



# Sustainability Report 2019

CORTICEIRA AMORIM



## INTRODUCTORY NOTE

Corticeira Amorim places great emphasis on strengthening its vision and commitment to sustainability through various initiatives and strategies. The good practices of regular reporting, in place since 2006, promote transparency and encourage the adoption of sustainability principles, both in the value chain and from its main stakeholders.

This Sustainability Report, included in the Consolidated Annual Report, reflects Corticeira Amorim's commitment and approach to sustainability issues, and has been prepared in accordance with the guidelines of the Global Reporting Initiative (GRI), GRI Standards 2016, for the Core level, whilst satisfying the legal requirements introduced by Portugal's Decree-Law no. 89/2017 of July 28, being, under Article 508-G of the Commercial Companies Code, a consolidated Non-Financial Statement of Corticeira Amorim, SGPS, S.A..

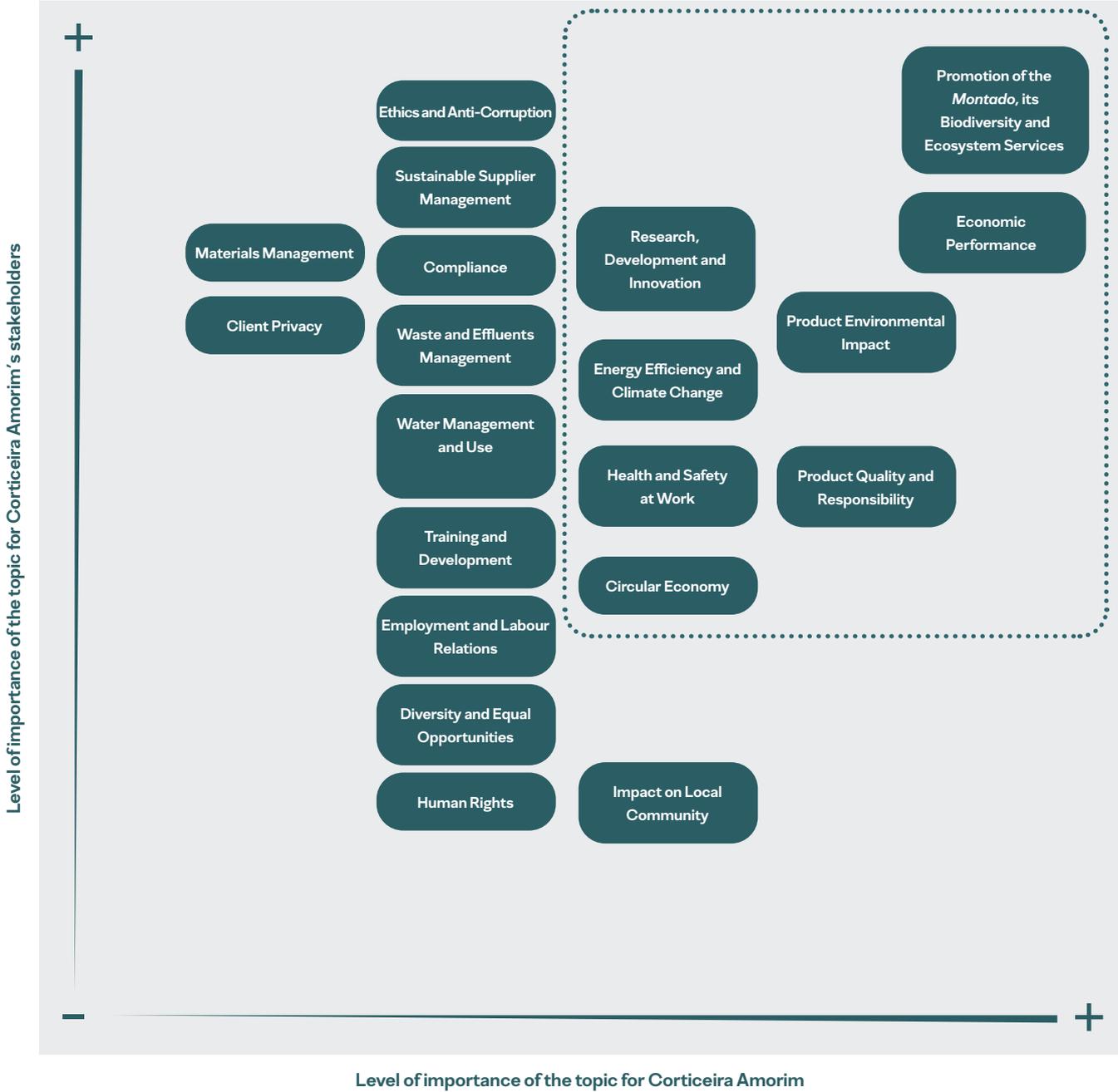
Throughout the report, we highlight the material issues for Corticeira Amorim: Promotion of the *Montado*, its Biodiversity and Ecosystems Services; Economic Performance, Research, Development and Innovation; Energy Efficiency and Climate Change; Health and Safety at Work; Circular Economy; Product Environmental Impact (including the topic of Product Quality and Responsibility). In view of its importance for the Organisation, the topic of Training and Development was also considered to be relevant for the purpose of this report.

Since Corticeira Amorim is a group of companies and given the difficulty in implementing sustainability systems in smaller companies, the scope of the report does not include all the companies in the Corticeira Amorim Group. This report accounts for 90% of the industrial units which employ 82% of all employees of the company and corresponds to 82% of consolidated sales for 2019.

The information contained in this report has been audited by Ernst & Young Audit & Associados, SROC, SA.

This document is available at [www.amorim.com/en/sustainability/sustainability-reports/](http://www.amorim.com/en/sustainability/sustainability-reports/), and any clarification be sought from Corticeira Amorim by email at [natural.choice@amorim.com](mailto:natural.choice@amorim.com).





# Message from the Director of Sustainability



Dear Stakeholder,

Sustainability and innovation are intrinsic pillars of the Corticeira Amorim culture and strategy. Our goal is simple, to combine technology with nature and promote a sustainable balance between the two.

As a leader in one of the most sustainable industries globally, Corticeira Amorim has, year on year, maintained and strengthened its commitment to the future and to maintaining a strong, cohesive and dynamic brand, with sustainability at the heart of its identity.

A deep-set ambition to push the boundaries has driven Corticeira Amorim to invest in ongoing projects with a strong focus on research and innovation that result in products and solutions with unparalleled advantages, including reducing the carbon footprint of the end product, saving energy or water, cleaning the environment, improving indoor air quality and promoting well-being and comfort.

The vision, entrepreneurship, work and passion of the entire Corticeira Amorim team have contributed to the company's objectives, which are intrinsically linked with the Sustainable Development Goals set by the United Nations in 2015. These goals include, inter alia, the will to support research, development and innovation, boost economic growth, promote training and welfare for all, ensure health and safety of employees, apply the principles of circular economy, develop green products, reduce the environmental impact of operations and preserve the cork oak forests and ecosystem services.

In order to achieve these goals, we promote various initiatives which we present in this report, initiatives that enable growth towards sustainable leadership.

During this last year, conscious of the fact that nature is always the starting point for a better future, our group has brought several studies to shine light on the environmental, economic and social impact of Corticeira Amorim in Portugal and assess the cork oak forest ecosystem services.

In 2019, our efforts to manufacture products with a positive impact on climate regulation did not go unnoticed once again as our life-cycle evaluation studies of natural cork stoppers and sparkling wine proved the negative carbon footprint of our products, highlighting the differentiating factor of cork.

We have more than 4400 employees working worldwide, and it is through their passion for the business, their desire to go further, that we are able to overcome challenges, led by example and promote the well-being of the communities closest to us and, indeed, society at large.

To one and all, I would like to offer a special word of appreciation for the work and the trust placed in us.

Cordially,

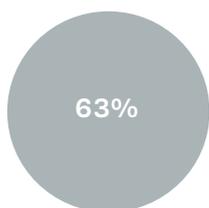
**Cristina Rios de Amorim**  
Board Member and Director of Sustainability

# 2019 in Figures

Corticeira Amorim's figures for 2019 exemplify this effort and dedication for a more sustainable business, society and world.



