by local national welfare plans or benefit from complementary contribution plans.

As for the defined contribution plans, contributions are recognised as employee benefit expense when they are due.

Corticeira Amorim recognises a liability and an expense for bonuses attributable to a large number of directors. These benefits are based on estimations that take in account the accomplishment of both individual goals and a pre-established Corticeira Amorim level of profits.

p. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions are recognised when Corticeira Amorim has a present legal or constructive obligation as a result of past events, when it is more likely than not an outflow of resources will be required to settle the obligation and when a reliable estimation is possible.

Provisions are not recognised for future operating losses. Restructuring provisions are recognised with a formal detail plan and when third parties affected are informed.

The main items of provisions were recorded based on their nominal value. Provisions for ongoing tax proceedings are annually increased by the calculation of interest and fines, as defined by law. In all other cases, given the uncertainty regarding the timing of the outflow of resources to cover liability, it is not possible to reliably estimate the effect of the discount, which is estimated to be not material.

When there is a present obligation, resulting from a past event, but it is not probable that an outflow of resources will be required, or this cannot be estimated reliably, the obligation is treated as a contingent liability. This will be disclosed in the financial statements, unless the probability of a cash outflow is remote.

Contingent assets are not recognized in the financial statements but disclosed when it is probable the existence of an economic future inflow of resources.

q. REVENUE RECOGNITION

Revenue comprises the value of the consideration received or receivable for the sale of goods and finished products. Revue is shown, net of value-added tax, returns, rebates, and discounts, including cash discounts. Revenue is also adjusted by any prior period's sales corrections.

Services rendered are immaterial and, generally, are refunds of costs related with finished product sales.

Sales revenue is recognised when the significant risk and rewards of ownership of the goods are transferred to the buyer and its amount can be reliably measured. Revenue receivable after one year will be discounted to its fair value.

r. 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 interest bearing grants are presented as interests bearing debt; if no-interest bearing, they are presented as "Other borrowings".

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 "non-refundable grants", at other loans and creditors, being afterwards recognised in net result.

The grants received are classified as a financial activity in the Statement of Cash Flows.

s. LEASING

When a contract indicates that the significant risks and rewards of the ownership of the asset are transferred to Corticeira Amorim, leasing contracts will be considered as financial leases.

All other leasing contracts are treated as operating leases. Payments made under operating leases are charged to the income statement.

Whenever Corticeira Amorim qualifies as lessee of finance leases, assets under lease are recognized as Tangible Fixed Assets and are depreciated over the shorter of the term of the contract and the useful life of the assets.

t. DERIVATIVE FINANCIAL INSTRUMENTS

Corticeira Amorim uses derivatives financial instruments as forward and spot exchange rate contracts, options and swaps; these are intended to hedge its business financial risks and are not used for speculative purposes. Corticeira Amorim accounts for these instruments as hedge accounting, following all its standards. Dealing is carried out by a central treasury department (dealing room) on behalf of the subsidiaries, under policies approved by the Board of Directors. Derivatives are recorded at their fair value. The method of recognising is as follows:

a. Fair value hedge

Changes in the fair value of derivatives that qualify as fair value hedges and that are expected to be highly effective, are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

b. Cash flow hedge

Changes in the fair value of derivatives that qualify as cash flow edges and that are expected to be highly effective, are recognised in equity, being transferred to income statement in the same period as the respective hedged item affects results; the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

c. Net investment hedge

For the moment, Corticeira Amorim is not considering any foreign exchange hedge over its net investments in foreign units (subsidiaries).

Corticeira Amorim has fully identified the nature of its activities' risk exposure and documents entirely and formally each hedge; uses its information system to guarantee that each edge is supported by a description of: risk policy, purpose and strategy, classification, description of risk, identity of the instrument and of the risk item, description of initial measurement and future efficiency, identification of the possible derivative portion which will be excluded from the efficiency test.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or the forecasted transaction no longer remains highly provable or simply is abandoned, or the decision to consider the transaction as a hedge, the company will de-recognised the instrument.

u. EQUITY

Ordinary shares are included in equity.

When Corticeira Amorim acquires own shares, acquisition value is recognised deducting from equity in the line treasury stock.

v. NON-RECURRENT RESULTS

Non-recurring operating results that due to their material or nature may distort the financial performance of Corticeira Amorim, as well as their comparability, are presented in a separate line on the Consolidated Income Statement by Nature. These results include, but are not limited to, restructuring costs, transaction costs for the acquisition of subsidiaries and expenses for exiting from certain countries.

w. SUBSEQUENT EVENTS

Corticeira Amorim recognizes in the financial statements the events that, after the balance sheet date, provide additional information on the conditions that existed on the balance sheet date, including the estimates inherent in the preparation of the financial statements. The group does not recognize events that, after the balance sheet date, provide information on conditions that occur after the balance sheet date.

III

FINANCIAL RISK MANAGEMENT

Corticeira Amorim activities expose it to a variety of financial risks: market risks (including currency risk, interest rate risk and raw material price risk), credit risk, liquidity risk and capital risk.

MARKET RISK

a. Exchange rate risk

Exchange rate risk management policy established by Corticeira Amorim Board points out to a total hedging of the assets deriving from sales in the most important currencies and from USD acquisitions. As for book orders up to 90 days, each Business Unit responsible will decide according to exchange rate evolution. Book orders, considered relevant, due after 90 days, will be presented by the Business Unit responsible to the Board.

As of December 31, 2017, taking into account the relationship between the amount of the group's exposure to financial assets and liabilities in foreign currency and the notional amount of hedges contracted, exchange rates different from the Euro currency (particularly USD), would have no material effect in the consolidated results of the group. As for book orders any effect would be registered in Equity. As for non-euro net investments in subsidiaries/associate, any exchange rate effect would be registered in Equity, because Corticeira Amorim does not hedge this type of assets. As these investments are not considered relevant, the register of the effects of exchange rates variations was −1,045 K€ as of December 31, 2017 (2016: 2,274 K€).

b. Interest rate risk

As of December 31, 2016 and 2017, from the total interest bearing debt, 25 M€ were linked to fixed interest rate for a 10 year period.

Most of the risk derives from the noncurrent-term portion of that debt at variable rate (23.1 M€ as of 31/12/2017 and 13.6 M€ as of 31/12/2016).

As of December 31, 2017, if interest rates were 0.1 percentage points higher, with the remaining variables remaining constant, the pre-tax result would be lower by around 85 thousand euros (62 thousand euros in 2016) as a result of the increase in Financial costs with variable rate debt.

c. Raw material price risk

In view of the critical nature of this factor, the procurement, storage and preparation management of the only variable common to all Corticeira Amorim activities, which is the raw material (cork), is assembled in an autonomous BU, which, among other objectives, makes it possible to prepare, discuss and decide within the Board of Directors the orientation or the multiannual supply policy to be developed.

The Group's cork procurement team is made up of a group of highly specialized staff, mainly in Portugal, Spain and North Africa. The objective of the buyers team is to maximize the price / quality ratio of the purchased cork and simultaneously ensure the purchase of sufficient quantity for the desired level of production.

The cork market is an open market where price is determined by the supply and demand law. The price offered by Corticeira Amorim is determined business by business, and depends essentially on the estimated quality of cork. Corticeira Amorim does not have the ability to set the purchase price of the harvesting, and this is a result of the operation of the market.

The purchase is concentrated in a certain period of the year, in which the raw material supply is guaranteed for the whole of the following year, the sales prices of the finished products and margins of the business are defined taking into account the cost of acquiring the raw material.

CREDIT RISK

Credit risk is due, mainly, to receivables from customers related to trade sales. Credit risk is monitored by the operating companies Financial Departments, taking in consideration its history of trade relations, financial situation as well as other types of information that Corticeira Amorim business network has available related with each trading partner. Credit limits are analysed and revised, if necessary, on a regular basis. Due to the high number of customers, spread through all continents, the most important of them weighting less than 3% of total sales, credit risk is naturally diminished.

Normally no guarantees are due from customers. Corticeira Amorim does not make use of credit insurance.

Credit risk derives also from cash and cash equivalents balances and from financial derivative instruments. Corticeira Amorim previously analysis the ratings of the financial institutions so that it can minimize the failure of the counterparts.

The maximum credit risk is the one that results from the failure to receive all financial assets (December 2017: 224 million euros and December 2016: 224 million euros).

Corticeira Amorim's Cash and Equivalents is dispersed by more than 80 subsidiaries, with the largest weight being 15% of Cash and Equivalents. In terms of the quality of credit risk, associated to Cash and Equivalents, as of December 31, 2017, Corticeira Amorim selects financial institutions whose rating does not risk the realization of these assets. The most relevant counterparties have the following rating: S & P (A-3 | A-2); Moody's (Ba1 | P2); Fitch (F3 | 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 police offer the necessary flexibility to conduct its business.

Financial liabilities estimated non-discounted cash flows maturities are as follows:

	Up to 1 year	1 to 2 years	2 to 4 years	More than 4 years	Total
Interest-bearing loans	48,399	3,140	10,469	25,000	87,008
Other borrowings and creditors	44,509	3,138	6,061	873	54,581
Trade payables	109,985				109,985
Total as of December 31, 2016	**202,894**	**6,278**	**16,530**	**25,873**	**251,575**
Interest-bearing loans	61,695	10,170	12,914	25,011	109,790
Other borrowings and creditors	49,654	11,331	15,851	9,592	86,429
Trade payables	157,096				157,096
Total as of December 31, 2017	**268,445**	**21,501**	**28,765**	**34,602**	**353,314**

(thousand euros)

Liquidity risk hedging is achieved by the existence of non-used credit line facilities and, eventually bank deposits.

Based in estimated cash flows, 2018 liquidity reserve, composed mainly by non-used credit lines, will be as follows:

	2018
Opening balance	**176**
Operating cash in and cash out	132
Capex	-50
Interest and dividends	-26
Income tax	-28
Bank debt payments	-14
Closing balance	**190**

NOTE: includes dividends to be approved in the April 13, 2018 shareholders meeting

(million euros)

The financial flow assumes that at the end of 2018, the level of unused credit lines is equal to that of the beginning of the year and cash and cash equivalents will be approximately 10 M€.

CAPITAL RISK

Corticeira Amorim key objective is to assure business continuity, delivering a proper return to its shareholders and the correspondent benefits to its remaining stakeholders. A careful management of the capital employed in the business, using the proper combination of capital in order to reduce its costs, obtains the fulfilment of this objective. In order to achieve the proper combination of capital employed, the Board can obtain from the General Shareholders Meeting the approval of the necessary measures, namely adjusting the dividend pay-out ratio, the treasury stock, raising capital through new shares issue, sale of assets or other type of measures.

The key indicator for the said combination is the Equity / Assets ratio. Corticeira Amorim establishes as a target a level of not less than 40% of Equity / Assets ratio, and should not deviate significantly from the range 40%-50%, depending on actual economic conditions and of the cork sector in particular, is the objective to be accomplished.

The said ratio register was:

	december 31, 2017	december 31, 2016	december 31, 2015
Capital Equity	459,991	426,943	354,133
Assets	869,407	726,873	667,219
Equity / Assets	**52.9%**	**58.7%**	**53.1%**

(thousand euros)

FINANCIAL ASSETS AND LIABILITIES FAIR VALUE

As of December 31, 2017, financial instruments measured at fair value were composed of derivative financial instruments and the agreement for the acquisition of additional ownership interest in a subsidiary in Bourrassé. 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, 2017, derivative financial instruments recognised as assets in the consolidated statement of financial position rise 800 K€ (2016: 0 K€) and 265 thousand euros as liabilities (2016: 2,989 K€), as stated in notes XVI and XXII. The agreement for the acquisition of additional ownership interest in a subsidiary is described in Note VI.

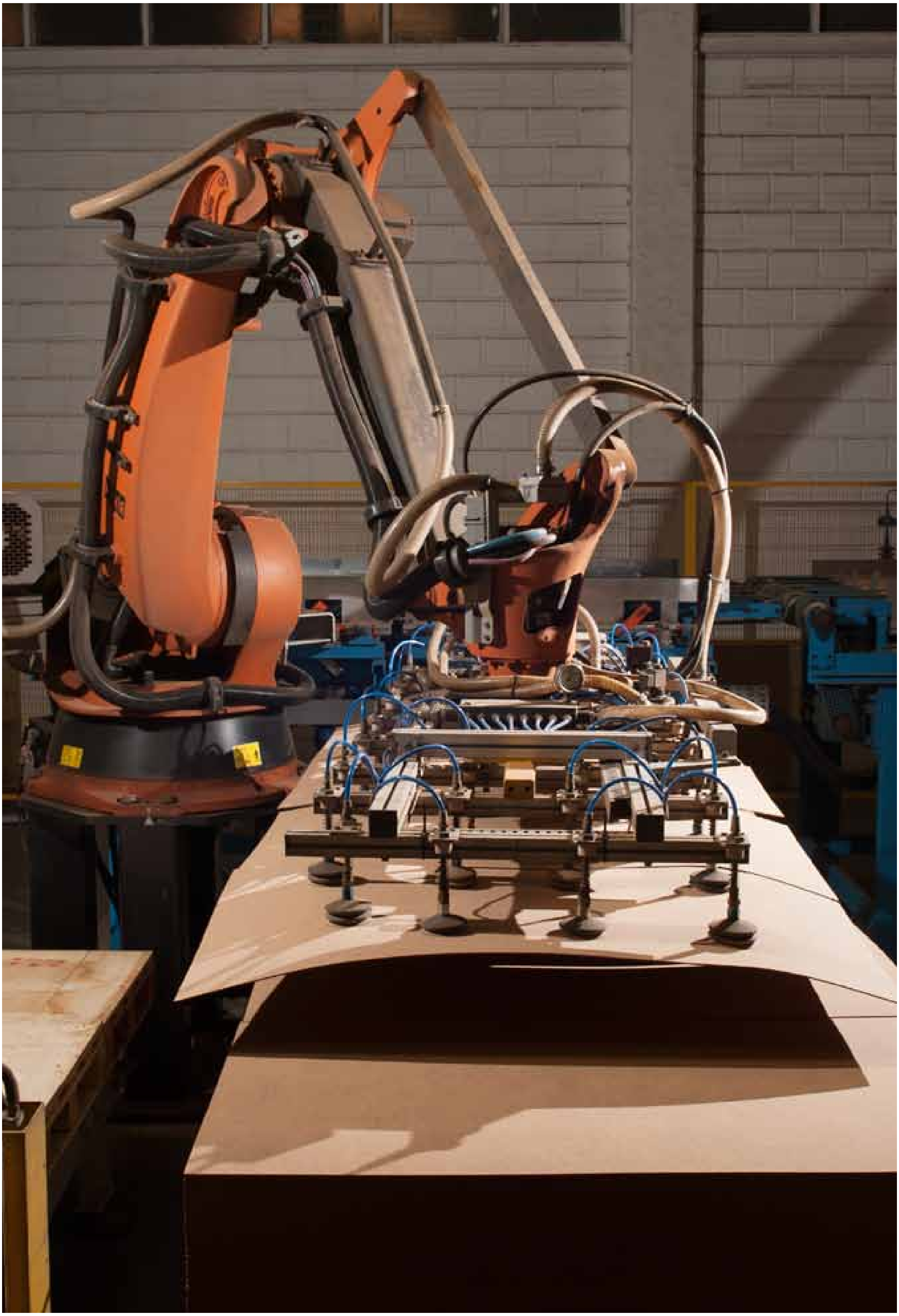
Corticeira Amorim uses forward outrights and options to hedge exchange rate risk, as stated in note XXX. Evaluating exchange rate hedge instruments requires the utilisation of observable inputs (level 2). Fair value is calculated using a proprietary model of Corticeira Amorim, developed by Reuters, using discounted cash flows method for forwards outrights. As for options, it is used the Black & Scholes model.

Summary of the financial instruments derivatives fair value:

			31/12/2017		31/12/2016	
Nature	**Hierarchy**	**Type**	**Notional**	**Fair Value**	**Notional**	**Fair Value**
		Cash flow hedge	0	416	0	0
		Fair value hedge	16,168	445	0	0
		Trading derivatives	0	-61	0	0
	Level 2 Total		**16,168**	**800**	**0**	**0**
Total Assets			**16,168**	**800**	**0**	**0**
		Cash flow hedge	14,866	0	27,296	1,395
		Fair value hedge	8,051	266	14,287	996
		Trading derivatives	0	-1	17,599	597
	Level 2 Total		**22,917**	**265**	**59,182**	**2,989**
		Agreement for the acquisition of additional ownership interest in a subsidiary	20,000	19,035	-	-
	Level 3 Total		**20,000**	**19,035**	-	-
Total Liabilities			**42,917**	**19,300**	**59,182**	**2,989**

(thousand euros)

The main inputs used in valuation are forward exchange rate curves and estimates of currency volatility.



IV

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

When evaluating equity and net income, Corticeira Amorim makes estimates and assumptions concerning events only effective in the future. In most cases, estimates were confirmed by future events. In such cases where it doesn't, variations will be registered when they'll be materialized.

The useful lives used represent best estimate for the expected period of use of property. They are periodically reviewed and adjusted if necessary, as described in Note II. c.

Still to be noted 13,146 K€ registered in deferred tax assets (2016: 10,004 K€). These values will be recovered if the business plans of the companies that recorded those assets are materialized in the future (Note XII).

Provisions for tax contingencies and other processes are based on the best estimate of management regarding losses that may exist in the future that are associated with these processes (Note XXIX).

V

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 players in the registration process of operations and support systems. In the group there is an Internal Control Procedures Manual and Accounting Manual, implemented at the level of the Corticeira Amorim Group. These manuals contain a set of rules and policies to ensure that in the financial information preparation process homogeneous principles are followed, and to ensure the quality and reliability of financial information.

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

Every quarter, the consolidated financial information by business unit is assessed, validated and approved by the management of each of the group's business units.

Before its release, the consolidated financial information of Corticeira Amorim is approved by the Board of Directors and presented to the Supervisory Board.

VI

COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Company		Head Office	Country	2017	2016
Raw Materials					
Amorim Natural Cork, S.A.		Vale de Cortiças – Abrantes	Portugal	100%	100%
Amorim Florestal, S.A.		Ponte de Sôr	Portugal	100%	100%
Amorim Florestal España, SL		San Vicente Alcántara	Spain	100%	100%
Amorim Florestal Mediterrâneo, SL		Cádiz	Spain	100%	100%
Amorim Tunisie, S.A.R.L.		Tabarka	Tunisia	100%	100%
Augusta Cork, S.L.		San Vicente Alcántara	Spain	100%	100%
Comatral – C. de Maroc. de Transf. du Liège, S.A.		Skhirat	Morocco	100%	100%
SIBL – Société Industrielle Bois Liége		Jijel	Algeria	51%	51%
Société Nouvelle du Liège, S.A. (SNL)		Tabarka	Tunisia	100%	100%
Société Tunisienne d'Industrie Bouchonnière	(c) (g)	Tabarka	Tunisia	55%	45%
Vatrya – Serviços de Consultadoria, Lda		Funchal – Madeira	Portugal	100%	100%
Cork Stoppers					
Amorim & Irmãos, SGPS, S.A.		Santa Maria Lamas	Portugal	100%	100%
ACI Chile Corchos, S.A.	(d)	Santiago	Chile	100%	-
ACIC USA, LLC		California	U. S. America	100%	100%
Agglotap, S.A.		Girona	Spain	91%	91%
All Closures In, S.A.		Paços de Brandão	Portugal	75%	75%
Amorim & Irmãos, S.A.		Santa Maria Lamas	Portugal	100%	100%
Amorim Argentina, S.A.		Buenos Aires	Argentina	100%	100%
Amorim Australasia Pty Ltd		Adelaide	Australia	100%	100%
Amorim Bartop, S.A.		Vergada	Portugal	75%	75%
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.		Gensac La Pallue	France	100%	100%
Amorim Top Series, S.A.		Vergada	Portugal	75%	75%
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 Bourrassé, S.A.	(e)	Santiago	Chile	60%	-
Equipar, Participações Integradas, Lda.		Coruche	Portugal	100%	100%
S.A.S. Ets Christian Bourassé	(e)	Tosse	France	60%	-
FP Cork, Inc.		California	U. S. America	100%	100%
Francisco Oller, S.A.		Girona	Spain	92%	92%
Hungarokork, Amorim, RT		Budapeste	Hungary	100%	100%
Indústria Corchera, S.A.	(c)	Santiago	Chile	50%	50%
Korken Schiesser Ges.m.b.H.		Viena	Austria	69%	69%
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%

Company		Head Office	Country	2017	2016
S.A. Oller et Cie		Reims	France	92%	92%
S.C.I. Friedland		Ceret	France	100%	100%
S.C.I. Prioux		Epernay	France	91%	91%
Socori, S.A.	(e)	Rio Meão	Portugal	60%	-
Sodiliège	(e)	Cognac	France	75%	-
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, Sl	(c)	Navarrete – La Rioja	Spain	50%	50%
Wine Packaging & Logistic, S.A.	(b)	Santiago	Chile	50%	50%
Floor & Wall Coverings					
Amorim Revestimentos, S.A.		S. Paio de Oleiros	Portugal	100%	100%
Amorim Benelux, BV		Tholen	Netherlands	100%	100%
Amorim Deutschland, GmbH – AR	(a)	Delmenhorst	Germany	100%	100%
Amorim Flooring, SA		S. Paio de Oleiros	Portugal	100%	100%
Amorim Flooring (Switzerland) AG		Zug	Switzerland	100%	100%
Amorim Flooring Austria GesmbH		Vienna	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%
Amorim Flooring UK, Ltd	(d)	Manchester	Un. Kingdom	100%	-
Amorim Japan Corporation		Tokyo	Japan	100%	100%
Amorim Revestimientos, S.A.		Barcelona	Spain	100%	100%
Cortex Korkvertriebs GmbH		Fürth	Germany	100%	100%
Dom KorKowy, Sp. Zo. O.	(c)	Kraków	Poland	50%	50%
Timberman Denmark A/S		Hadsund	Denmark	51%	51%
Composite Cork					
Amorim Cork Composites, S.A.		Mozelos	Portugal	100%	100%
Amorim (UK) Ltd.		Horsham West Sussex	Un. Kingdom	100%	100%
Amorim Compcork, Lda		Mozelos	Portugal	100%	100%
Amorim Cork Composites LLC		Saint Petersburg	Russia	100%	100%
Amorim Cork Composites Inc.		Trevor – Wisconsin	U. S. America	100%	100%
Amorim Deutschland, GmbH – ACC	(a)	Delmenhorst	Germany	100%	100%
Amorim Industrial Solutions – Imobiliária, S.A.		Corroios	Portugal	100%	100%
Amosealtex Cork Co., Ltd	(b) (f)	Shanghai	China	50%	30%
Chinamate (Shaanxi) Natural Products Co. Ltd		Shaanxi	China	100%	100%
Chinamate Development Co. Ltd		Hong Kong	China	100%	100%
Compruss – Investimentos e Participações Lda		Mozelos	Portugal	100%	100%
Corticeira Amorim – France SAS		Lavardac	France	100%	100%
Florconsult – Consultoria e Gestão, Lda		Mozelos	Portugal	100%	100%
Postya – Serviços de Consultadoria, Lda.		Funchal – Madeira	Portugal	100%	100%
Insulation Cork					
Amorim Isolamentos, S.A.	(f)	Vendas Novas	Portugal	100%	80%
Holding					
Corticeira Amorim, SGPS, S.A.		Mozelos	Portugal	100%	100%
Ginpar, S.A. (Générale d' Invest. et Participation)		Skhirat	Morocco	100%	100%
Amorim Cork Research, Lda.		Mozelos	Portugal	100%	100%
Amorim Cork Services, Lda.		Mozelos	Portugal	100%	100%
Amorim Cork Ventures, Lda		Mozelos	Portugal	100%	100%
Ecochic Portuguesas – footwear and fashion products, Lda	(g)	Mozelos	Portugal	12%	24%
Corecochic – Corking Shoes Investments, Lda	(g)	Mozelos	Portugal	50%	-
Gröwancork – Estruturas isoladas com cortiça, Lda	(b)	Mozelos	Portugal	25%	25%
PrimaLynx – Sustainable Solutions, Lda.	(b) (h)	Mozelos	Portugal	24%	24%
TDCork – Tapetes Decorativos com Cortiça, Lda	(b) (h)	Mozelos	Portugal	25%	25%
Soc. Portuguesa de Aglomerados de Cortiça, Lda		Montijo	Portugal	100%	100%
Supplier Portal Limited	(d)	Hong Kong	China	100%	-

(a) One single company: Amorim Deutschland, GmbH & Co. KG. (b) Equity Method consolidation.
(c) Corticeira Amorim directly or indirectly controls the relevant activities – line-by-line consolidation method.
(d) Company set-up in 2017. (e) Company acquired in 2017. (f) Increase in the percentage of interest.
(g) Corecochic was incorporated in 2017 and consolidated by the Equity Method. Now it owns Ecochic, which is also consolidated by the Equity Method of Equity. (h) Companies that already existed in 2016 and that were not described in note VI of the 2016 Report.

For entities consolidated by the full consolidation method, the percentage of voting rights held by "Non-Controlling Interests" is equal to the percentage of share capital held.

ACQUISITION OF BOURRASSÉ

In July 19, 2017 Corticeira Amorim, through its subsidiary Amorim & Irmãos, SGPS, S.A., has entered into an agreement with a view to the acquisition of the share capital of S.A.S. ETS CHRISTIAN BOURRASSÉ, a company with its headquarters in Tosse (France). S.A.S. ETS CHRISTIAN BOURRASSÉ fully owns the capital of SOCORI – SOCIEDADE DE CORTIÇAS DE RIOMEÃO, S.A. (Riomeão, Portugal) and of CORPACK BOURASSÉ S.A. (Santiago, Chile) – the three jointly designated as BOURRASSÉ.

Under the terms of the agreement, Amorim & Irmãos, SGPS, S.A. firstly acquires 60% of the share capital of ETABLISSEMENTS CHRISTIAN BOURRASSÉ (société anonyme) for the amount of € 29 million. The remaining 40% will be subsequently acquired, until 2022, for a price that takes as a reference the price paid for the first 60% and that will also depend on the evolution of BOURRASSÉ's performance in the coming years.

BOURRASSÉ currently has a team of about 450 employees who produce and distribute more than 700 million cork stoppers a year, which are sold to more 3300 customers (direct and indirect). It operates mainly in France, Spain, Italy and Chile.

The group chose to measure the non-controlling interest at the proportionate share of the acquiree's net assets and liabilities.

These companies were incorporated in the consolidated accounts in July 1, 2017.

Acquiree's net assets and liabilities

The fair values of the assets and liabilities identified under this transaction are shown in the table below:

Fair value recognised on the date of acquisition	
Tangible assets	21
Inventory	37
Accounts receivable	14
Other debtors	5
Deferred tax	1
Assets	**78**
Accounts payables	5
Other creditors	3
Provisions	1
Net financial debt	35
Deferred tax	0
Liabilities	**45**
Net Assets	**33**
60% of identifiable net assets	**19**
Goodwill	**10**
Non-Controlling Interest on the date of acquisition	**13**

(million euros)

The main adjustments to fair value were at the level of inventories, provisions and deferred taxes. For the remaining assets and liabilities, no significant differences were identified between the fair value and the respective carrying amount. The goodwill of 9.7 M€ euros represents the remaining amount that could not be identified in the acquiree. Goodwill recognized in the accounts is not expected to be deductible for tax purposes.

The fair value of the non-controlling interest of BOURRASSÉ was calculated in accordance with the terms established in the acquisition agreement. On September 30, 2017 the group recognized a financial liability in the amount of 18.9 M €, corresponding to the present value of the agreement to acquire the non-controlling interest.

Bourrassé's contribution to Corticeira Amorim's results was as follows: sales: € 25.9 million, EBITDA: € 3.1 million and EBIT: € 1.8 million. It is estimated that Bourrassé's contribution to the results, if it had been acquired on January 1, 2017, would be as follows: sales: € 57.7 million, EBITDA: € 7.3 million and EBIT € 5.3 million.