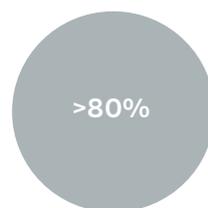
use of cork



energy from renewable sources  
(biomass)



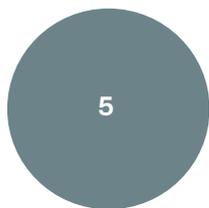
waste recovery rate



consumed materials from renewable  
sources



recycled cork



continents with recycling programmes



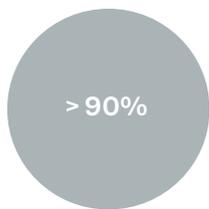
native trees planted in partnership  
since 2008



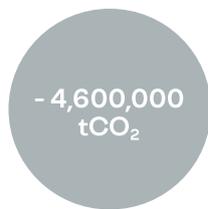
students involved in environmental  
education actions



establishments with FSC® chain of  
custody certification



cork and cork products purchased  
from controlled sources



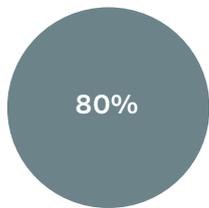
approximate cork oak forest sequestration  
promoted by Corticeira Amorim's activity  
in 2018 (17 times more than the emissions  
generated by the activity and value chain)



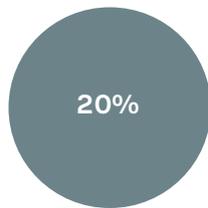
emissions avoided



emissions generated by the activity  
and value chain in 2018



emissions associated with the value  
chain (scope 3)



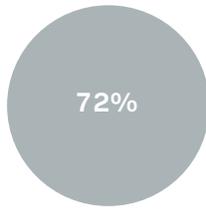
emissions generated by the activity  
(scope 1 and 2)



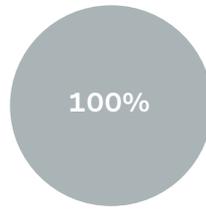
reduction of carbon intensity (scope 1  
and 2) in 2011 and 2018



employees in 27 countries



employees in Portugal



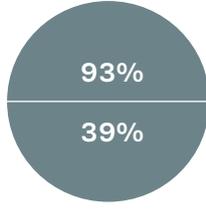
employees covered by collective bargaining agreements in Portugal



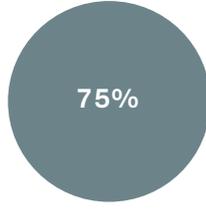
average age of employees



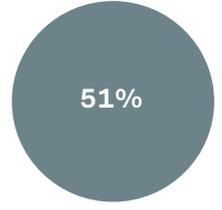
production multiplier in Portuguese economy



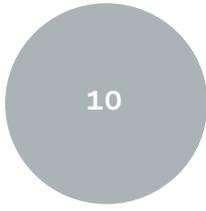
exports to more than 100 countries/  
contribution to total exports from the municipality of Santa Maria da Feira



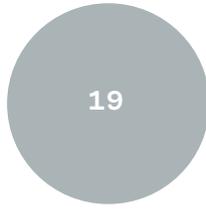
goods and services purchased in Portugal



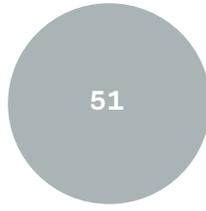
impact in the employment of forestry sector in Ponte de Sor and Coruche



industrial plants raw materials



industrial plants cork solutions



distribution companies



clients

### CARBON BALANCE OF THE PRODUCTS



\*considering carbon sequestration in the cork oak forest

## FORESTRY INTERVENTION PROJECT

**+50,000 ha**  
of new plantations

**+7%**  
of cork oak area  
in Portugal

**+35%**  
cork production

**-15 years**  
reduction of the first  
extraction cycle of cork  
from the current 25 to  
10/12 years

**+350/ ha**  
number of cork oaks  
planted per hectare

**+17,500,000**  
planted cork oaks

**> 1,300€/ha/year**

average value estimated of the ecosystem services associated  
with a cork oak forest properly managed

## CORK OAK FOREST

**-73 tCO<sub>2</sub> /1t of Cork**  
maximum recorded carbon  
sequestration per ton of cork extracted

**1/36 Biodiversity Hotspots**  
part of one of the world's biodiversity  
hotspots, cork oak forests have recognized  
protection status, contribute to climate  
regulation, are a driving force for sustainable  
development and play a crucial role  
in the world's ecological balance

**100,000 people**  
depend on the cork oak forests

**Barrier against  
fires**

**Regulates the hydrological  
balance**

**Protects the soil and decreases  
the risk of desertification**

**1,175,000,000 €/year**

total net value of Corticeira Amorim's contributions to society when considering  
ecosystem services induced by the activity (over 7x higher than the estimated direct  
gross value added)



# [1.] Corticeira Amorim

## 1.1. WHO WE ARE AND WHAT WE DO

Corticeira Amorim is one of the largest, most entrepreneurial and dynamic multinationals of Portuguese origin. Its origins in the cork business date back to 1870 and today it is the world leader in the sector. Operating under the motto “not just one market, not just one client, not just one currency, not just one product”, the company has been growing and reinventing itself by introducing new products and entering new markets.

MISSION				
To add value to cork, in a competitive, differentiating and innovative manner, in perfect harmony with Nature				
VALUES				
PRIDE	AMBITION	INITIATIVE	SOBRIETY	ATTITUDE

## CORTICEIRA AMORIM AROUND THE WORLD

Maintaining the family hallmark, Corticeira Amorim has a presence on five continents, through its operations in the fields of production, distribution, joint ventures or market agency. With its registered office in Portugal, the company is listed on Euronext Lisbon.

Portuguese multinational, with head office in Mozelos, Santa Maria da Feira	<b>27</b> Countries in which it has a presence	<b>4,424</b> Employees
<b>1</b> Main raw material	<b>29</b> Industrial units	<b>51</b> Distribution companies

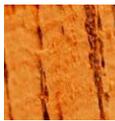
## OUR BUSINESS MODEL

Globalization is irreversible and poses a constant challenge for the vision and innovation of Corticeira Amorim. Technological development has been at the forefront of the objectives of the company, which has been diversifying its business model through the various Business Units (BU) and products it offers. The business model it has implemented, based on good management practices, is also founded on an integrated and vertical process that makes use of the principles of circular economy in order to minimise the waste created.

Cork, at the heart of Corticeira Amorim’s operations, comes from several producers with whom the company maintains a close relationship and promotes good forest management practices, thereby ensuring the continued production of a good quality raw material.

## OUR BUSINESS UNITS

The Corticeira Amorim Group has a broad portfolio of products made from cork for different markets and applications. This raw material, of enormous importance for the company, has been the focus of continual investment in the area of research, development and innovation in order to promote the use of all its natural properties and to diversify Corticeira Amorim's portfolio. Through its business units, and through anticipating market trends, the company has surpassed the expectations of some of the most demanding industries worldwide.

	BUSINESS UNIT	MAIN FOCUS	KEY ACHIEVEMENTS
	<p>Raw Materials BU</p> <p>Responsible for overall and integrated management of the company's value chain, it plays a key role in promoting synergies between the various units to ensure optimisation of the raw materials flow.</p>	Cork Stoppers BU, Floor & Wall Coverings BU, Composite Cork BU and Cork Insulation BU.	+ 50,000 ha targeted total area of new plantations in partnership with forestry producers.
	<p>Cork Stoppers BU</p> <p>World leader in the production and supply of cork stoppers, this BU has its own distribution network, which puts it in a unique position to provide the ideal stopper for any wine segment, anywhere in the world.</p>	Cork stoppers for wine, sparkling wines and spirits.	5,500,000,000 cork stoppers / year.
	<p>Floor &amp; Wall Coverings BU</p> <p>World leaders in the production and distribution of cork-based floor and wall coverings, this BU uses a multilayer structure that ensures high quality and sustainable products and promotes improved quality of life with unique benefits such as a greater acoustic and thermal insulation.</p>	Flooring and coverings.	10,000,000 m <sup>2</sup> /year of installed capacity.
	<p>Composite Cork BU</p> <p>The most technological of the business units in the Corticeira Amorim universe, explores the natural properties of cork to produce granules, aggregate and cork composites in various formats and for various purposes.</p>	Aerospace, panels and composites, automotive, seals and gaskets, electrical, construction, sports surfaces, flooring, household goods, furniture and footwear industries.	200,000 blocks and 40,000 cylinders produced/ year.
	<p>Insulation Cork BU</p> <p>Dedicated to the production of 100% natural insulation materials of exceptional technical performance, this BU manufactures products that combines virtually unlimited durability, low embodied energy, and an indoor air quality rating of A+ with excellent thermal, acoustic and anti-vibration insulation properties.</p>	Sustainable construction and interior design.	60,000 m <sup>3</sup> of insulating cork/ year.