Transaction costs of 349 thousand euros were recorded as non-recurring expense (Note XXV).

ACQUISITION OF SODILIÈGE

In September 11, 2017 Corticeira Amorim, through its subsidiary AMORIM BARTOP – INVESTIMENTOS E PARTICIPAÇÕES, S.A., has entered into an agreement for the acquisition of the company S.A.S. SODILIÈGE, located in Merpins, Cognac (France). Corticeira Amorim concluded the acquisition of 100% of the share capital of SODILIÈGE. Corticeira Amorim has also made a commitment to acquire the manufacturing and administrative facilities where SODILIÈGE operates. The total amount of the transaction totals 3 M €, 1.8 M € being the purchase value of 100% of the shares.

SODILIÈGE produces and distributes bartop closures for alcoholic and spirit drinks such as cognac and armagnac. It manufactures a portfolio of high quality and diverse bartops, producing stoppers according to the specifications of its customers and making bartops in a range of different materials, including metal (zamac and tin), glass, wood, porcelain and plastic. The company uses plastic injection technology.

In the 2016 financial year, SODILIÈGE registered a turnover of € 3.2 million. Its highly specialized workforce comprises 12 employees.

The group chose to measure its non-controlling interest at the proportionate share of the acquiree's net assets and liabilities.

SODILIÈGE was incorporated in the consolidated accounts in September 30, 2017.

Acquiree's net assets and liabilities

The fair values of the assets and liabilities identified under this transaction are shown in the table below:

Fair value recognised on the date of acquisition	
Tangible assets	0.3
Inventory	0.7
Accounts receivable	0.6
Other debtors	0.2
Deferred tax	0.3
Assets	**2.0**
Accounts payable	0.4
Other creditors	0.1
Net financial debt	0.0
Liabilities	**0.5**
Net Assets	**1.5**
75% of identifiable net assets	**1.1**
Goodwill	**0.2**
Non-Controlling Interest on the date of acquisition	**0.1**

(million euros)

No significant differences were identified between the fair value and the respective carrying amount. Goodwill represents the remaining amount that could not be identified in the acquiree. Goodwill recognized in the accounts is not expected to be deductible for tax purposes.

The fair value of the non-controlling interest results from the participation being acquired by a subsidiary that is not 100% owned.

Transaction costs of 123 thousand euros were recorded as non-recurring expense (Note XXV).

VII

EXCHANGE RATES USED IN CONSOLIDATION

Exchange rates		December 31, 2017	Average 2017	Average 2016	December 31, 2016
Argentine Peso	ARS	22.3054	18.7356	16.6673	16.3224
Australian Dollar	AUD	1.5346	1.4732	1.4596	1.4883
Lev	BGN	1.9557	1.9557	1.9557	1.9557
Brazilian Real	BRL	3.9729	3.6054	3.4305	3.8561
Canadian Dollar	CAD	1.5039	1.4647	1.4188	1.4659
Swiss Franc	CHF	1.1702	1.1117	1.0739	1.0902
Chilean Peso	CLP	737.330	732.134	703.620	748.099
Yuan Renminbi	CNY	7.8044	7.6290	7.3202	7.3522
Danish Krona	DKK	7.4449	7.4386	7.4344	7.4452
Algerian Dinar	DZD	137.539	125.091	115.821	120.725
Euro	EUR	1.0000	1.0000	1.0000	1.0000
Pound Sterling	GBP	0.8872	0.8767	0.8562	0.8195
Hong Kong Dollar	HKD	9.3720	8.8048	8.1519	8.5904
Forint	HUF	310.330	309.193	309.830	311.438
Yen	JPY	135.010	126.711	123.400	120.197
Moroccan Dirham	MAD	11.2091	10.9494	10.6392	10.8274
Zloty	PLN	4.1770	4.2570	4.4103	4.3632
Ruble	RUB	69.3920	65.9383	64.3000	74.1446
Tunisian Dinar	TND	2.9444	2.7198	2.4185	2.3720
Turkish Lira	TRL	4.5464	4.1206	3.7072	3.3433
US Dollar	USD	1.1993	1.1297	1.0541	1.1069
Rand	ZAR	14.8054	15.0490	14.4570	16.2645

VIII

SEGMENT REPORT

Corticeira Amorim is organised in the following Business Units (BU): Raw Materials, Cork Stoppers, Floor and Wall Coverings, Composite Cork and Insulation Cork.

There are no differences between the measurement of profit and loss and assets and liabilities of the reportable segments, associated to differences in accounting policies or centrally allocated cost allocation policies or jointly used assets and liabilities.

For purposes of this Report, the Business approach was selected as the primary segment. This is consistent with the formal organization and evaluation of business. Business Units correspond to the operating segments of the company and the segment report is presented the same way they are analysed for management purposes by the Board of Corticeira Amorim.

The following table shows the main indicators of the said units, and, whenever possible, the reconciliation with the consolidated indicators (values in thousand EUR):

2017	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjustm.	Consolidated
Trade Sales	11,210	472,080	118,180	90,441	9,648	49	–	701,609
Other BU Sales	144,864	4,978	3,356	8,336	941	2,516	-164,991	-
Total Sales	156,074	477,058	121,536	98,777	10,589	2,566	-164,991	701,609
EBITDA (current)	22,375	91,350	8,284	15,010	1,680	-5,189	85	133,594
Assets (non-current)	23,304	149,493	40,313	33,153	4,037	1,406	22,474	274,180
Assets (current)	183,573	291,801	65,469	42,016	7,514	1,675	3,180	595,228
Liabilities	60,772	170,560	39,798	31,163	2,263	10,282	94,578	409,417
Capex	6,131	22,475	9,729	4,661	460	284	0	43,739
Year Depreciation	-4,741	-17,250	-4,309	-2,669	-524	-106	0	-29,599
Gains/Losses in associated companies	0	1,668	-30	-181	0	-418	0	1,039
2016	**Raw Materials**	**Cork Stoppers**	**Floor & Wall Coverings**	**Composite Cork**	**Insulation Cork**	**Holding**	**Adjustm.**	**Consolidated**
Trade Sales	9,406	417,592	113,772	91,463	9,086	93	–	641,411
Other BU Sales	139,228	5,174	3,355	8,622	2,355	2,693	-161,426	-
Total Sales	148,634	422,766	117,128	100,085	11,440	2,785	-161,426	641,411
EBITDA (current)	18,328	75,604	12,732	16,989	2,157	-3,266	-196	122,347
Assets (non-current)	23,995	125,629	35,148	31,354	4,103	1,980	9,515	231,723
Assets (current)	149,332	206,643	93,820	38,933	6,611	647	-837	495,150
Liabilities	42,432	110,112	29,968	27,625	2,155	9,946	77,692	299,930
Capex	3,529	22,423	3,797	2,557	350	920	-	33,575
Year Depreciation	-3,482	-13,319	-5,598	-3,266	-568	-78	-	-26,310
Gains/Losses in associated companies	-3	271	49,706	0	0	-13	0	49,961

(thousand euros)

NOTES:
Adjustments = eliminations inter-BU and amounts not allocated to BU.
EBITDA = Profit before interests, depreciation, equity method, non-controlling interests and income tax.
Provisions and asset impairments were considered the only relevant non-cash material cost
Segments assets do not include DTA (deferred tax assets) and non-trade group balances
Segments liabilities do not include DTL (deferred tax liabilities), bank loans and non-trade group balances.

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 kinds 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 95% of its sales to others BU, specially to Cork Stoppers BU. Main products are bark and discs.

The remaining BU's produce and sell a vast number of cork products made from cork stoppers waste. Main products are cork floor tiles, cork rubber for the automotive industry and antivibratic systems, expanded agglomerates for insulation and acoustic purposes, technical agglomerates for civil construction and shoe industry, as well as granulates for agglomerated, technical and champagne cork stoppers.

Major markets for flooring and insulation products are in Europe and for composites products the USA. Major production sites are in Portugal, where most of the invested capital is located. Products are distributed in practically all major markets through a fully owned network of sales companies. About 70% of total consolidated sales are achieved through these companies.

Capex was concentrated in Portugal. Assets in foreign subsidiaries totalize 318 million euros, and are mostly composed by inventories (99 million), customers (109 million) and tangible fixed assets (54 million).

In non-current assets, special note to 174 M€ (2016: 144 M€) of tangible fixed assets located in Portugal, 5.7 M€ (2016: 6.9 M€) of property investment (foreign countries: 0.0 M€ vs 0.2 in 2016), 2.0 M€ (2016: 2.2 M€) of intangible assets (foreign countries: 2.0 M€ vs 1.6 M€ in 2016) and 1.0 M€ (2016: 2.5 M€) of other financial assets (foreign countries: 1.6 M€ vs 1.5 M€ in 2016).

Sales by markets:

Markets	2017		2016	
European Union	439,000	62.6%	388,983	60.6%
Portugal	40,152	5.7%	30,331	4.7%
Other European countries	28,655	4.1%	23,279	3.6%
United States	129,785	18.5%	133,421	20.8%
Other American countries	50,849	7.2%	47,642	7.4%
Australasia	41,621	5.9%	37,292	5.8%
Africa	11,698	1.7%	10,795	1.7%
TOTAL	**701,609**	**100%**	**641,411**	**100%**

(thousand euros)

IX

TANGIBLE, INTANGIBLE, PROPERTY INVESTMENT ASSETS AND GOODWILL

	Land and buildings	Machinery	Other	Tangible Fixed Assets in Progress	Advances for tangible assets	Total tangible assets	Intangible assets	Investment property
Gross Value	239,478	362,075	31,936	9,894	15	643,399	6,332	15,486
Depreciation and impairments	-149,761	-273,869	-29,418	0	0	-453,048	-3,843	-10,478
Opening balance (Jan 1, 2016)	**89,717**	**88,205**	**2,518**	**9,894**	**15**	**190,350**	**2,489**	**5,008**
Increase	7,043	20,616	1,686	2,584	3,400	35,330	1,646	0
Period deprec. and impairments	-5,168	-17,806	-2,175	0	0	-25,149	-433	-644
Sales and other decreases	-409	-2,063	-125	-343	-15	-2,955	0	-4
Transfers and reclassifications	-1,766	7,314	26	-6,366	0	-792	69	2,776
Translation differences	303	322	42	3	0	670	5	-35
Gross Value	232,385	375,088	33,346	5,773	3,400	649,992	8,053	30,897
Depreciation and impairments	-142,664	-278,499	-31,374	0	0	-452,537	-4,277	-23,797
Closing balance (Dec 31, 2016)	**89,720**	**96,589**	**1,972**	**5,773**	**3,400**	**197,454**	**3,776**	**7,100**
Gross Value	232,385	375,088	33,346	5,773	3,400	649,992	8,053	30,897
Depreciation and impairments	-142,664	-278,499	-31,374	0	0	-452,537	-4,277	-23,797
Opening balance (Jan 1, 2017)	**89,720**	**96,589**	**1,972**	**5,773**	**3,400**	**197,454**	**3,776**	**7,100**
In companies	9,792	9,529	813	1,085	0	21,220	-11	0
Increase	4,012	15,118	3,061	20,011	0	42,203	1,535	0
Period deprec. and impairments	-5,790	-20,177	-1,766	0	0	-27,733	-1,206	-232
Sales and other decreases	68	-5,695	-634	-58	0	-6,320	113	-624
Transfers and reclassifications	1,213	2,811	740	1,260	-3,400	2,624	-111	-545
Translation differences	-986	-465	-60	-31	0	-1,542	-19	-21
Gross Value	256,656	402,649	33,620	28,040	0	720,964	10,217	22,127
Depreciation and impairments	-158,628	-304,938	-29,103	-390	0	-493,059	-6,140	-16,449
Closing balance (Dec 31, 2017)	**98,029**	**97,711**	**4,516**	**27,650**	**0**	**227,905**	**4,077**	**5,678**

(thousand euros)

Impairment losses recognized in 2017 and 2016 were recognised on the "Depreciation / Amortization" line in the consolidated income statement by nature.

The amount of 5,678 K€, referred as Property Investment (2016: 7,100 K€), is due, mainly, to land and buildings that are not used in production.

Expenses related with tangible fixed assets had no impact. No interest was capitalised during the period.

The fair value of the Investment Property related to the lands and buildings of Corroios (determined on the basis of an independent evaluation) corresponds to the amount recorded in the accounts. This item also includes a property (Interchampagne with a value of 1,552 K€) with a recent valuation that corresponds to the book value. The remaining Investment Properties include a property with an accounting value of 1,000 K€ whose yield, updated to a market wacc, will correspond approximately to the amount by which they are recorded in the financial statements.

Intangible Assets essentially include autonomous product development projects and innovative solutions.

Detail of goodwill according to the following table:

2017	Initial Balance	Increase	Decrease	End Balance
Bourrassé	0	9,745	0	9,745
Sodiliège	0	103	0	103
Goodwill	**0**	**9,848**	**0**	**9,848**

(thousand euros)

As stated in point II f), impairment tests are made each year.

Cash flows were estimated, based on the budget and plans approved by management. The growth assumptions contemplated the expected growth in the wine, champagne and sparkling wine markets, as well as the evolution of the market share of the subsidiaries in this business. In those tests, growth rates of 4% for the period 2018-2022 and 2% for the following years were used. The discount rate used was 7.8%.

X

INVESTMENTS IN ASSOCIATES

ASSOCIATES:

	2017	2016
Initial Balance	**9,450**	**13,304**
In / Out	393	-6,005
Results	1,039	2,384
Dividends	-500	-300
Exchange Differences	662	23
Other	-37	43
End Balance	**11,006**	**9,450**

(thousand euros)

The associates are entities through which the group operates in the markets in which they are based (in the segment of stoppers, except US Floors until their disposal in the Floor and Wall Coverings segment), acting as distribution channels of products. The performance in these markets is done through several channels, so these investments, being important, are not considered strategic.

All dividends received in 2017 and 2016 are related to the associate Trescases.

In 2017 and 2016, the value in "Exchange Difference" refers to the associate Corchos Argentina.

	2017				2016			
	Financial stake	Goodwill	Total	Contribution to net income	Financial stake	Goodwill	Total	Contribution to net income
US Floors	–	–	–	–	0	0	0	2,129
Trescases	4,437	1,715	6,152	1,037	3,899	1,715	5,614	-238
Wine Packaging & Logistic	1,319	0	1,319	-181	1,523	0	1,523	-445
Corchos Argentina	3,473	0	3,473	811	2,152	0	2,152	954
Others	62	0	62	-628	161	0	161	-16
End Balance	**9,291**	**1,715**	**11,006**	**1,039**	**7,735**	**1,715**	**9,450**	**2,384**

(thousand euros)

Most important associate companies are Trescases, Corchos de Argentina and Wine Packaging & Logistic, of which a summary of its financial situation is presented:

	Trescases	Corchos Argentina	Wine Packaging	Others
2017	K €	K ARS	K CLP	K €
Current assets	18,208	210,879	974,750	nd
Non-current assets	1,286	9,420	7,366,917	nd
Assets	19,494	220,299	8,341,667	nd
Equity	10,349	120,455	2,946,375	63
Current liabilities	9,144	99,844	2,088,337	nd
Non-current liabilities	0	0	3,306,955	nd
Sales	36,749	242,251	1,632,127	nd
Operating profit	2,339	68,859	-3,176	nd
Net income	1,567	33,326	-358,840	-628
Comprehensive income	1,567	33,326	-358,840	nd
2016				
Current assets	17,744	126,338	1,128,313	nd
Non-current assets	982	5,384	7,995,122	nd
Assets	18,726	131,722	9,123,435	nd
Equity	9,783	74,383	3,347,803	160
Current liabilities	8,943	57,339	2,378,768	nd
Non-current liabilities	0	0	3,396,864	nd
Sales	33,524	216,438	646,831	nd
Operating profit	2,243	50,685	599,358	nd
Net income	1,509	32,945	614,878	-16
Comprehensive income	1,509	32,945	614,878	nd

In addition to the above, the group has significant influence on a set of other individually immaterial associates included in the "Others" column in the previous table.

XI

OTHER FINANCIAL ASSETS

Assets included in Other financial assets refer essentially to available--for-sale equity instruments, which are not quoted on an active market and whose fair value is not reliably estimated, and are therefore measured at cost. 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.

XII

DEFERRED TAX / INCOME TAX

The differences between the tax due for the current period and prior periods and the tax already paid or to be paid of said periods is registered as "deferred tax" in the consolidated income statement, according to note II n), and amounts to 4,096 K€ (31/12/2016: 1,318 K€).

On the consolidated statement of financial position this effect amounts to 13,146 K€ (31/12/2016: 10,004 K€) as Deferred tax asset, and to 7,187 K€ (31/12/2016: 6,856 K€) as Deferred tax liability.

Deferred tax related with items directly registered in equity was 273 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.

	2017	2016
Related with Inventories and third parties	5,946	5,743
Related with Tax Losses	1,921	1,494
Related with Fixed Tangible Assets / Intang. / Inv. Prop	1,577	1,329
Related with other deductable temporary differences	3,701	1,438
Deferred Tax Assets	**13,146**	**10,004**
Related with Fixed Tangible Assets	3,898	4,236
Related with other taxable temporary differences	3,289	2,620
Deferred Tax Liabilities	**7,187**	**6,856**
Current Income Tax	-28,359	-39,198
Deferred Income Tax	4,096	1,318
Income Tax	**-24,263**	**-37,880**

(thousand euros)

The difference between the variation in the financial position and the value expensed in income statement (4,096 K€) is justified by the translation differences in the non-euro subsidiaries financial position values and by the variation in deferred tax related with other comprehensive income (273 K€ credit) and by the integration of the new companies within the consolidated perimeter.

The following chart explains the effective income tax rate, from the original income tax rate of most of Portuguese companies:

Income Tax Conciliation	2017	2016
Income Tax – Legal	**21.0%**	**21.0%**
Effect of additional tax rates over base rate (Portugal)	5.1%	3.3%
Effect of tax benefits/excess of prior estimate	-2.6%	-1.6%
Effect of provisions for contingencies	0.1%	-0.3%
Effect of non-taxable gains and losses	***0.2%***	***-0.3%***
Effect of different tax rates (foreign subsidiaries) and others	1.5%	0.7%
Effect of recognising / non-recognising of differred taxes (foreign subs.)	0.0%	-0.1%
Equity method	-1.0%	-1.7%
Effect of additional taxation on disposal gain of US Floors	0.0%	5.7%
Effect of variation of differred tax liabilities	-0.2%	0.2%
Income tax – effective[1]	**24.1%**	**26.9%**

[1] Income Tax / Pre-tax Profit

During 2017, a total of 24,608 K€ (2016: 25,401 K€) of income tax was paid. Of this amount, 20,898 K€ (2016: 20,625 K€) was paid in Portugal. In terms of income tax, the decrease in the effective rate was mainly due to the fact that the US Floors, Inc. in 2016, disposal was carried out by a US-based subsidiary, where the tax rate is higher. The approximate value of the tax on the sale of US Floors was € 17.7 million.

Corticeira Amorim and a large group of its Portuguese subsidiaries are taxed since January 1, 2001, as a group special regime for tax purposes (RETGS), as according to article 69, of the income tax code (CIRC). The option for this special regime is renewable every five years.

According to law, tax declarations for Corticeira Amorim and its Portuguese subsidiaries are subject of revision and possible correction from tax authorities generally during the next four years.

No material effects in the financial statements as of December 31, 2017, 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 2017 there were no significant changes in the tax rate applicable to subsidiaries in countries where the group has significant operations. By 2018, the US corporate tax rate is expected to change.

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 273 thousand euros (195 thousand euros in 2016).

The amount of deferred taxes is essentially related to temporary differences that can be realized in the short term. The recovery of tax assets is based on future forecasts for normal rates of return for companies and growth in line with those of business units.

Tax losses to be carried forward are related with foreign subsidiaries. Total amounts to 19 M€, of which around 7.8 M€ are considered to be utilised. This report has a term of use beyond 2022.

Tax relating to components of other comprehensive income is as follows:

	2017			2016		
	before tax	tax	after tax	before tax	tax	after tax
Items that could be reclassified through income statement:						
Change in derivative financial instruments fair value	1,848	-273	1,575	-1,133	195	-938
Change in translation differences	-4,298	0	-4,298	1,635	0	1,635
Share of other comprehensive income of investments accounted for using the equity method	625	0	625	66	0	66
Other comprehensive income	448	0	448	53	0	53
Other comprehensive income	**-1,378**	**-273**	**-1,651**	**621**	**195**	**816**

(thousand euros)

XIII

INVENTORIES

	2017	2016
Goods	11,054	5,731
Finished and semi-finished goods	109,086	97,346
By-products	153	230
Work in progress	24,910	15,126
Raw materials	212,042	153,391
Advances	8,101	2,347
Goods impairments	-745	-734
Finished and semi-finished goods impairments	-4,415	-3,567
Raw materials impairments	-1,045	-1,179
Inventories	**359,141**	**268,691**

(thousand euros)

Impairment losses	2017	2016
Initial Balance	**5,480**	**4,073**
Increases	1,710	2,220
Decreases	985	812
End Balance	**6,206**	**5,480**

(thousand euros)

Raw materials essentially include reproduction cork ("amadia") and virgin cork from pruning the tree ("falcas") (Raw Material BU), products and work in progress essentially include boiled cork and discs (Raw Materials BU) and finished products essentially include a variety of types of cork stoppers (Cork Stoppers BU), coverings (Floor and Wall Coverings BU) and composite products (Composite Cork BU).

Increases and decreases in impairment are booked on Costs of goods sold and materials consumed in the income statement. In the 2017 increases, the perimeter entry effect was included which was 532 K€.

XIV

TRADE RECEIVABLES

	2017	2016
Gross amount	179,464	153,874
Impairments	-11,860	-11,998
Trade receivables	**167,604**	**141,876**

(thousand euros)

Impairment losses	2017	2016
Initial Balance	**11,998**	**12,429**
Increases	2,692	1,993
Decreases	2,456	1,182
Others	-375	-1,242
End Balance	**11,860**	**11,998**

(thousand euros)

Increases and decreases were recognized under impairment of assets caption in the income statement. In the 2017 increases, the perimeter entry effect is included which was 391 K€.

At the end of each period, Trade receivables credit quality is analysed. Due to specific business environment, balances unpaid up to 90 days are not impaired. From 90 to 120 days a 30% impairment register is considered and from 120 to 180 days 60%. Over 180 days as well as all doubtful balances are fully impaired. These rules do not overcome specific cases analysis.

Due and past due balances are as follows:

	2017	2016
Due	134	115
Past due between 0 and 90 days	29	24
Past due between 90 and 120 days	3	2
Past due between 120 and 180 days	5	3
Doubtful and past due over 180 days	9	9
Impairment	12	12

(million euros)

XV

INCOME TAX

	2017	2016
Income tax – advances / minimum	240	66
Income tax – advances / excess est.	12,853	3,966
Income tax – withholding	204	182
Income tax – special payment (RERD)	2,587	2,587
Income tax – special payment (RERD) impairment	-2,587	-2,587
Income tax – special payment (PERES)	5,383	5,383
Income tax – special payment (PERES) impairment	-5,383	-5,383
Income tax (assets)	**13,297**	**4,214**
Income tax (liabilities)	**2,231**	**5,717**

(thousand euros)

The amount of RERD refers to a payment made under an exceptional regime of regularisation of debts to the tax authority and to social security (DL 151-A/2013) (RERD). Corticeira Amorim has decided to partially adhere. A total of 4,265 K€ was paid in December 2014. This payment refers to stamp tax (1,678 K€) and income tax cases (2,587 K€). The amount related with stamp tax was provisioned. As for the income tax cases, they were already provisioned, including late payment interest.

During 2016, Corticeira Amorim was notified that its appeal regarding the tax procedure related to the Stamp tax paid in the RERD was almost entirely won. The value of the reversal of the respective provisions was of 1.7 M€, positively affecting the financial result. As these processes were included in the 2013 RERD, and consequently paid to date, Corticeira Amorim was reimbursed at approximately 1.2 M€.

At the end of 2016, a special Plan for the Reduction of Indebtedness to the State (PERES) was approved by Decree-Law no. Corticeira Amorim decided to partially adhere to that measure. In December, approximately 7.4 M€were paid in respect of Stamp Tax / VAT (€ 2 M) and Income Tax (IRC) in the amount of 5.4 M€.

To be noted that Corticeira Amorim was not a debtor to the social security and to the tax authority. Those amounts were subject to court ruling. The cases that were chosen to adhere are old cases but, in circumstance of unfavourable ruling by the court, the outcome could impose heavy penalties and late payment interests.

RERD and PERES allowed for the payment of the capital without any payment regarding late payment interests and other costs. Due to the fact that adhesion to RERD and PERES does not imply a mandatory abandonment of the court cases and those processes are still in court, Corticeira Amorim will continue to fight for its rights.

The liability amount under this caption includes the estimate of income tax payable by some foreign subsidiaries when the tax return for the year 2017 is presented.

XVI

OTHER ASSETS

	2017	2016
Advances to suppliers / suppliers	5,568	3,558
Accrued income	1,415	773
Deferred costs	1,367	1,224
Hedge accounting assets	800	0
VAT	23,078	18,898
Stamp tax/VAT – special payment (PERES)	2,051	2,051
Stamp tax/VAT – special payment (PERES) impairment	-2,051	-2,051
Others	5,951	4,796
Other current assets	**38,180**	**29,249**

(thousand euros)

As of December 31, 2017 and 2016, there were no overdue in the amounts of VAT.

XVII

ASH AND EQUIVALENTS

	2017	2016
Cash	357	463
Bank Balances	12,695	47,938
Time Deposits	3,809	2,588
Others	143	131
Cash and cash equivalents as for financial position	**17,005**	**51,119**
Overdrafts	-22,353	-15,736
Cash and cash equivalents as for cash flow statement	**-5,348**	**35,383**

(thousand euros)

XVIII

CAPITAL AND RESERVES

SHARE CAPITAL

As of December 31, 2015, the share capital is represented by 133,000,000 ordinary registered shares, conferring dividends, with a par value of 1 Euro.

The Board of Corticeira Amorim is authorised to raise the share capital, one or more times, respecting the conditions of the commercial law, up to 250,000,000€.

TREASURY STOCK

As of December 31, 2017, Corticeira Amorim held no treasury stock.

No purchases were registered during 2017.

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):

- Offset losses in the financial position that cannot be offset by the use of other reserves;
- Offset losses of prior year that cannot be offset by the profit of the year nor the use of other reserves;
- Incorporation in share capital.

Legal reserve and share premium values are originated from Corticeira Amorim, SGPS, S.A. books.

OTHER RESERVES

Value is composed from other reserves account and prior year's results of Corticeira Amorim, SGPS, S.A. books, as well as non-distributed cumulative results of Corticeira Amorim, SGPS, S.A. subsidiaries.

Individual accounts of Corticeira Amorim registered distributable reserves as dividends, considering 2017 net profits, amounting to 66.5 M€.

DIVIDENDS

In the Shareholders' General Meeting of April 7, 2017 and November 29, 2017, a dividend distribution of 0.18 and 0.08 euros per share was approved.

	2017	2016
Approved dividends	34,580	31,920
Portion attributable to own shares	0	0
Dividends paid	**34,580**	**31,920**

(thousand euros)

Summary of changes in Equity:

	2017	2016
Initial balance	**426,942**	**354,133**
Dividends paid	-34,580	-31,920
Change in hedge accounting adjustments	1,575	-938
Change in translation differences	-3,319	1,635
Changes in the percentage of interest retaining control	1,278	–
Agreement to acquire non-controlling interests	-18,880	–
Others	315	-1,196
Net Income	73,027	102,703
Change in Non-controlling Interests (note XIX)	13,632	2,525
End Balance	**459,991**	**426,942**

(thousand euros)

XIX

NON-CONTROLLING INTEREST

	2017	2016
Initial Balance	**15,892**	**13,368**
In	12,800	0
Others	-1,923	0
Results	3,551	2,010
Dividends	-575	-799
Exchange Differences	-317	529
Others	96	785
End Balance	**29,524**	**15,892**

(thousand euros)

The amount of Dividends corresponds to the amounts paid by the entities to non-controlling interests.