## 1.2. GLOBAL CHALLENGES AND STRATEGIC DEVELOPMENT

Our ambition to push the boundaries has resulted in ongoing projects that respond to current global challenges and limit adverse impacts on society. Corticeira Amorim is unrelenting in its focus to leave its mark, make a difference and continually challenge itself, in order to solidify a future of sustainable leadership.

### CHALLENGES FOR A MORE SUSTAINABLE FUTURE

#### Challenge 1: To apply the principles of circular economy

##### CIRCULAR ECONOMY

According to the WBCSD (World Business Council for Sustainable Development), the circular economy has great potential to promote global economic growth and to help accelerate society to a more sustainable future.

##### THE CHALLENGE

Designing out waste and pollution, keeping products and materials in use and regenerating natural systems are the three principles behind the circular economy (according to the Ellen MacArthur Foundation). This concept poses a constant challenge for business and society to promote the reuse of products and materials and thereby contribute to mitigating climate change and the regeneration of ecosystems.

##### SUSTAINABLE DEVELOPMENT GOALS

- Corticeira Amorim is committed to applying the principles of circular economy through reducing waste, extending the life of materials and regenerating natural systems.



##### THE CORTICEIRA AMORIM RESPONSE

Corticeira Amorim bases its production process on the principle of 100% use regarding cork, which means that optimising the use and consumption of cork throughout the production cycle is one of the Group's key strategies. Corticeira Amorim's production process treats even the smallest granules as an important source of energy.

In addition to 100% use of cork, and wherever feasible, the Group uses recycled materials from other industries, saving natural resources on the planet and reducing the problems associated with their disposal. The company supports several initiatives that collect and recycle cork on five continents and, while no trees are cut down throughout the production process, some of these programmes, particularly the Green Cork programme in Portugal, favour a reforestation approach with indigenous trees, including cork oak tree. Corticeira Amorim, through its Composite Cork BU in particular, has a wide range of products that uses by-products from other industries that previously ended up in landfills and that meet the needs of diverse industries such as aerospace, footwear, automotive, sports or construction. This approach centres on the social responsibility of re-using and saving natural resources in order

to generate added value for its business, in some cases by improving the performance of the material and providing more cork to meet the market needs of all business segments.

## THE RESULTS

In 2019, 100% of all cork was used in the process, more than 80% of the materials used came from renewable sources, approximately 90% of all waste was recovered, and 485 tonnes of cork was recycled at the end of life.

### Challenge 2: To develop the economy and regions impacted by our operations

## ENVIRONMENTAL, ECONOMIC AND SOCIAL IMPACTS IN PORTUGAL

Conscious of the impact of its operations on the regions in which it operates and on the Portuguese economy, Corticeira Amorim conducted a study, with the support of EY, to assess this impact.

### THE CHALLENGE

Understanding the dynamics of an increasingly complex society is essential for gaining a competitive edge and for generating real value for the communities, people and economy. The companies that are prepared to meet the challenges of an increasingly fast-paced society, are those that transform their earnings into impacts on the regions in which they operate. This value creation can be understood as either an externality or shared value – shared value refers to the exchanges with stakeholders (customers, employees, suppliers and local communities), while externalities refer to an exchange of value with society in general that generate benefits or losses for third parties.

### SUSTAINABLE DEVELOPMENT GOALS

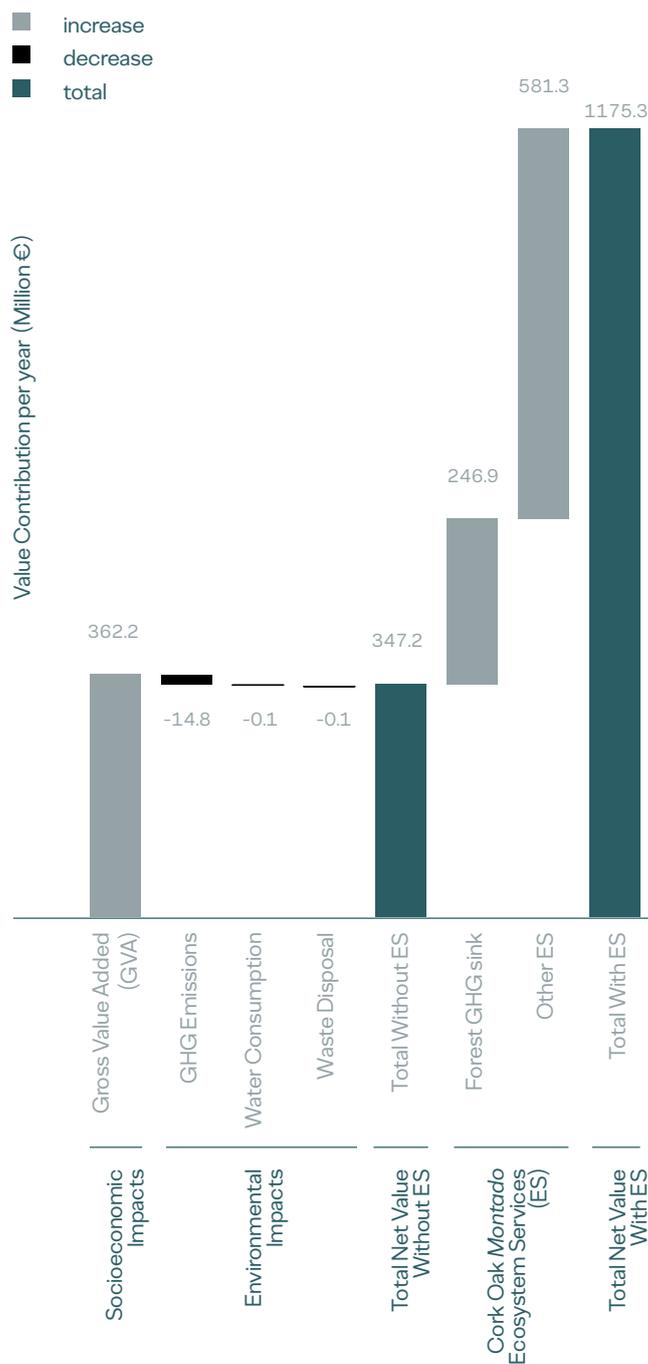
- Corticeira Amorim promotes policies to boost economic growth in a sustainable and inclusive manner, ensuring efficient production and decent work for all.



### THE CORTICEIRA AMORIM RESPONSE

Taking four premises as its starting point – the world’s largest company of cork related products, a leader in innovation and diversification of cork products, an example of how to extract economic value from sustainable operations and with a recognized strategic vision of natural resources (in the long run). – EY conducted a study on the environmental, economic and social impacts of Corticeira Amorim’s operations in Portugal. This study enabled an accounting of the Group’s impact on the Portuguese economy relative to the value created and sustained for 2018. Corticeira Amorim is not fully vertical integrated across

## TOTAL NET VALUE



the cork value chain (as it does not hold significant areas of cork oak forest) and, as such, their activities have a major impact on other national companies and sectors upstream. In adopting an input-output methodology applied to cross-sectoral data of the Portuguese economy, the study calculated the direct impacts and estimated the indirect and the induced impacts of household consumption, generated by Corticeira Amorim’s operations. The results reinforce the Group’s commitment to maximising its value by creating jobs and opportunities, through innovation and diversification of products and its support in promoting responsible management of the cork oak forests and use of natural resources.

## THE RESULTS

The direct, indirect and induced impact of Corticeira Amorim on the Portuguese economy are noteworthy. In numerical terms, Corticeira Amorim makes a total net contribution to society of 1,175 million euros per year, including the environmental impact of their activities and the impact of the cork oak forest ecosystem services it makes possible. This value is more than seven times the direct value added by its business activities in Portugal. The value created by Corticeira Amorim is also translated by its multiplier – every euro of production by Corticeira Amorim generates a total of 2.17 euros in domestic production. With regard to exports, 93% of products are exported, a direct result of operations in Portugal and the leadership position it has secured in various markets. In terms of procurement, approximately 75% of purchases made by the Portuguese subsidiaries are from Portuguese suppliers. It is worth highlighting, inter alia, the local impact of Corticeira Amorim, which is responsible for 39% of exports in the municipality of Santa Maria da Feira, where the company has its headquarters and a significant part of its operations, as well as 51% of the jobs created in the forestry sector in Ponte de Sor and Coruche, the municipalities from which the Company acquires much of the cork raw material.