	2017			2016		
	Impact on Balance Sheet	Impact on Net Income	Dividends paid	Impact on Balance Sheet	Impact on Net Income	Dividends paid
Amorim Isolamentos	0	0	0	1,923	241	140
Amorim Top Series	2,787	1,293	0	1,494	721	0
Ets. Christian Bourrassé	5,467	-271	0	0	0	0
Francisco Oller	2,130	177	34	2,030	177	34
Industria Corchera	6,687	242	31	6,672	242	135
Socori	7,227	509	0	0	0	0
Timberman	1,214	620	197	798	429	197
Trefinos	1,768	191	136	1,713	196	136
Victor y Amorim	861	207	145	799	138	158
Others	1,384	584	32	462	-134	0
End Balance	**29,524**	**3,551**	**575**	**15,892**	**2,010**	**799**

Summary indicators of the main subsidiaries with non-controlling interests:

	Bourrassé	Socori	Trefinos	Francisco Oller	Amorim Isolamentos	Amorim Bartop	Amorim Top Series	Industria-Corchera	Timberman	Victor y Amorim
2017	K €	K €	K €	K €	K €	K €	K €	K CLP	K DKK	K €
Current assets	15,477	1,373	15,137	16,953	–	73	22,422	10,959,251	33,409	2,578
Non-current assets	2,283	656	13,515	21,079	–	5,800	3,221	2,535,011	2,042	648
Assets	17,760	2,028	28,652	38,032	–	5,874	25,643	13,494,262	35,451	3,226
Total Equity	4,182	1,466	20,294	25,591	–	3,742	15,148	9,677,996	19,595	1,724
Current liabilities	9,513	549	6,853	9,380	–	7	9,885	3,816,266	15,608	1,351
Non-current liabilities	4,065	13	1,505	3,060	–	2,125	610	0	248	151
Sales	17,498	763	31,294	25,440	–	0	32,406	16,036,230	123,425	6,226
Operating profit	500	-262	2,927	2,094	–	-325	6,785	992,605	12,002	549
Net Income	-677	-193	2,879	1,623	–	-261	5,172	602,182	9,173	415
Comprehensive income	-677	-193	2,879	1,623	–	-261	5,172	602,182	9,173	415
Cash flow from operating activities	4,702	-1,716	2,992	1,922	–	-325	1,946	1,833,015	3,868	264
Cash flow from investing activities	-393	-377	-1,761	-3,041	–	-1,800	-1,488	45,060	132	-5
Cash flow from financing activities	-4,143	1,294	-1,946	1,341	–	2,125	1,411	-879,271	-3,927	-264
Net cash flow	166	-799	-714	222	–	-0	1,868	998,803	73	-4
2016										
Current assets	–	–	14,624	13,719	7,811	4	17,839	11,080,563	30,425	1,883
Non-current assets	–	–	12,779	18,517	4,179	4,000	2,149	4,079,123	2,412	660
Assets	–	–	27,403	32,236	11,990	4,005	19,987	15,159,686	32,838	2,544
Total Equity	–	–	18,595	24,289	9,403	4,003	9,976	9,070,950	13,499	1,599
Current liabilities	–	–	7,408	5,673	1,939	2	9,722	6,088,736	18,876	944
Non-current liabilities	–	–	1,400	2,274	648	0	289	0	463	0
Sales	–	–	29,561	23,903	11,463	0	28,554	14,583,429	107,261	5,191
Operating profit	–	–	3,058	2,747	1,589	-2	7,859	512,925	7,360	373
Net Income	–	–	2,524	2,170	1,205	-2	5,976	259,801	5,211	276
Comprehensive income	–	–	2,524	2,170	1,205	-2	5,976	259,801	5,211	276
Cash flow from operating activities	–	–	3,544	2,786	2,743	-1	1,460	574,592	3,912	277
Cash flow from investing activities	–	–	-2,665	-3,876	-321	-4,000	-1,475	-241,633	194	-83
Cash flow from financing activities	–	–	-452	960	-2,096	3,955	44	-452,558	-4,189	-321
Net cash flow	–	–	426	-130	326	-46	29	-119,600	-83	-127

XX

INTEREST BEARING DEBT

At year-end, interest bearing loans were as follows:

	2017	2016
Overdrafts and Bank loans	60,903	40,399
Leasing	612	0
Factoring	180	0
Commercial Paper	0	8,000
Interest-bearing loans – current	**61,695**	**48,399**

(thousand euros)

Loans were denominated in euros, except 15% (Dec. 2016: 31%).

	2017	2016
Bank loans	47,362	38,492
Reimbursable subsidies	94	117
Leasing	638	0
Interest-bearing loans – non-current	**48,094**	**38,609**

(thousand euros)

At the end of the period, loans were denominated in euros (Dec. 2016:100%).

As of December 31, 2017, maturity of non-current interest bearing debt was as follows:

Between 01/01/2019 and 31/12/2019	10,170
Between 01/01/2020 and 31/12/2020	5,923
Between 01/01/2021 and 31/12/2021	6,991
After 01/01/2022	25,011
Total	**48,094**

(thousand euros)

From non-current and current interest bearing debt, 84,789 K€ carries floating interest rates. Remaining 25,000 K€ carries fixed interest rate. Average cost, during 2015, for all the credit utilized was 1.80% (2017: 1.67%).

Note that at the end of the first quarter of 2015 Corticeira Amorim effected a loan agreement with the EIB. This ten year loan, in the amount of 35 M€, with a grace period of four years, was negotiated at an all-in cost lower than any existing loan to date. With this financing Corticeira Amorim could substantially lengthen the terms of its debt and, at same time, lowering considerably average rate of interest-bearing debt.

As of December 2017, 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, 2017, four foreign subsidiaries have a 7.0 million euro loan mortgage guarantee on assets. These assets are booked on Statement of financial position of those subsidiaries.

At the same date, Corticeira Amorim had utilized credit lines with associated financial covenants. These included, namely, ratios accomplishment that allowed for an accompaniment of the financial position of the company, most of all its capacity to pay its debt, of which the most important is Debt to EBITDA ratio (net interest bearing debt/current EBITDA). Also ratio related with balance sheet structure.

As of December 31, 2017, these ratios were as follows:

Net interest bearing debt / current EBITDA (X)	0.69
Equity / Assets	52.9%

Ratios above fully and easily accomplished the demands of the contracts that formalized said loans. If by chance they did not accomplish the possibility of an early payment was conceivable.

On top of the said full accomplishment, it has to be noted that the capacity of full repayment was reinforced by the existence, as of that date, of non-used credit lines that amounted to 157 M€.

XXI

TRADE PAYABLES

	2017	2016
Trade payables – current account	72,581	56,514
Trade payables – confirming	76,440	47,409
Trade payables – accruels	8,075	6,062
Trade payables	**157,096**	**109,985**

(thousand euros)

From the total values, 53% comes from Cork Stoppers BU (2016: 51%) and 26% from Raw Materials BU (2016: 23%).

XXII

OTHER BORROWINGS AND CREDITORS

	2017	2016
Non interest bearing grants	15,717	8,702
Agreement to acquire non-controlling interests (Note VI)	19,035	0
Other	2,022	1,370
Other borrowings and creditors – non current	**36,774**	**10,072**
Non interest bearing grants	1,540	1,175
Accrued costs – staff costs	16,913	12,832
Accrued costs – supplies and services	4,122	3,023
Accrued costs – others	9,222	7,496
Deferred income – grants	5,342	5,244
Deferred income – others	23	-123
VAT	6,831	6,970
State and social security – withholding and others	6,143	5,438
Other	4,882	7,576
Other borrowings and creditors – current	**55,019**	**49,631**

(thousand euros)

In Other, is included a value of 265 K€ (2016: 2,989 K€), which refers to the value of exchange risk.

In Other borrowings and creditors – non-current (36,472 K€), maturity is as follows: from 1 to 2 years (11,029 K€), from 2 to 4 years (15,851 K€) and more than 4 years (9,592 K€).

Non-reimbursable grants (no interest bearing)	2017	2016
Opening Balance	**5,244**	**5,148**
Transfer to gains	-3,222	-2,028
Received during the year	1,927	0
Reclassifications / Transfers	1,391	2,125
Closing Balance	**5,342**	**5,244**

Reimbursable grants (no interest bearing)	2017	2016
Opening Balance	**9,877**	**12,175**
Paid during the year	-995	-4,034
Received during the year	10,077	2,204
Reclassifications / Transfers	-1,702	-468
Closing Balance	**17,257**	**9,877**

(thousand euros)

"Transfers" is due largely to reimbursable benefits that were in the meantime, in some subsidiaries, converted into non-reimbursable and to the recognition of interest through measurement at amortized cost.

Most of the grants received by Corticeira Amorim is intended for investments aimed at increasing the production capacity and modernization of industrial facilities, improving the quality of manufactured products, or improving energy and utilizing its main raw material (cork).

Most of the projects that gave rise to grants classified as repayable; These are normally subject to evaluation, already at cruising stage, and if agreed targets are met, part or even all of the allowance is converted into non-refundable.

There are no unpaid amounts associated with subsidies classified as non-refundable, nor are there conditions that are not yet to be met for recognition.

XXIII

THIRD PARTY SUPPLIES AND SERVICES

	2017	2016
Communications	1,431	1,415
Data systems	4,835	4,885
Insurance	998	916
Subcontractors	3,765	2,669
Power	13,386	12,153
Security	1,113	1,004
Professional Fees	1,569	1,143
Tools and fast-wearing parts	2,097	1,557
Oil, Gas and Water	1,704	1,673
Royalties	1,097	1,159
Rentals	5,285	4,948
Transports	25,216	22,854
Representation Expenses	1,107	1,009
Travelling Expenses	5,014	4,375
Commissions	7,949	7,072
Specialized Services	10,844	8,390
Advertising	8,246	6,321
Maintenance and Repair	10,226	8,920
Others	10,773	11,094
Capitalized Costs	-130	-555
Third party supplies and services	**116,524**	**103,001**

(thousand euros)

XXIV

STAFF COSTS

	2017	2016
Board remuneration	830	680
Employees remuneration	97,699	87,853
Social Security and other	19,996	17,830
Severance costs	3,818	2,038
Other staff Costs	3,348	5,154
Capitalized Costs	-61	-264
Staff costs	**125,630**	**113,291**
Average number of employees	**4,202**	**3,655**
Final number of employees	**4,248**	**3,602**

(thousand euros)

Board's remuneration includes Corticeira Amorim, SGPS, SA and any of its subsidiaries. Includes also Fiscal Board and General Meeting board members expenses. Amounts stated in this chart derive from the company's books, and so refers to amounts expensed during the period.

At the end of the year, the number of employees in Bourrassé and Sodiliège is 399.

Contributions related with defined contributions plans amounted to 334 K€ (2016: 360 K€).

XXV

IMPAIRMENTS OF ASSETS AND NON-RECURRING RESULTS

	2017	2016
Receivables	205	594
Inventories	-189	-190
Tangible, intangible assets and others	2,274	325
Impairments of assets and non-current costs	**2,290**	**729**

(thousand euros)

Receivables include customers and debtors.

	2017	2016
Restructuring costs in Floor and Wall Coverings BU	-2,441	0
Provision for labor, customs and Argentine Central Bank litigation	0	-2,550
Directors non-compete / SIBL staff costs	0	-1,803
Bourrassé and Sodiliège's transaction costs	-472	0
Non-recurring results	**-2,913**	**-4,353**

(thousand euros)

The most significant amount of non-recurring expenses recorded in 2017 is related to restructuring costs of the Cork Coverings BU in Portugal and Germany to prepare for the start-up of the new press investment. Also included in non-recurring expenses are the costs incurred mainly with consultants and lawyers for the acquisition of Bourrassé and Sodiliège.

The most significant amount of non-recurring expenses recorded in 2016 relates to provisions for labor, customs and labor lawsuits with the Argentine Central Bank. Due to the difficulties that existed in the subsidiary deactivated more than four years ago, a decision was made to prepare its liquidation, and management reassessed the likelihood of losses in the processes.

In addition, the expense relating to a directors' non-compete clause, as well as the compensation effect relating to the management of a North African subsidiary, was recognized.

XXVI

OTHER OPERATING GAINS AND COSTS

	2017	2016
Exchange rate hedging: exchange differences (Note XXX)	0	3,079
Exchange rate hedging: var. derivative fair value (Note XXX)	0	-2,299
Gain in fixed assets and p. investment disposals	289	493
Provisions reversals	682	179
Operating subsidies	164	566
Investment subsidies	3,222	1,923
Suplementary income	3,000	1,537
Building rentals	182	172
Own works	174	25
Other	4,637	3,922
Other operating gains	**12,348**	**9,596**

(thousand euros)

	2017	2016
Exchange rate hedging: exchange differences (Note XXX)	-1,967	0
Exchange rate hedging: var. derivative fair value (Note XXX)	1,746	0
Taxes (other than income)	1,814	1,432
Provisions	122	117
Loss in fixed assets and p. investment disposals	103	256
Bank charges	491	688
Bad debts	1,893	357
Loss in inventory differences	63	128
Donations and fees	471	367
Other	2,642	1,588
Other operating costs	**7,822**	**4,932**

(thousand euros)

XXVII

FINANCIAL COSTS AND FINANCIAL INCOME

	2017	2016
Interest costs – bank loans	1,093	1,156
Interest costs – other entities	254	490
Stamp tax	84	-2,589
Interest costs – other	41	84
	1,471	**-860**
Interest gains – bank deposits	136	29
Interest gains – other loans	19	3
Interest gains – delayed payments	4	5
Interest gains – other	32	50
	191	**88**
Net financial costs	**1,280**	**-947**

(thousand euros)

In 2016 the value of Stamp tax and Other was included the reversal of impairment related to the amount paid in RERD that was earned in a lawsuit, reduction of provisions in terminated lawsuit and default interest of proceedings paid in PERES of 2.7 M€.