### Challenge 3: To develop sustainable and competitive solutions that stand out

#### GREEN PRODUCTS

Cork, being a 100% natural, renewable, recyclable and reusable product, is an excellent alternative for reducing global dependence on non-renewable products. Corticeira Amorim's goal is to guarantee quality through continuous improvement of its processes, products and services, whilst striving for innovative solutions supported by technological development, so that it can respond to the client's needs with sustainable, competitive and differentiating solutions. Contributing to the transition to a low-carbon economy is part of the Group's mission.

#### THE CHALLENGE

Population growth is placing unprecedented pressure on the finite resources of the world, awakening a sense of awareness and need for minimisation of the impacts created by companies. A more efficient use of resources is critical for achieving the Sustainable Development Goals and reducing the environmental impact of human activities on the planet.

#### Sustainable Development Goals

- Corticeira Amorim aims to maintain a proactive role in developing the already vast scope of application of cork, sustained by the innate properties of the material.



## THE CORTICEIRA AMORIM RESPONSE

Conscious of the impact of its activities, Corticeira Amorim develops products and solutions that are efficient in terms of the use of resources, and sponsors studies that enable data to be obtained from the impact of its products on the environment. These studies come at a time where there is increasing awareness among consumers about the product's environmental impact and prefer products with unquestionable sustainability credentials. Two such studies were carried out by EY in 2019 and follows the life cycle of natural cork and sparkling wine stoppers and another study, carried out by PwC in 2018, builds on a carbon footprint assessment of Neutrocork. These studies took the ISO 14040/44 (ISO, 2006) standard as their basis and adopted a cradle to gate approach, in which the product life cycle from raw material extraction to completion of the production process was evaluated and is aligned with the Product Environmental Category Rules (PEFCR) for still and sparkling wines, issued by the European Commission in 2018.

#### THE RESULTS

The results confirm the negative carbon footprint of Corticeira Amorim cork stoppers and show that the production of natural cork stoppers has a carbon footprint of -5.7 gCO<sub>2</sub>eq/stopper. For the sparkling wine stopper, the carbon footprint is -2.5 gCO<sub>2</sub>eq/stopper and for the Neutrocork stopper it is -1.8 gCO<sub>2</sub>eq/stopper. When considering the sequestration of the cork oak ecosystem, made possible by the cyclical extraction of cork, the conclusions are even more striking and show that the carbon balance can reach:

- -309 gCO<sub>2</sub>eq/natural cork stopper
- -392 gCO<sub>2</sub>eq/Neutrocork stopper
- -562 gCO<sub>2</sub>eq/sparkling wine stopper

For natural cork stoppers, compared to the previous evaluation in 2008 (PwC/Ecobilan, 2008), comparable impacts assessed for the main stages of the industrial and transport processes were reduced from -2.3 gCO<sub>2</sub>eq/cork to -4.3 gCO<sub>2</sub>eq/cork, illustrating significant improvements in environmental performance due, inter alia, to efficiency brought about by the use of energy-efficiency resources and methods.

These studies highlight the differentiating factor between cork and other forestry products. Given that the cork oak retains the carbon throughout its life (which can exceed 200 years), regardless of the cork extraction, the economic exploitation of the cork oak forest for the production of cork makes it possible to perpetuate a unique ecosystem that maintains ecosystem services that are of inestimable value to Society, including carbon sequestration, thus contributing positively to climate regulation.



## Challenge 4: To promote ecosystem services

### ECOSYSTEMS

Nature is the starting point for a better future, and biodiversity is fundamental to the proper functioning of the ecosystem – without it, an ecosystem is not healthy. In this context, Corticeira Amorim promotes good management practices for cork oak forests and related ecosystem services.

### THE CHALLENGE

Translating ecosystem services into monetary and non-monetary value is essential if companies are to align with biodiversity strategies. The cork oak forest, with its unique characteristics, acts as a natural barrier against fire, promotes jobs in arid and semi-arid areas and reduces the risk of desertification. It also plays an important role in promoting ecological functions such as carbon storage, soil conservation, water cycle regulation or supporting a unique and fragile ecology which is a habitat for rare or endangered species. The cork oak forests are part of one of 36 global ecosystems with greatest relevance for the conservation of biodiversity.

#### Sustainable Development Goals

- By increasing knowledge, mobilising resources and proposing initiatives, Corticeira Amorim is striving to preserve the cork oak forests and associated ecosystem services.



### THE CORTICEIRA AMORIM RESPONSE

Corticeira Amorim sponsored EY to conduct an independent study to evaluate the multi-functionality of the cork oak forests based on four case studies that illustrate cork oak forest areas with good management. The quantitative evaluation, based on avoided costs, considered the variability of ecosystem service capacity and was based on different management practices and geographical, soil and climate conditions. Three regulatory services were monetised: global climate regulation, regulation of extreme events: fire prevention, water regulation and soil protection. Other services were also evaluated and quantified wherever there was available data, which included regulatory services such as habitat maintenance, biodiversity and pollination, provision and cultural services.

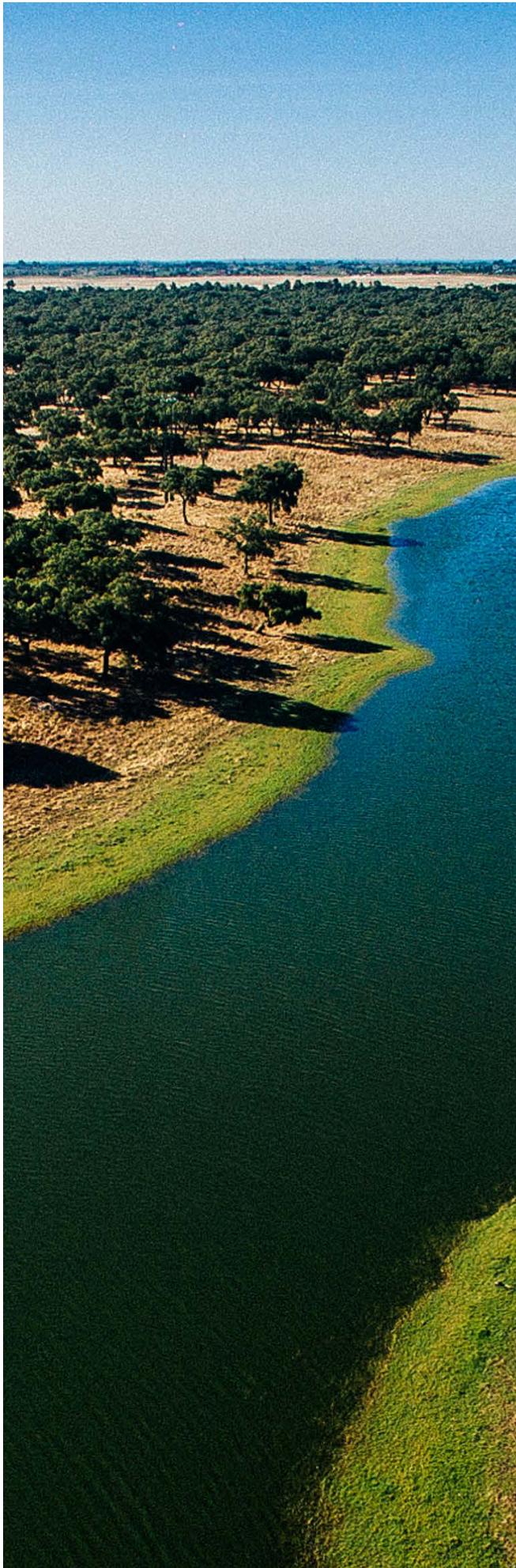
### THE RESULTS

The study concluded that the ecosystem services evaluated in the cork oak forest provide benefits to society of an average of more than €1,300/ha/year. Furthermore:

- The cork oak forests contribute to the regulation of the global climate with its carbon sequestration capacity;
- Portugal leads the latest statistics on fire events and total area burned across the EU, with the cork oak forest being remarkably resistant to fire;
- The cork oak forest is essential in regulating the water cycle and maintaining the soil, acting as a barrier to desertification.