Interest costs – other entities includes 18 K€ (2016: 11 K€) due to interest rate swap differential, as well as 98 K€ (2016: 335 K€) related with interest discount deriving from non-interest bearing loans.

XXVIII

RELATED-PARTY TRANSACTIONS

Corticeira Amorim consolidates directly in AMORIM – INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. with head-office at Mozelos (Santa Maria da Feira, Portugal), Amorim Group holding company.

As of December 31, 2017, financial stake of AMORIM – INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. in Corticeira Amorim was 51%, corresponding to 51% of the voting rights.

Corticeira Amorim related party transactions are, in general, due to the rendering of services through some of AIP subsidiaries (Amorim Serviços e Gestão, S.A., Amorim Viagens e Turismo, S.A., OSI – Sistemas Informáticos e Electrotécnicos, Lda.). Total sales of these subsidiaries to the remaining Corticeira Amorim companies totalled 8,528 K€ (2016: 8,110 K€).

Sales from Quinta Nova, S.A., AMORIM – INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. subsidiary to Corticeira Amorim subsidiaries reached 55 K€ (2016: 72 K€). Purchases Totalled 120 K€.

Cork acquired during 2017, from companies held by the main indirect shareholders of Corticeira Amorim, amounted to 1,430 K€ (2016: 852 K€). This corresponds to less than 2% of total acquisitions of that cork raw-material.

Balances at year-end 2017 and 2016 are those resulting from the usual payment terms (from 30 to 60 days) and so are considered to be immaterial.

Services are usually traded with related parties on a "cost plus" basis in the range of 2% to 5%.

During 2017 no transactions were made and no balances booked with related parties Amorim Investimentos e Participações, SGPS, SA.

Total Corticeira Amorim key staff short-term remuneration (includes executive committee of SGPS and general managers of the Business Units) reached 3,231 K€ during 2017 (2016: 3,394 K€). No payments were made related with post-employment benefits, other long-term benefits, termination benefits and equity compensation benefits.

XXIX

PROVISIONS AND GUARANTEES

PROVISIONS

	2017	2016
Income tax	36,347	26,172
Guarantees to customers	408	536
Others	4,565	3,954
Provisions	**41,320**	**30,661**

(thousand euros)

During the year, the provisions in the Balance Sheet increased by 10.7 M€. The increase in the provision for tax contingencies was 10.2 M€ and the provision for other events increased by 0.5 M€.

The main raise in the provision for tax contingencies is related to the provision for tax benefits increased by 7.7 M€.

Tax cases are in general related with Portuguese companies. Corticeira Amorim's claims are pending, both in the judicial phase and in the non-contentious phase, and which may adversely affect Corticeira Amorim, refer to the financial years 1997, 1998, 1999 and 2003 to 2015. The most recent fiscal year analysed by Portuguese tax authorities was 2015. It should be noted, however, that the approval of the tax benefits cannot be considered as complete, since their obligations continue for several years.

These tax cases are basically related with questions like non-remunerated guarantees given between group companies, group loans (stamp tax), interest costs of holding companies (SGPS), and with the acceptance as fiscal costs of losses related with the closing of subsidiaries.

Claims by the tax authorities are related with income tax, stamp tax and marginally VAT.

Income tax provisions refer to live tax cases, in court or not, as well as accounting recorded situations that can raise questions in future inspections by the tax authority.

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 2017 accounts amounted to 10.4 M€, for which 8.8 M€ of provisions were recognized, corresponding to 80% of that amount.

In addition to the tax provisions referred to above, Corticeira Amorim has recorded a provision to cover the tax benefits to apply for 2017 and applied in previous years. The certification requirement of expenses eligible in SIFIDE projects, the requirement for maintenance of jobs over five years in RFAI projects as well as other constraints to the realization of benefits, has led Corticeira Amorim to record provisions in order to take account of future and probable breaches of such requirements. This provision at the end of 2017 has a value of 21.0 M€.

To note that, Corticeira Amorim has been set aside provisions due to uncertainty about the acceptance by tax authorities of the existence of tax losses in two Spanish subsidiaries. The provision at the end of 2017 was 3.3 M€.

Total contingent liability resulting from not accrued tax proceedings and other contingencies unrecorded liabilities, amounts to 4.6 M€.

Corticeira Amorim made in 2013 payments for taxes and social security in the amount of 4.6 M€, of which the most important is for payment established by Decree Law 151-A / 2013 (RERD) worth 4.3 M€. This payment does not imply the abandonment of Corticeira Amorim of the defense of its own interest in these processes. In 2016 the final decision of one of the lawsuits regarding stamp taxes was partially won by Corticeira Amorim, which received 1.2 M€ of the value paid of 1.7 M€. Accordingly, the amount remaining outstanding of ongoing proceedings paid under the RERD is 2.6 M€.

As already mentioned in 2016, an amount of 7.4 M€ was paid under PERES, which does not imply Corticeira Amorim's neglecting the defense of its proceedings.

In addition to these processes, Corticeira Amorim has a large number of other favourable processes. They refer, in essence, to payments related with autonomous taxation, inspection fees and tax benefits. The value of these processes amounts to 1.4 M€, which is not recorded as part of its assets. Total contingent assets amounts to 11.8 M€.

It is considered correct the total value of 36.4 M€ of provisions related with contingencies regarding income tax and 4.9 M€ regarding other contingencies.

	Tax Contingencies			Customer Guarantees	Others	
	Income tax	Stamp tax	Others			
Opening balance 2016	**26,806**	**3,080**	**8**	**364**	**1,969**	**32,227**
Recognition						
Other Costs – Note XXVI					191	191
Non-current costs					2,550	2,550
Sales				171		171
Income tax	6,765					6,765
Reversal						
Financial costs – Note XXVII		-1,477				-1,477
Other gains – Note XXVI	-6				-174	-180
Income tax	-1,582					-1,582
Transfer to PERES impairment	-5,880	-1,542				-7,422
Translation differences	-2				-4	-6
Direct allocation					-576	-576
Ending balance 2016	**26,100**	**62**	**8**	**535**	**3,957**	**30,661**
Opening balance 2017	**26,100**	**62**	**8**	**535**	**3,957**	**30,661**
Recognition						
Other costs – Note XXVI	9				113	122
Non-current costs					400	400
Income tax	11,197					11,197
Other					39	39
Reversal						
Financial costs – Note XXVI	-431				-250	-682
Sales				-127		-127
Income tax	-1,309					-1,309
Translation differences	-9				2	-6
Variation in perimeter	720				317	1,037
Direct allocation					-13	-13
Ending balance 2017	**36,276**	**62**	**8**	**408**	**4,565**	**41,320**

(thousand euros)

GUARANTEES

During its operating activities Corticeira Amorim issued in favour of third-parties guarantees amounting to 3,470 K€ (Dec. 2016: 4,714 K€).

Beneficiary	Amount	Purpose
Government agencies	2 958	Capex grant / Subsidies
Other	511	Miscellaneous guarantees
TOTAL	**3 470**	

(thousand euros)

As of December 31, 2017, future expenditure resulting from long-term motor vehicle rentals totals 1,699 K€, and for computer hardware and software totals 431 K€. Total is due 2018 (227 K€), 2019 (459 K€), 2020 (683 K€), 2021 (685 K€) and 2022 and further (76 K€).

Cork purchase commitments amount to 29,924 K€ (2018: 25,007 K€; 2019: 4,052 K€ and 2020: 866 K€).

XXX

EXCHANGE RATE CONTRACTS

As of December 31, 2017, options contracts and forward outright related with sales currencies were as follows:

	2017		2016	
USD	30,183	90%	30,881	90%
ZAR	3,038	9%	3,279	10%
HUF	326	1%	162	0%
Forward – long positions	**33,547**	**100%**	**34,322**	**100%**
USD	3,353	100%	-	-
Forward – short positions	**3,353**	**100%**	**-**	**-**
USD	-	-	24,860	100%
Options – long positions	**-**	**-**	**24,860**	**100%**
USD	2,185	100%	-	-
Options – short positions	**2,185**	**100%**	**-**	**-**

(thousand euros)

It is expected that hedged highly probable transactions in foreign currencies occur during the first half of 2018. 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 1,575 thousand euros (2016: –938 thousand euros).

In relation with fair value hedging, during 2017 a gain of 1,967 thousand euros was recorded in the hedging instruments (2016: loss of 2,299 thousand euros) and a loss of 1,745 thousand euros was recorded in the hedged items (2016: gain of 3,079 thousand euros).

XXXI

AUDITOR'S FEES

EY auditor's remuneration for the group of subsidiaries and for Corticeira Amorim was 289 K€ (the auditors of Corticeira Amorim in 2016 were PricewaterhouseCoopers whose fees were 443 K€) and detailed as follows:

Nature of service	Audit	Other assurance services	Other services	Total
EY SROC				
Corticeira Amorim	22,200	14,000	0	36,200
	61%	**39%**	**0%**	**100%**
Entities that integrate the group	111,400	0	0	111,400
	100%	**0%**	**0%**	**100%**
Total	133,600	14,000	0	147,600
	91%	**9%**	**0%**	**100%**
EY Global network companies				
Corticeira Amorim	0	0	0	0
	0%	**0%**	**0%**	**0%**
Entities that integrate the group	61,640	0	79,700	141,340
	44%	**0%**	**56%**	**100%**
Total	61,640	0	79,700	141,340
	44%	**0%**	**56%**	**100%**
Total				
Corticeira Amorim	22,200	14,000	0	36,200
	61%	**39%**	**0%**	**100%**
Entities that integrate the group	173,040	0	79,700	252,740
	68%	**0%**	**32%**	**100%**
Total	195,240	14,000	79,700	288,940
	68%	**5%**	**28%**	**100%**

The interim financial information and other assurance services review line includes the limited review of the consolidated financial statements for the six-month period ended June 30, 2017 and the independent review of the non-financial information report – sustainability report.

The other services include financial and fiscal due diligence services and support in benchmarking and identification of recommendations on the strategy of one of Corticeira Amorim's BU.

In the scope of these services, these Entities do not assume the leadership of the underlying projects, which is always assumed by the appropriate department of Corticeira Amorim, and therefore do not place questions regarding the independence of their operations.

XXXII

ACTIVITY DURING THE YEAR

Corticeira Amorim sales are composed by a wide range of products that are sold through all the five continents, over 100 countries. Due to this notorious variety of products and markets, it is not considered that this activity is concentrated in any special period of the year. Traditionally first half, specially the second quarter, has been the best in sales; third and fourth quarter switch as the weakest one.

XXXIII

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.

	2017	2016
Total issued shares	133,000,000	133,000,000
Average nr. of treasury shares	0	0
Average nr. of outstanding shares	133,000,000	133,000,000
Net Profit (thousand euros)	73,027	102,703
Net Profit per share (euros)	0.549	0.772

b. IFRS disclosures – New standards as at 31 December 2017:

1. The impact of the adoption of the amendments to standards that became effective as of 1 January 2017 is as follows:

a. **IAS 7** ((amendment), 'Cashflow statement – Disclosure initiative' (effective for annual periods beginning on or after 1 January 2017). This amendment introduces an additional disclosure about the changes in liabilities arising from financing activities, disaggregated between cash changes and non-cash changes and how it reconciles with the reported cash flows from financing activities, in the Cash Flow Statement. The adoption of this amendment had no significant impact in the financial statements of the Entity.

b. **IAS 12** (amendment),'Income taxes – Recognition of deferred tax assets for unrealised losses' (effective for annual periods beginning on or after 1 January 2017). This amendment clarifies how to account for deferred tax assets related to assets measured at fair value, how to estimate future taxable profits when temporary deductible differences exist and how to assess recoverability of deferred tax assets when restrictions exist in the tax law. The adoption of this amendment had no significant impact in the financial statements of the Entity.

c. **IFRS 12** (amendments) – Disclosures of interests in other entities (included in the 2014-2016 annual improvements). Clarifies that the disclosure requirements of IFRS 12, other than those provided for in paragraphs B10 to B16, apply to the interests of an entity in subsidiaries, joint ventures or associates (or part of their interest in joint ventures) that are classified (or that are included in a group for sale that is classified) as held for sale. The adoption of this amendment had no significant impact on the consolidated financial statements of the Entity.

2. Standards (new and amendments) that have been published and are mandatory for the accounting periods beginning on or after 1 January 2018, endorsed by the EU:

a. **IFRS 9** (new), 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). IFRS 9 replaces the guidance in IAS 39, regarding: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of credit impairment (through the expected credit losses model); and (iii) the hedge accounting requirements and recognition.

b. **IFRS 15** (new), 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). This new standard, applies only to contracts with customers to provide goods or services, and requires an entity to recognise revenue when the contractual obligation to deliver the goods or services is satisfied and by the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach.

c. **Amendments to IFRS 15**, 'Revenue from contracts with customers' (to be applied for periods beginning on or after 1 January 2018). These amendments refer to the additional indications for determining the performance obligations of a contract, when recognizing the return of an intellectual property license, revising the indicators for the classification of the principal versus agent relationship, and the new regimes to simplify the transition.

d. **IFRS 16** (new), 'Leases' (effective for annual periods beginning on or after 1 January 2019). This new standard replaces the IAS 17 with a significant impact on the accounting by lessees that are now required to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset".

e. **IFRS 4** (amendment), 'Insurance contracts (Applying IFRS 4 with IFRS 9)' transactions' (effective for annual periods beginning on or after 1 January 2018). This amendment allows companies that issue insurance contracts the option to recognise in Other Comprehensive Income, rather than Profit or Loss the volatility that could rise when IFRS 9 is applied before the new insurance contract standard is issued. Additionally, it is given an optional temporary exemption from applying IFRS 9 until 2021, to the companies whose activities are predominantly connected with insurance, not being applicable at consolidated level.

f. **IFRS 1**, 'First-time adoption of IFRS' (amendment, included in the 2014-2016 annual improvements). It removes the short-term exemption provided for adopters for the first time in paragraphs E3-E7 of IFRS 1 because it already served its purpose (which related to exemptions from certain disclosures of financial instruments under IFRS 7, exemptions at the benefit level of employees and exemptions at the level of investment entities).

g. **IAS 28**, 'Investments in associates and joint ventures' (amendment, included in the 2014-2016 annual improvements). It clarifies that: i) A company that is a venture capital company, or another qualifying entity, may choose, at initial recognition, to measure its investments in associates and / or joint ventures at fair value through results; (ii) If a company which is not itself an investment entity has an interest in an associate or joint venture which is an investment entity, the enterprise may, in applying the equity method, choose to maintain the fair subsidiaries. This option is taken separately for each investment on the later date between the initial recognition of the investment in that investee; that investee becomes an investment entity; and this subsidiary becomes a parent company.

h. Amendments to **IFRS 10 –** Consolidated financial statements and **IAS 28** – Investments in associates and joint ventures. These amendments eliminate a conflict between those rules, related to the sale or contribution of assets between the investor and the associate or between the investor and the joint venture. In December 2015, the IASB decided to defer the date of application of this amendment until any amendments resulting from the research project on the equity method are finalized.