Ecosystem services (ES)	ES delivery (average)	Indicator	Avoided costs (€/ ha.year)
Global climate regulation	11	Carbon sequestration (tCO <sub>2</sub> / ha.year)	596
Extreme events regulation: fire prevention	N/A	N/A	546
Hydrological regulations and soil protection	45	Avoided erosion (t/ha.year)	220

It should also be noted that the total quantified value of the cork oak forest is underestimated. The cork oak forest has a crucial role in maintaining biodiversity and habitats and is therefore of immeasurable value that is not yet fully understood.



# [2.] Our Sustainability Model

## 2.1. SUSTAINABILITY STRATEGY AND PATH

Right at the core of Corticeira Amorim’s operations is cork – a 100% natural raw material, extracted cyclically from cork oak trees without damaging them. Cork promotes the economic and social sustainability of areas at risk of desertification, while encouraging the preservation of the cork oak forest – part of one of the world’s biodiversity hotspots, which provides numerous environmental benefits, including of CO<sub>2</sub> retention, fire protection, regulation of the hydrological cycle of the soils and avoiding their erosion.

### Sustainability Management Structure

Corticeira Amorim believes that all of its stakeholders are fundamental in identifying strategic priorities, and as such, the Corticeira Amorim Sustainability Management team places great stock in listening to their concerns and expectations regarding the issues to be monitored and communicated. Moreover, the involvement of top management and the teams responsible for the implementation of sustainability initiatives is of vital importance.

The organisational structure facilitates effective management and alignment between the strategy, policies and sustainable development practices. The support areas are geared up to coordinate the activities of the BUs and the respective functional areas, and regular monitoring is the responsibility of the Executive Committee. Sustainability is overseen by António Rios de Amorim, CEO and Chairman of Corticeira Amorim.

## DEFINITION AND IMPLEMENTATION OF THE SUSTAINABILITY STRATEGY

### Interaction with stakeholders

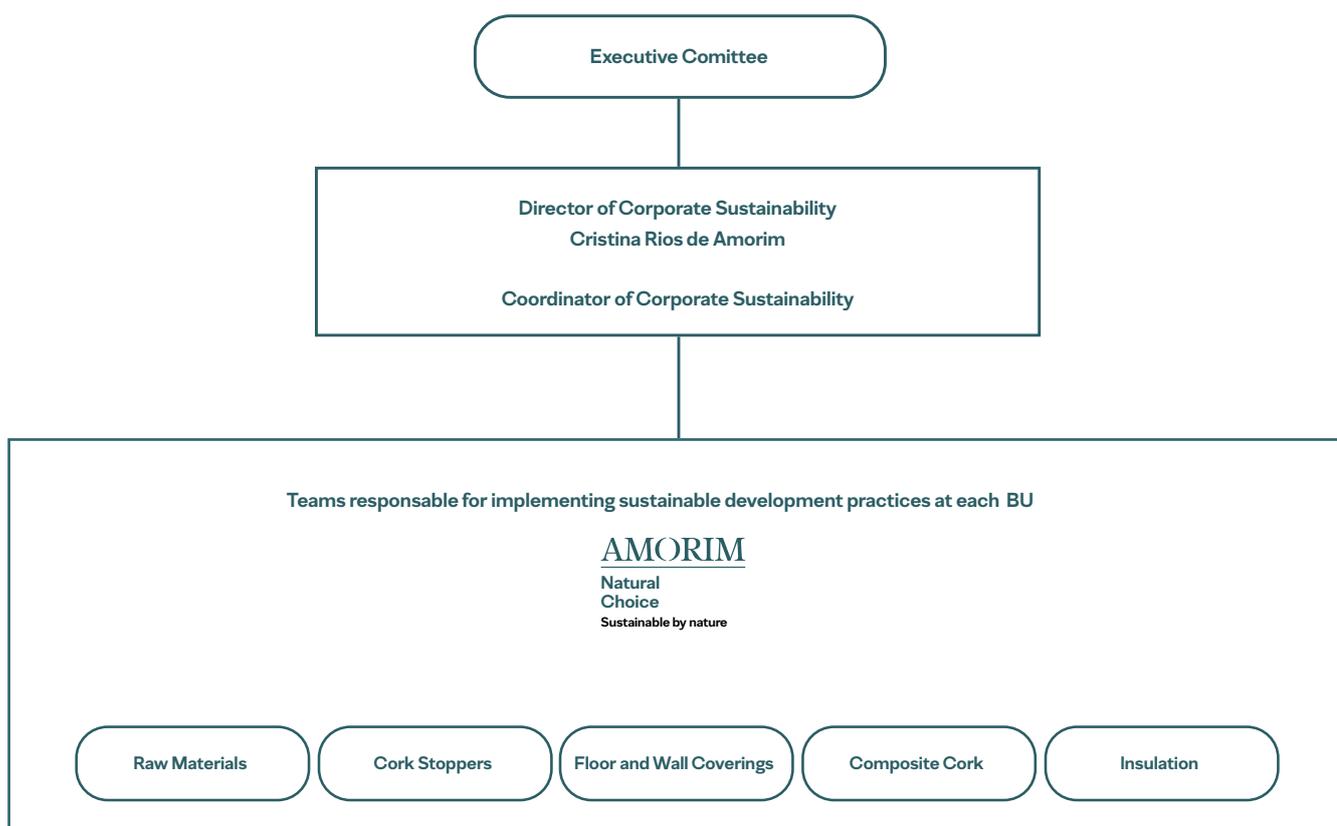
Listening to stakeholders on a regular basis is considered fundamental for the definition and subsequent validation of strategic options and for understanding the expectations of the main stakeholders.

### Involvement of top management

The strategic alignment of the entire organisation is enhanced by the use of the balanced scorecard methodology, with the Board of Directors being responsible for approving the strategic objectives, strategic initiatives and priority actions.

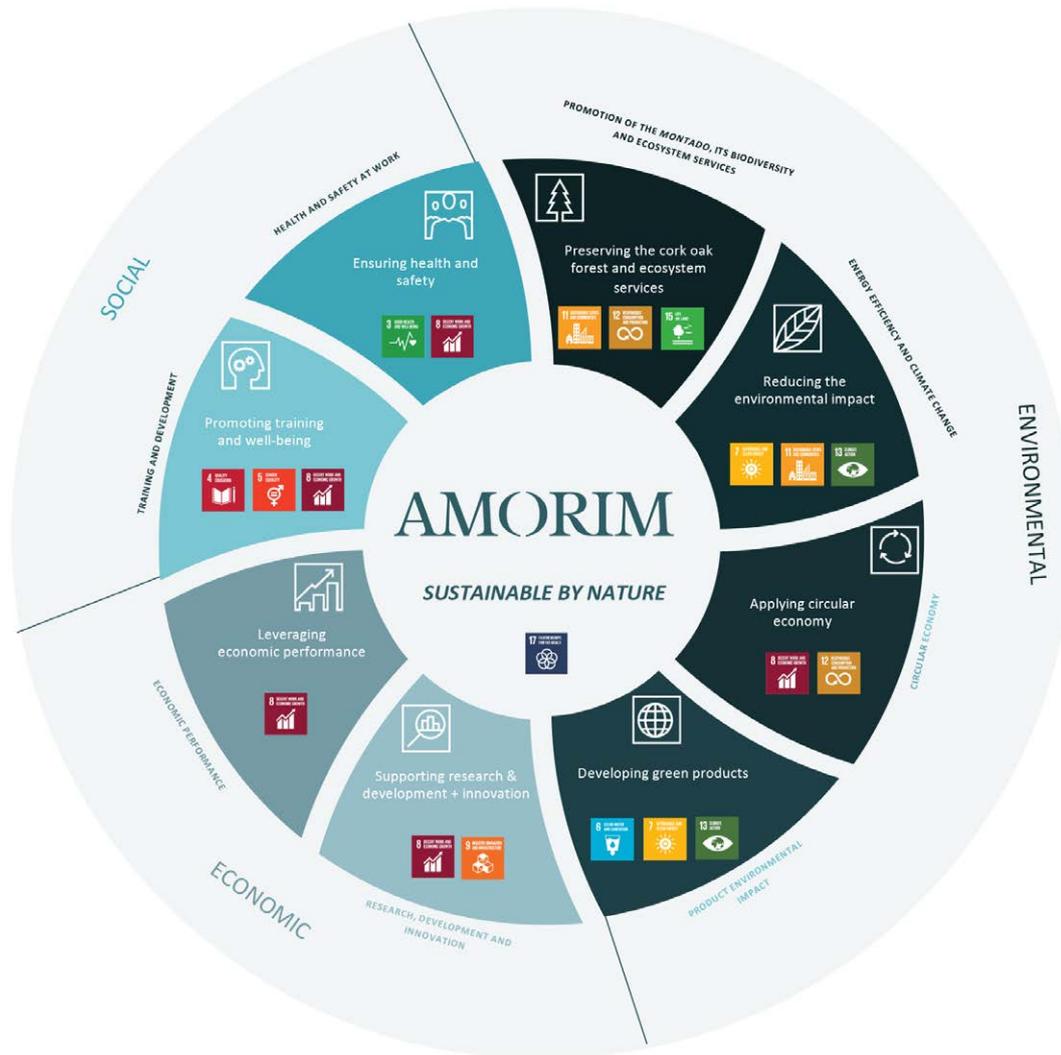
### Operations

The teams responsible for implementing sustainable development practices in each BU implement the necessary initiatives and actions to meet the defined objectives and monitor performance on a regular basis under a structured programme called Natural Choice.



## STRATEGIC PRIORITIES

In 2018, Corticeira Amorim revised its sustainable development strategy through a materiality analysis to promote alignment with the expectations and feedback of its stakeholders. In line with its sustainability strategy, the Group has identified the most relevant SDGs in terms of the material issues, selecting performance indicators and targets for each relevant SDG. As a result of this, 12 SDGs were identified as the priority for the Corticeira Amorim sustainable development strategy. Note that SDG 17 overlaps all the others and is therefore in line with all defined sustainability strategies represented in the figure below.



### The ambition set by the United Nations Sustainable Development Goals

In addition to the 12 SDGs, Corticeira Amorim has identified priority targets to ensure the sustainable development of its business. The following are the main identified targets for each pillar, along with certain associated performance indicators. Information on the initiatives is presented in chapters 4, 5 and 6 of this report.



## PROMOTION OF THE CORK OAK FOREST, BIODIVERSITY AND ECOSYSTEM SERVICES

Preserve the cork oak forest and ecosystem services by increasing knowledge, mobilising resources and proposing initiatives

### Goals

- Strengthen efforts to protect and safeguard cultural and natural heritage;
- Promote the implementation of sustainable forest management and mobilise resources;
- Combat desertification;
- Integrate the values of ecosystems and biodiversity.

+50,000 ha new plantations in partnership with the forestry producers  
 > 90% cork and cork products purchased from controlled sources  
 29 establishments with FSC® chain of custody certification



## ENERGY EFFICIENCY AND CLIMATE CHANGE

Reduce the environmental impact of operations by adopting renewable, affordable and efficient solutions

### Goals

- Increase the use of renewable energy;
- Reduce the negative environmental impact;
- Integrate climate change measures.

63% energy from renewable sources (biomass)  
 62,000 tCO<sub>2</sub>e emissions avoided  
 -17% reduction of carbon intensity (scope 1 and 2) in 2011-2018, in Portugal



## CIRCULAR ECONOMY

Apply the principles of circular economy through the reduction of waste, extend the life of materials and regeneration of natural systems

### Goals

- Improve the efficiency of global resources, thereby achieving sustainable management;
- Manage use of chemicals in an environmentally sound manner;
- Substantially reduce the generation of waste through reducing, recycling and reusing materials.

100% use of cork  
 = 90% waste recovery rate  
 485 t recycled cork  
 > 80% consumed materials from renewable sources



## PRODUCT ENVIRONMENTAL IMPACT

Maintain a proactive role in developing the already vast scope of application of cork, sustained by the innate properties of the material

### Goals

- Strengthen resilience and adaptability to climate-related risks;
- Increase efficiency in water use;
- Improve energy efficiency.

### Properties of cork:

100% natural, renewable, recyclable and reusable  
 thermal and acoustic insulation, impermeable to liquids and gases  
 light, elastic and compressible and shock absorbent  
 fire retardant, hypoallergenic and softtouch



## RESEARCH, DEVELOPMENT AND INNOVATION

Support and promote research, development and innovation and foster sustainable solutions

### Goals

- Achieve higher levels of economic productivity;
- Promote development-oriented policies that support productive activities, entrepreneurship, creativity and innovation;
- Upgrade infrastructure and rehabilitate industries to make them sustainable;
- Enhance scientific research;
- Encouraging innovation through the research and development area.

8,000,000 € average annual investment in R&D+I  
 14 patents submitted in 3 years  
 20 projects supported in Amorim Cork Ventures since 2014

## ECONOMIC PERFORMANCE

Boost economic growth in a sustainable and inclusive manner, ensuring efficient production and decent work for all

### Goals

- Sustain economic growth;
- Eradicate forced labour worldwide and ensure a global elimination on child labour;
- Protect the labour rights.

= 726,000,000 € distributed to stakeholders  
 75% goods and services purchased in Portugal from local establishments (2018)  
 Zero irregularities identified and communicated



## TRAINING AND DEVELOPMENT

Promote training, welfare and personal and professional development for all

### Goals

- Provide training for all;
- Ensure equal access to opportunities;
- End all forms of discrimination.

100% employees covered by collective bargaining agreements in Portugal  
 14 hrs of training on average per employee  
 25% female employees

## HEALTH AND SAFETY AT WORK

Ensure the safety of employees in the workplace and access to quality health conditions

### Goals

- Reduce the number of accidents and the ability to manage these;
- Access to essential quality health services;
- Promote safe and secure work environments for all workers.

18.8 accident frequency index  
 527 number of lost working days  
 5.7% absenteeism rate

## 2.2. OUR STAKEHOLDERS

Corticeira Amorim believes in the importance of its stakeholders in the sustainable management of its activities and improving the Group's performance.

The involvement of stakeholders is a strategic priority for Corticeira Amorim, in that understanding their concerns and expectations regarding the issues to be monitored and communicated is fundamental for validating and identifying strategic priorities. All persons or entities that have or may have an influence, dependency and/or liability for the Group, are identified as Corticeira Amorim stakeholders. Based on this selection criteria, there are eight main groups of stakeholders: Shareholders and Investors, Clients, Employees, Official and Government Entities, Suppliers, Media, NGOs and the Community, Partners and Civil Society.

Since 2009, Corticeira Amorim has implemented a consultation and engagement process with its stakeholders, to promote their participation and contributions to the Group's business model.

The priority that Corticeira Amorim places on the involvement of its stakeholders and on managing their expectations and concerns, together with the way it relates and communicates with them, is reflected in the results obtained in the last consultation process with stakeholders in 2018.

### Main results of the 2018 consultation:

**137**

Stakeholders identified

**74%**

Response rate

**97%**

Consider the information provided in the Sustainability Report to be good or very good

**8**

Main groups of stakeholders listened to

**89%**

Agree that the Group has a clear vision of their economic, social and environmental responsibilities

### Top 5 most relevant issues

Promotion of the *Montado*, its Biodiversity and Ecosystem Services

Economic Performance

Ethics and Anti-Corruption

Materials Management

Waste and Effluent Management



## COMMUNICATION WITH STAKEHOLDERS

The management of communication channels promotes greater alignment with the needs and expectations of stakeholders. Corticeira Amorim uses a distinct set of media that are regularly available and allow a wide range of information to be made to its stakeholders.