Estimated Impacts

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is based on the principle that revenue is recognized on the date of transfer of control to the customer, the transaction value being allocated to the different performance obligations assumed to the client and subject to adjustment in the measurement, whenever the consideration is variable or subject to a significant financial effect.

The new standard will replace all current revenue recognition requirements prescribed in IFRS and should be retrospectively applied for periods beginning on or after January 1, 2018, by adopting one of the following methods:

- full retrospective application: involves the restatement of all comparative periods; or
- retrospective application modified: recognition of the cumulative effect, in the first period of application of the standard, as an adjustment to equity, in the opening balance sheet of the period in which the standard is adopted.

Early adoption is allowed. Corticeira Amorim will adopt the new standard on the effective date required (January 1, 2018), using the modified retrospective method.

As recommended in the standard, Corticeira Amorim carried out an internal analysis covering the 5 steps, as follows:

- dentification of contracts established with clients;
- Identification of performance obligations included in contracts;
- Determine transaction prices;
- Rule of allocation of the transaction price to the performance obligations included in the contracts;
- Measure for recognition of revenue.

To evaluate the impact, Corticeira Amorim analyzed the transactions carried out by the group companies. Crosswise to all Business Units, the transactions carried out by the companies of the Corticeira Amorim universe may assume several characteristics:

- Formalized through specific agreement that defines the terms of the transaction;
- Informal, in the sense that there is no written contract, but whose transaction terms are defined in the customer order and the order acceptance request issued by the Group company that participates in the transaction. The acceptance of the order formalizes the terms in which the transaction will be effected. In both situations, the terms of the transaction are perfectly identified.

Identification of contracts established with clients was performed:

- The parties have agreed to the terms of the contract and undertake to fulfil their contractual obligations;
- The rights and obligations are perfectly identifiable;
- The terms of payment are established;
- Contract has commercial substance;
- Due to the risk analysis of the client, it is highly probable that the proceeds will be received from the sale.

Corticeira Amorim verified the fulfilment of these criteria in the established transactions. Therefore, as a result of the analysis, Corticeira Amorim estimates that the adoption of the new regulations will not have a material impact on the consolidated financial presentation of Corticeira Amorim.

Other standards

The Group is assessing the impact resulting from the application of IFRS 16, not estimating material impacts resulting from the application of the other standards.

3. **Standards (new and amendments) and interpretations that have been published and are mandatory for the accounting periods beginning on or after 1 January 2017, but are not yet endorsed by the EU:**

3.1 **Standards**

a. **IAS 40** (amendment), 'Transfers of Investment property' (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies when assets are transferred to, or from investment properties, the evidence of the change in use is required. A change of management intention in isolation is not enough to support a transfer.

b. **IFRS 2** (amendment), 'Classification and measurement of share-based payment transactions' (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications to a share-based payment plan that change the classification an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

c. **IFRS 9** (amendment), 'Prepayment features with negative compensation' (effective for annual periods beginning on or after 1 January 2019). This amendment is still subject to endorsement by the European Union. The amendment introduces the possibility to classify certain financial assets with negative compensation features at amortized cost, provided that specific conditions are fulfilled, instead of being classified at fair value through profit or loss.

d. **IAS 28** (amendment), 'Long-term interests in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2019). This amendment is still subject to endorsement by the European Union. The amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investments in associates and joint ventures), that are not being measured through the equity method, are to be measured in accordance with IFRS 9, being subject to impairment expected credit loss model, prior to any impairment test of the investment as a whole.

e. **Annual Improvements 2015 – 2017**, (generally effective for annual periods beginning on or after 1 January 2019). These improvements are still subject to endorsement by the European Union. The 2015-2017 annual improvements impact: IAS 23, IAS 12, IFRS 3 and IFRS 11.

f. **IFRS 17** (new), 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2021). 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 complete "building block approach" or "premium allocation approach". The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is of retrospective application.

3.2 Interpretations

a. **IFRIC 22** (new), 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after 1 January 2018). This interpretation is still subject to endorsement by the European Union. An Interpretation of IAS 21 'The effects of changes in foreign exchange rates' it refers to the determination of the "date of transaction" when an entity either pays or receives consideration in advance for foreign currency denominated contracts". The date of transaction determines the exchange rate used to translate the foreign currency transactions.

b. **IFRIC 23** (new), 'Uncertainty over income tax treatment' (effective for annual periods beginning on or after 1 January 2019). This interpretation is still subject to endorsement by the European Union. This is an interpretation of IAS 12 – 'Income tax', referring to the measurement and recognition requirements to be applied when there is uncertainty as to the acceptance of an income tax treatment by the tax authorities. In the event of uncertainty as to the position of the tax authority on a specific transaction, the entity shall make its best estimate and record the income tax assets or liabilities under IAS 12, and not under IAS 37 – "Provisions, contingent liabilities and contingent assets ", based on the expected value or the most probable value. The application of IFRIC 23 may be retrospective or retrospective modified.

There are no significant impacts arising from the future adoption of these standards, amendments, and interpretations in the consolidated financial statements of Corticeira Amorim.

c. Financial Assets and Liabilities

Financial Assets are mainly registered in the Loans and Other Receivables caption. As for Financial Liabilities they are included in the Amortized Liabilities caption.

Detail is as follows:

	Loans and receivables	Fair value through profit or loss	Derivatives as hedging	Available for sale assets	Total
Trade receivables	141,876				141,876
Other current assets	27,227			3,940	31,166
Cash and cash equivalents	51,119				51,119
Total as of December 31, 2016	**220,222**	**0**	**0**	**3,940**	**224,162**
Trade receivables	167,604				167,604
Other current assets	36,012	-61	861	2,520	39,332
Cash and cash equivalents	17,005				17,005
Total as of December 31, 2017	**220,621**	**-61**	**861**	**2,520**	**223,941**

(thousand euros)

	Fair value through profit or loss	Derivatives as hedging	Other financial liabilities at amortized cost	Total
Interest-bearing loans			87,008	87,008
Other borrowings and creditors	597	2,392	51,593	54,581
Trade payables			109,985	109,985
Total as of December 31, 2016	**597**	**2,392**	**248,586**	**251,574**
Interest-bearing loans			109,789	109,789
Other borrowings and creditors	-1	266	86,163	86,428
Trade payables			157,096	157,096
Total as of December 31, 2017	**-1**	**266**	**353,048**	**353,313**

(thousand euros)

Customers balances are denominated in USD (8.0%), CLP (6.2%), AUD (1.8%), ZAR (1.0%), being the remaining almost totally euro based. As business in Argentina started to be conducted by associate Corchos Argentina, customer's balances in Argentinian pesos (ARS) no longer exist. Exchange differences are due, mainly, to non-euro based customer's balances, as well as foreign currency loans used as a hedge accounting instrument.

Corticeira Amorim understands that the fair value of the classes of financial instruments presented does not differ significantly from its book value, taking into account the contractual conditions of each of these financial instruments.

Current assets and liabilities, given their short-term nature, have an accounting value similar to fair value

Non-current net debt is mostly payable at a variable rate. The only fixed-rate was contracted during the year 2015. As there were no significant changes in the reference interest rates, the rate does not differ substantially from the current market conditions, and therefore the fair value does not differ significantly from the value Accounting.

In the case of Other Loans Obtained and another Creditors (mainly grants with no interest bearing measured at fair value at initial recognition), given the initial adjustment differential for recognizing in income, maturities and current interest rate levels, difference between book value and fair value is not significant. "

XXXIV
SUBSEQUENT EVENTS

According to the communication to the market on January 10, 2018, Corticeira Amorim, through its subsidiary AMORIM BARTOP – Investimentos e Participações, SA, which is part of the Cork Stoppers Business Unit (BU), and which develops and produces capsulated cork stoppers (bartops) for the spirits segment of the beverages industry – has entered into an agreement to acquire the company ELFVERSON & Co AB, which has its headquarters in Påryd, Sweden.

Under the terms of the agreement, 70% of the capital of ELFVERSON & Co AB is acquired for an amount of about 5.5 million EUR. The agreement includes a put option on the remaining 30% of the capital, on the part of the seller (the Swedish company Vätterledens Invest AB) and a purchase option on the same remaining capital on the part of AMORIM BARTOP – Investimentos e Participações, SA, exercisable from 2020, for a price which, based on the amount already paid for the first 70%, will also depend on the performance of ELFVERSON & Co AB in the coming years.

In addition to this event and as of 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, February 19, 2018

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

António Rios de Amorim
Chairman

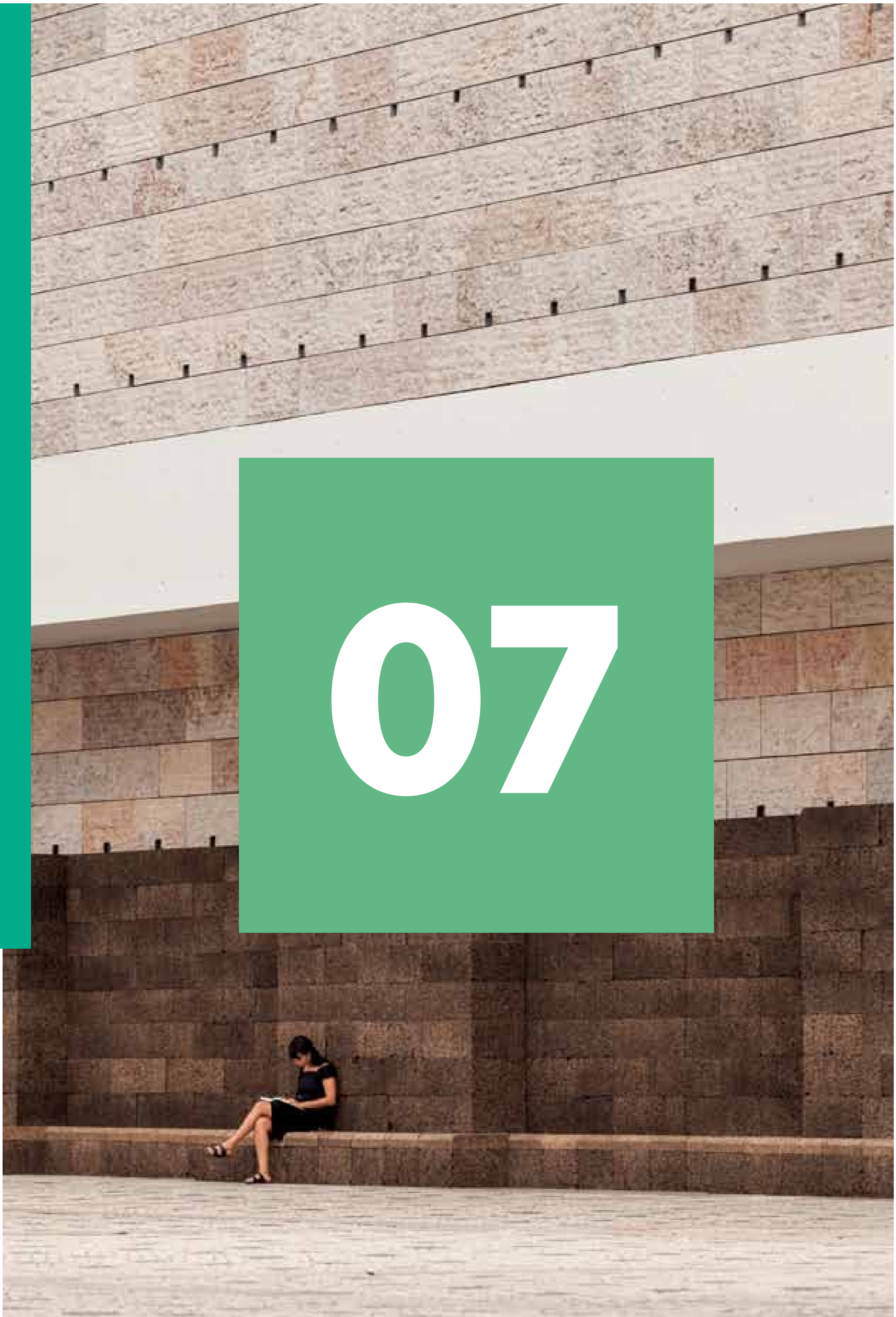
Nuno Filipe Vilela Barroca de Oliveira
Vice-Chairman