<p><b>SHAREHOLDERS AND INVESTORS</b></p> <ul style="list-style-type: none"> <li>General shareholders' meeting</li> <li>Meetings with investors and analysts</li> <li>Periodic disclosure of developments in the business</li> <li>Reports &amp; accounts</li> <li>Sustainability report</li> <li>Regular meetings and contacts</li> <li>Responses to external requests</li> <li>Visits to the cork oak forest and Corticeira Amorim</li> <li>Website</li> <li>Newsletter and Press releases</li> <li>Information brochures</li> </ul>	<p><b>CLIENTS</b></p> <ul style="list-style-type: none"> <li>Sustainability report</li> <li>Environmental education/awareness actions</li> <li>Support for initiatives/projects</li> <li>Satisfaction surveys</li> <li>Participation in fairs and industry events</li> <li>Awareness and technical support programmes</li> <li>Cooperation agreements for R&amp;D+I</li> <li>Publication of technical articles</li> <li>Working groups</li> <li>Regular meetings and contacts</li> <li>Various seminars and workshops</li> <li>Responses to external requests</li> <li>Visits to the cork oak forest and Corticeira Amorim</li> <li>Website</li> <li>Newsletter and press releases</li> <li>Information brochures</li> </ul>
<p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>Sustainability report</li> <li>Cork oak forest protection initiatives</li> <li>Environmental education/awareness actions</li> <li>Support for initiatives/projects</li> <li>Satisfaction surveys</li> <li>On-site information panels</li> <li>Procedures and policies</li> <li>Intranet</li> <li>Performance management systems</li> <li>Various seminars and workshops</li> <li>Thematic and awareness-raising internal actions</li> <li>Responses to external requests</li> <li>Visits to the cork oak forest and Corticeira Amorim</li> <li>Website</li> <li>Newsletter and press releases</li> <li>Information brochures</li> </ul>	<p><b>OFFICIAL AND GOVERNMENT ENTITIES</b></p> <ul style="list-style-type: none"> <li>Periodic disclosure of developments in the business</li> <li>Reports &amp; accounts</li> <li>Sustainability report</li> <li>Cork oak forest protection initiatives</li> <li>Participation in fairs and industry events</li> <li>Cooperation agreements for R&amp;D+I</li> <li>Publication of technical articles</li> <li>Support for initiatives/projects</li> <li>Satisfaction surveys</li> <li>Awareness and technical support programmes</li> <li>Working Groups</li> <li>Regular meetings and contacts</li> <li>General and sector meetings</li> <li>Various seminars and workshops</li> <li>Responses to external requests</li> <li>Visits to the cork oak forest and Corticeira Amorim</li> <li>Website</li> <li>Newsletter and press releases</li> <li>Information brochures</li> </ul>

<p><b>SUPPLIERS</b></p> <p>Reports &amp; accounts Sustainability report Environmental education/awareness actions Support for initiatives/projects Selection and assessment of suppliers Participation in fairs and industry events Awareness and technical support programmes Cooperation agreements for R&amp;D+I Publication of technical articles Working Groups Regular meetings and contacts Various seminars and workshops Responses to external requests Visits to the cork oak forest and Corticeira Amorim Website Newsletter and press releases Information brochures</p>	<p><b>MEDIA</b></p> <p>Periodic disclosure of developments in the business Reports &amp; accounts Sustainability report Support for initiatives/projects Participation in fairs and industry events Publication of technical articles Responses to external requests Visits to the cork oak forest and Corticeira Amorim Website Newsletter and press releases Information brochures</p>
<p><b>NGOs AND THE COMMUNITY</b></p> <p>Periodic disclosure of developments in the business Reports &amp; accounts Sustainability report Cork oak forest and environmental protection initiatives Environmental education/awareness actions Community engagement initiatives Support for initiatives/projects Cooperation agreements for R&amp;D+I Working groups Regular meetings and contacts General and sector meetings Various seminars and workshops Thematic and awareness-raising internal actions Responses to external requests Visits to the cork oak forest and Corticeira Amorim Website Newsletter and press releases Information brochures</p>	<p><b>PARTNERS AND CIVIL SOCIETY</b></p> <p>Sustainability report Cork oak forest and environmental protection initiatives Environmental education/awareness actions Community engagement initiatives Support for initiatives/projects Participation in fairs and industry events Cooperation agreements for R&amp;D+I Publication of technical articles Working groups Regular meetings and contacts General and sector meetings Various seminars and workshops Responses to external requests Visits to the cork oak forest and Corticeira Amorim Website Newsletter and press releases Information brochures</p>

# [3.] How We do it

## 3.1. RESPONSIBLE CONDUCT

Corticeira Amorim is committed to ensuring high standards in ethical management and corporate governance. As a result, it has taken on a full complement of voluntary commitments in terms of ethics and social and environmental responsibility through the development and implementation of policies and principles which govern its activity.

Aware of the risks to which its activity and the interests of its stakeholders is subject and maintaining its conviction in the effectiveness of prevention and risk control, Corticeira Amorim regularly reviews these issues, fomenting reflection and improvement in the area.

### ETHICS, PRINCIPLES AND POLICIES

Corticeira Amorim's Code of Ethics and Professional Conduct formalizes a set of rules and guidelines on the professional conduct of all employees, as well as its external relations. This Code of Ethics and Professional Conduct is developed based on the values that characterise Corticeira Amorim and covers all employees and companies it controls.

The Code of Ethics and Professional Conduct is regularly reviewed so that it promotes, always, the adoption of the policies and practices considered appropriate to meet the commitments, challenges and activities of the Company. In 2020, a new revision of this Code will be made, which, upon completion, will be made available to all employees, who will also be trained in this field, and publicly on the Group's website.

The current version of Code in force covers the following areas:

- Professional use of the company's assets;
- Privacy and confidentiality;
- Rules governing the use of information technology (IT);
- Relations between employees;
- Community;
- Corruption/bribery;
- Customers and suppliers;
- Communication with the exterior;
- Corporate image;
- Industrial property;
- Data protection;
- Human rights/preventing harassment.

Corticeira Amorim carries out its activity in an ethical, fair and transparent manner, producing results that are the fruit of its management vision, the efficiency of its processes, continuous innovation, the professionalism and competence of its workforce, the competitiveness of its market offer and its reputation.

The Executive Committee, together with the BU Management, is responsible for assessing the risks associated with corruption and bribery in markets where Corticeira Amorim operates, according to the characteristics of each. Monitoring these risks is complemented by audits of the internal control processes, whose function is to examine the conformity of the processes and to identify inefficiencies.

Any irregularities identified are reported in accordance with a defined procedure for the proper treatment of irregularities (and are addressed to the Audit Committee of the company) by shareholders, employees or other persons/entities. The Company's Audit Committee is made up of independent members and is tasked with analysing any anomalies identified and suggesting mitigation measures for the prevention and occurrence of these anomalies.

In 2019, no irregularities were identified and reported. More detailed information can be found in chapter [C. Internal organisation, II. Reporting of irregularities, of the Corporate Governance Report](#).

### HUMAN RIGHTS

Corticeira Amorim assumes, as a structuring principle for all its activities, the respect and protection of human rights: dignity, non-discrimination, equal rights, safety and well-being, education, personal and professional development and freedom of association.

In line with this principle, Corticeira Amorim undertakes daily not only to develop and promote human dignity but also to manage and motivate its employees around these values:

#### Promoting Human Dignity

Corticeira Amorim:

- Adheres to the fundamental values of Human Rights and Labour Rights (Universal Declaration of Human Rights and the Conventions of the International Labour Organisation);
- Acts in accordance with the laws and regulations in force in strict adherence to human rights and decent labour practices;
- Progressively places greater demands in agreements concluded with interested parties with the aim of raising awareness and spreading respect for these values within the sphere of influence.

#### People Management and Motivation

Corticeira Amorim:

- Adopts the principle of freedom of association;
- Promotes physical, social and psychologically safe and healthy work environments;
- Encourages the implementation of the principles of the Code of Ethics and Professional Conduct ;
- Is implementing people management practices in the area of recruitment by promoting non-discrimination and equal opportunities;
- Adopts leading practices based on merit and free from discriminatory judgements.



Corticeira Amorim's supply chain carries out its activities in accordance with the institutional and legal structures and the working conditions applied to satisfy the labour legislation in force in the countries in which it operates. As a result of this, there is no risk to the company's activity and throughout the supply chain.

Based on this commitment and collective effort, Corticeira Amorim has not identified any situations of discrimination, risk of child labour, forced or compulsory labour or restrictions on freedom of association and union membership in any of the activities and operations carried out.

## MANAGEMENT SYSTEMS

In striving for effective management of environmental and social aspects related to the business and in targeting the achievement of its strategic objectives, Corticeira Amorim implements a set of policies and management systems that are tailored to the non-financial risks inherent in its activities or the emerging opportunities in the markets in which it operates. In this sense, several of the Group's BUs are certified in different management systems suited to its activities.

In 2019, this practice continued to be strengthened, with the renewal of certifications for different management subsystems in the various BUs. More information on these Management Systems can be found in chapter 6 of the [Consolidated Management Report](#).