Fernando José de Araújo dos Santos Almeida
Member

Cristina Rios de Amorim Baptista
Member

Luísa Alexandra Ramos Amorim
Member

Juan Ginesta Viñas
Member



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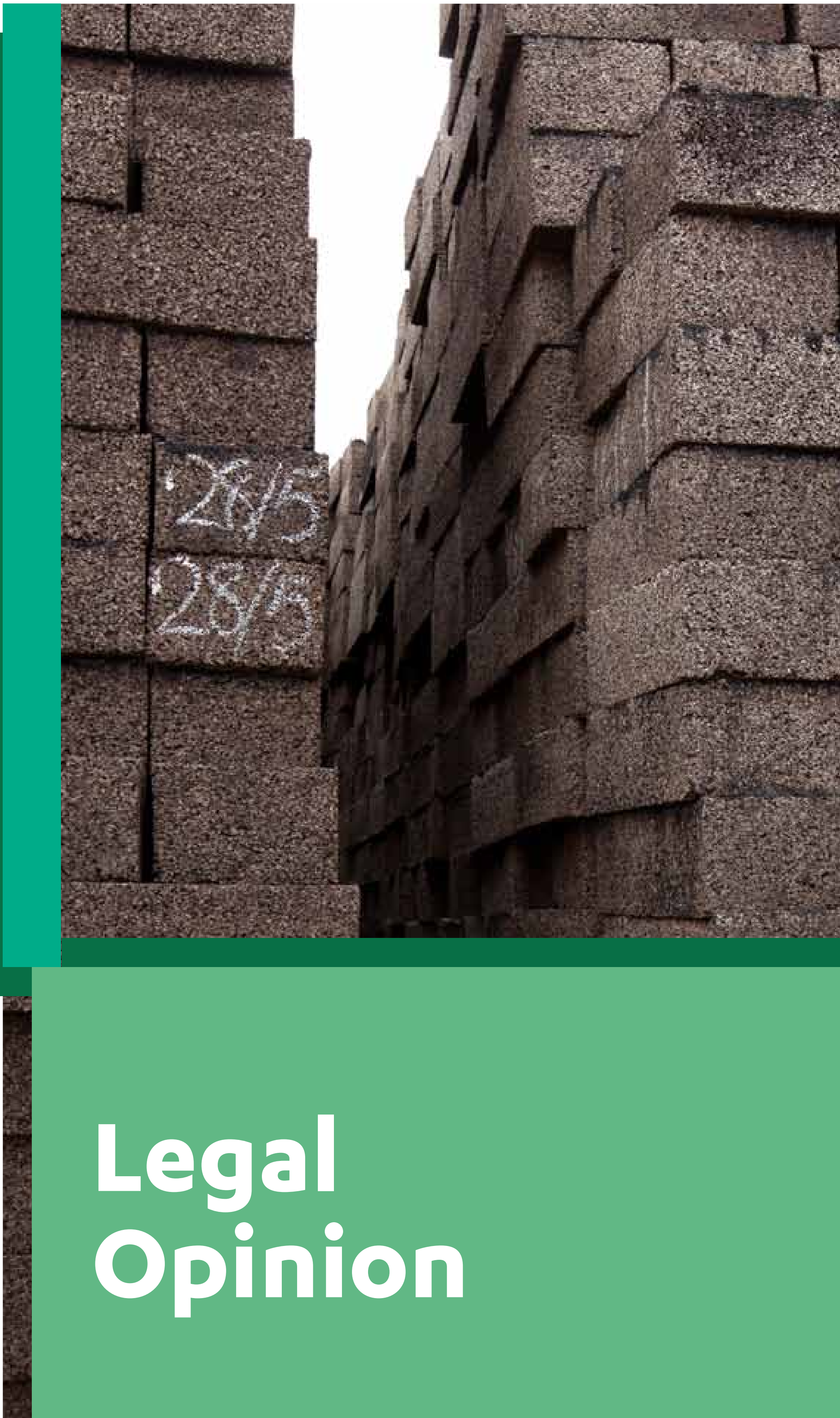

Legal Opinion

CORTICEIRA AMORIM, S.G.P.S., SA

REPORT AND OPINION OF THE SUPERVISORY BOARD – FINANCIAL YEAR 2017

Dear Shareholders,

Under the law and in accordance with the assignment we have been entrusted with, we hereby present our report on the activities of the Supervisory Board and our opinion on the Individual and Consolidated Directors' Report and the Individual and Consolidated Financial Statements submitted to us by the Board of Directors of CORTICEIRA AMORIM, S.G.P.S., S.A. for the year ended 31 December 2017.

I - ACTIVITY CARRIED OUT BY THE SUPERVISORY BOARD

Throughout the financial year 2017 the Supervisory Board closely monitored the business performance of the Company and its main subsidiaries and supervised compliance with the Law and the Articles of Association; the Supervisory Board monitored the work of the Management of the Company, the effectiveness of risk management, internal audit and internal control systems, preparation and disclosure of individual and consolidated financial information; in addition, the Supervisory Board ensured the completeness and accuracy of the accounting records as well as of the individual and consolidated financial statements and the accounting policies and valuation criteria adopted by the Company in order to ensure that they adequately reflect Corticeira Amorim, S.G.P.S., S.A.'s assets and its individual and consolidated financial statements and cash flow.

In carrying out our duties, we have met regularly with the representatives of the External Audit Firm in order to monitor the audit work carried out from the planning stage to the final audit findings, in addition to assessing the Auditors' independence. In this respect, the Supervisory Board has examined the proposals that were submitted for our consideration regarding the provision of non-audit services by the External Audit Firm and approved the proposals regarding permitted services that would not affect the independence of the External Audit Firm and were in compliance with other legal requirements. As it is our duty and responsibility, we have monitored the transactions carried out with members holding qualifying shareholdings as well as the operation of the whistleblowing system.

We have also met with the departmental representatives with responsibility for preparing the individual and consolidated financial statements, as well as the Internal Auditor and heads of the legal department and we have received full support and collaboration from them all. We have also met with the members of the Board of Directors and the Executive Committee, who answered all of the questions raised by the Supervisory Board and explained the Company's plans and objectives.

The Supervisory Board reviewed the Statutory Audit and the Auditors' Report on the Individual and Consolidated Financial Statements for the year ended 31 December 2017, which comprise the Individual and Consolidated Statement of Financial Position as at 31 December 2017, the Individual and Consolidated Income Statement by Nature of Expense, the Individual and Consolidated Income Statement and Other Comprehensive Income, the Individual and Consolidated Statement of Changes in Equity and the Individual and Consolidated Statement of Cash Flows and related notes. These documents were issued without qualification. The Supervisory Board has also reviewed (1) the Auditor's Independence Confirmation and (2) the Additional Report - both as at the date of completion of the audit –, which papers were sent to us by the External Audit Firm.

The Supervisory Board has also reviewed the Corporate Governance Report. We are responsible only for checking whether all the provisions referred to in section 245-A of the Portuguese Securities Market Act are included in the Corporate Governance Report and we confirmed that the Corporate Governance Report contains such provisions.

II - OPINION

Within the scope of our responsibilities, we hereby state that to the best of our knowledge and belief the financial statements referred to above have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit and loss of CORTICEIRA AMORIM, S.G.P.S., SA and the GROUP it heads, and that the Directors' Report presents fairly the development and performance of the business and the position of the GROUP, together with a description of the principal risks and uncertainties that it faces. It is further certified that the Corporate Governance Report contains the provisions referred to in section 245-A of the Portuguese Securities Market Act.

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Therefore, taking into account the measures taken and the opinions and information received from the Board of Directors, the personnel of the Company, the Statutory Auditor and the External Auditor, the Supervisory Board is of the opinion that:

1. there is nothing to prevent the Individual and Consolidated Directors' Report for the year ended 31 December 2017 from being approved;
2. there is nothing to prevent the Individual and Consolidated Financial Statements for 2017 from being approved;
3. there is nothing to prevent the Board's proposed appropriation of profit - which is duly substantiated - from being approved.

Mozelos, 19 March 2018

The Supervisory Board

Manuel Carvalho Fernandes - Chairman

Ana Paula Africano de Sousa e Silva - Member

Eugénio Luís Lopes Franco Ferreira - Member

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(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 2017 (showing a total of 869.407 thousand euros and a total equity of 459.991 thousand euros, including a net profit for the year attributable to the equity holders of the Group of 73.027 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 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. Audit of opening balances

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
We were appointed as auditors of Corticeira Amorim Group for the first time in April 2017. Being an initial audit engagement, a number of additional procedures are required, which are not performed in recurrent audits. Corticeira Amorim Group is the world leader in cork products, with a vertically integrated business and presence in more than 70 countries.	Our audit approach included the performance of the following procedures: ► We developed a transition plan which included specific planning activities to ensure an effective transition from the predecessor auditor. The planned activities included, among others, obtaining an initial understanding of the Group and its business, including background information, strategy, business risks, IT landscape, internal control environment, including the internal control activities and the financial reporting process, to assist us in performing a better assessment of the audit risks;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The multiplicity of the operations and the geographical dispersion led us to develop a number of procedures to address the lack of cumulated knowledge of the Group and therefore to plan and adopt an audit strategy that would allow us to appropriately address the significant risks.	▸ We met with the Directors of the various Business Units of the Group, and visited the main industrial plants in Portugal; ▸ We assessed the accounting policies adopted by the Group and the judgements made by the Board of Directors, as well as their consistency; ▸ We reviewed the predecessor auditor's working papers; ▸ We reviewed in detail the consolidation adjustments of the year ended 31 December 2016; and ▸ We performed a review, together with our tax specialists, the main pending tax claims, including a review of the assessment made by the Group of the provisions and contingent liabilities disclosed in the 2016 financial statements. In addition, we considered the impact of the results of our audit, as it progressed, in the assessment of the correctness of opening balances.

2. **Acquisition of Bourrasse**

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
In July 2017, the Group acquired 60% of the share capital of S.A.S.ETS Christian Bourrassé ("Bourrassé"), for a total amount of 29 million euros. This acquisition was material to the Group, given the market share of Bourrassé, and how it was accounted for involved judgement in the allocation of the transaction price to the fair value of the identifiable assets acquired and liabilities assumed, which were determined, in the case of land and buildings, with the support of external specialists in real estate appraisals, and which resulted in goodwill amounting to 9,7 million euros. The acquisition agreement also provides for the subsequent acquisition, by 2022, of the remaining 40% of the equity for a variable price, depending on the performance of Bourrassé's business units. A corresponding financial liability was recognized, on the terms described in Note II b) of the notes to the consolidated financial statements.	Our audit approach included the performance of the following procedures: ▸ Reviewing the acquisition agreement and checking the payment of the consideration; ▸ Reading the pre-acquisition financial and tax due diligence report contracted by the Group; ▸ Testing the initial recognition at fair value of the identifiable assets acquired and liabilities assumed on the basis of the results of the external appraisal of land and buildings, as well as a result of the homogenization of accounting policies and criteria; ▸ Testing the inclusion of Bourrassé in the consolidated financial statements from the acquisition date; ▸ Obtaining the conclusions of Bourrassé's auditors; ▸ Assessing the judgements made in the measurement of the financial liability; and ▸ Evaluating the assumptions utilized in the valuation models approved by the Board of Directors and which formed the basis for the goodwill impairment test, namely the cash flow projections, the discount rate, the inflation rate, the perpetual growth rate and the sensitivity analysis. We also assessed the adequacy of the applicable disclosures (IFRS 3), included in Notes II b) and VI of the notes to the consolidated financial statements.

3. Inventories

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2017, Inventories amount to 359.141 thousand euros, net of impairment losses of 6.206 thousand euros, representing around 41% of total assets. They are comprised of cork, cork stoppers and other cork derived processed products, which are spread across several locations. As disclosed in Note II h) 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.	Our audit approach included the performance of the following procedures: ► We obtained an understanding of the inventories process and tested the operational effectiveness of the controls implemented related to the existence and valuation of inventories in the relevant subsidiaries; ► We attended the physical counts of inventories in all relevant subsidiaries and geographies, carried at or near year-end, with the focus on the identification of indicators of impairment of inventories due to obsolescence or damage as well as evaluating their correct classification; ► We verified the underlying contractual terms for an extended sample of contracts with suppliers of the main raw material; ► We performed analytical review procedures on the valuation of finished goods and work in progress and tested in detail the inventories cost accounting process by selecting a representative sample of bill of materials; ► We tested the underlying assumptions in the determination of impairment losses on inventories, in the light of available information on rotation of inventories, obsolete inventories and consumptions/sales within the last 24 months; and ► We evaluated the consistency of the criteria utilized in comparison with prior years. We also considered the adequacy of the applicable disclosures (IAS 2), included in Notes II h) and XIII of the notes to the consolidated financial statements.

4. 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
As disclosed in note XXIX 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. The assessment of the likelihood of the outcome is supported by the opinion of legal and tax advisors. As at 31 December 2017, the provisions presented in the consolidated financial statements amount to 41.320 thousand euros. The estimate of the potential outflow of resources requires a high	Our audit approach included the performance of the following procedures: ► Understanding and evaluating the monitoring processes for tax contingencies and reviewing all existing documentation; ► Performing an analysis of pending tax claims, as well as potential tax contingencies, with the support of our tax specialists; ► Making inquiries to the Board of Directors and to the Directors of the legal and tax departments regarding the basis for their estimates and judgements; ► Analysing the replies to the information requests made to the external lawyers; and ► Evaluating the consistency of the criteria utilized in comparison

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
degree of judgement by the Board of Directors and it is therefore considered a key matter.	with the prior years. We also considered the adequacy of the applicable disclosures (IAS 37), included in Notes II p) and XXIX 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 as endorsed by the European Union;
- the preparation of the Management Report, including the Corporate Governance Report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the Management Report with the consolidated financial statements, and the verification under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code, as well as the verification that the statement of non-financial information was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatement.

On the Statement of non-financial information set out in article 66-B of the Commercial Companies Code

Pursuant to article 451, nr. 6, of the Commercial Companies Code, we inform that the Group has included in its Consolidated Annual Report the statement of non-financial information as per article 66-B of the Commercial Companies Code.

On the Corporate Governance Report

In our opinion, the Corporate Governance Report includes the information required of the Group in accordance with article 245-A of the Securities Code, and we have not identified any material misstatements of the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of Corticeira Amorim, SGPS, S.A. (the Group's parent company) for the first time in the shareholders' general meeting held on 7 April 2017 for a mandate from 2017 to 2019;

- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the consolidated financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement in the consolidated financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group as of today; and
- We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Group in conducting the audit.

Oporto, 16 March 2018

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Rui Manuel da Cunha Vieira - ROC nr. 1154
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TITLE
Consolidated Annual Report – Corticeira Amorim, S.G.P.S., S.A.

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