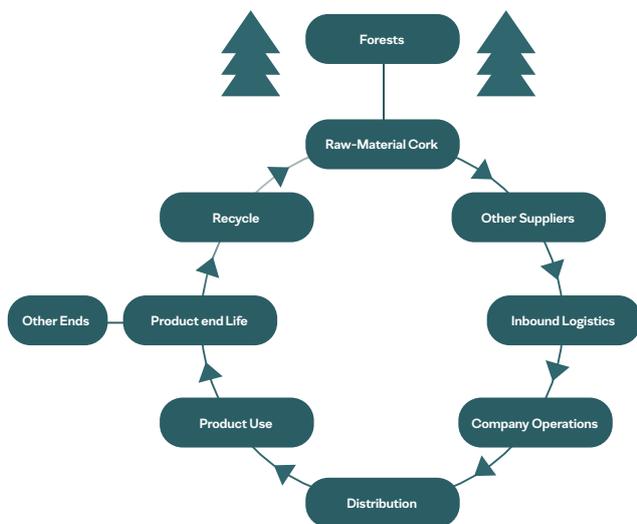
## 3.2. RESPONSIBLE SUPPLIER MANAGEMENT

### Supply Chain



Corticeira Amorim strives to implement its ethical commitments and economic, environmental and social responsibility, as referred to in chapter 3.1 [Responsible conduct](#), at all levels of the business plan. In this regard, the company considers a chain of raw material suppliers, predominantly cork, and stable transport services, to be fundamental in guaranteeing good sustainability practices both at source and in its operating processes.

Corticeira Amorim's business model integrates all stages of production, from the purchase of the raw material, to the company's operations, distribution and marketing of various cork products, with more than 27 thousand customers serviced and 93% of sales made outside Portugal, in more than 100 countries.



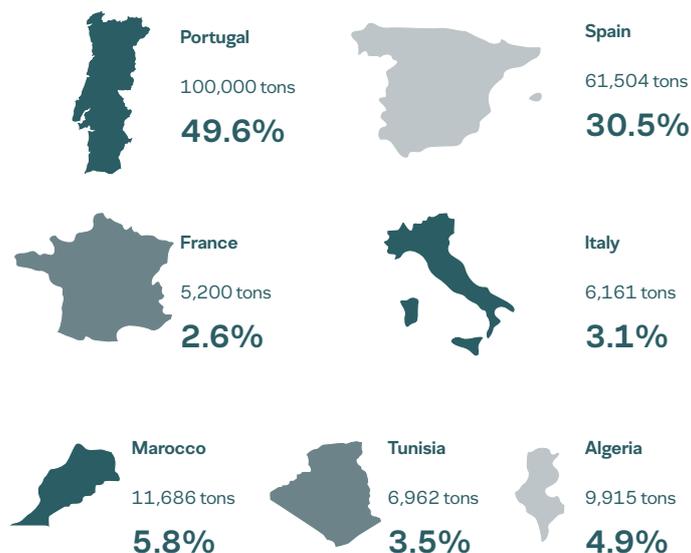
### PROCUREMENT AND SUPPLY OF CORK

The raw materials BU is the starting point for global and integrated management of Corticeira Amorim's value chain. The Raw Materials BU is responsible for preparing, discussing and deciding on the multi-annual procurement policy of the Company, ensuring optimisation of the flow of all types of cork raw materials to be used in other BUs in the Group and respective market applications. Cork production takes place in the Mediterranean Basin and it is in this region that the majority of Corticeira Amorim's operations are located (more than 80% of jobs), promoting the need for environmental conservation as well as social and economic investment in these areas. In recent years, a strategy has been developed to diversify supply sources in order to enhance cork extraction in all production regions, ensuring the capacity for a quick and efficient response to any increases in raw material consumption.

Purchases of cork and cork products (thousand euros)			
	2019	2018	2017
Portugal	191,911	189,673	197,785
North Africa	18,300	10,909	9,373
Other Origins	59,814	62,407	55,313
<b>Total</b>	<b>270,026</b>	<b>262,989</b>	<b>262,472</b>

At the end of 2019, a total of 270,026 thousand euros was spent on cork and cork products, of which 71% came from Portugal, 7% from North Africa and 22% from other sources in the Mediterranean Basin.

### Annual Production of Cork by Country



### PROTECTION GUARANTEE FOR THE CORK OAK FORESTS

In addition to the management of the cork supply, the activities of the Raw Materials BU are focused on gaining knowledge of the cork oak forest and improving the production of quality cork. In this regard, Corticeira Amorim maintains a close relationship with its cork producers, and promotes compliance with the CE Liège Code of Cork Stopper Manufacturing Practice and forestry certification from the Forest Stewardship Council (FSC®).

#### First packaging company in the world to achieve FSC® certification

Corticeira Amorim was the first packaging company in the world to achieve FSC® certification in the cork industry in 2004. Currently, it continues to operate the activity in accordance with FSC® principles resulting in numerous initiatives in the area. In 2019, about 29 Corticeira Amorim's establishments had FSC® chain of custody certification - indisputable proof of its concern and call to action to protect biodiversity, the rights of employees, the rights of indigenous peoples and areas of environmental importance and significant cultural value.

As a leader in the industry, Corticeira Amorim recognises the influence of its activities on the valuation of the cork oak forest and on the implementation of best management practices. A strong focus on forestry research and development and process innovation is a constant priority for this BU and a determining factor in business competitiveness. In order to improve the quality and quantity of cork production, new production techniques have been implemented, in particular, the REGACORK Project, which forms part of the Forestry Intervention Project. More information can be found in chapter [5.1 Promotion of the Montado, its Biodiversity and Ecosystem Services](#).

## REGACORK: first extraction of virgin cork in 10/12 years

Amorim Florestal and the University of Evora coordinate the operational group REGACORK, a project aimed at valuing the cork industry from producers to processors in anticipation of cork production, favouring the growth of cork oaks in intensive production stands and promoting their vitality by mitigating water stress events. This initiative comes in response to a reduction, both in quality and quantity, in global cork production and has the support of several owners and research and conservation institutes whereby ten trial areas are currently being monitored, mostly in the Alentejo region.

## NON-CORK PROCUREMENT AND SUPPLY

Corticeira Amorim's centralised Purchasing Department is responsible for managing suppliers and the purchase of all non-cork products, services, transport and works. The management efforts, from a global perspective, are focused on the search for excellence of the goods purchased and the services rendered, also in line with the company's strategic objectives, which further value to be added to the Group in terms of sustainability.

Corticeira Amorim seeks to establish lasting and stable relationships with its suppliers, ensuring product quality control and a high degree of loyalty with key suppliers.

## QUALIFICATION OF SUPPLIERS

The acquisition of non-cork products involves a supplier pre-qualification, qualification and evaluation process. Qualified suppliers are expected to meet the quality standards for supplies, delivery times and the social and environmental responsibility indices defined by Corticeira Amorim. To this end, a defined methodology is applied by the company, characterised by social responsibility (IRSoc) and environmental responsibility (IRAmb) indices<sup>5</sup>:

- The IRSoc is calculated according to the percentage of requirements met by the supplier. An IRSoc of 100% is applied if the supplier is NP 4469 certified.
- The IRAmb is calculated according to the percentage of requirements met by the supplier. An IRAmb of 100% is applied if the supplier is ISO 14001 certified.

Depending on the index under consideration, for each requirement that the supplier does not commit itself to meeting, 25% will be subtracted from either the IRSoc or IRAmb. If the supplier does not meet one or more of the requirements in its commitment, the IRSoc or IRAmb will be zero.

The selected suppliers are subject to an audit programme which takes place annually based on the following criteria:

- Supplier performance in the previous year;
- Criticality of the products/services supplied; or
- In the case of new suppliers, necessary quality, social and environmental aspects.

After each audit, the supplier's performance is evaluated in order to validate the qualification criteria and detect any non-conformities. When non-conformities are identified, an action plan is requested and, depending on the criticality of the non-conformities detected, follow-up audits are carried out and all non-conformity mitigation measures are verified in the Corticeira Amorim Group companies. In addition, there may still be a need to work with the supplier to resolve the non-conformities or find alternatives to the supplier in question.

In 2019, Corticeira Amorim did not replace suppliers as a result of the supplier pre-qualification, quantification and evaluation process.

## TRANSPORT

The transport of products along the Corticeira Amorim value chain has a significant impact on the business, at an economic and environmental level, and is therefore a priority for the Group to ensure its sustainable management.

In this context, the Transportation Department of Corticeira Amorim, operating under the auspices of Central Purchasing, carries out its activities based on the values of commitment, credibility, integrity (ethics) and the search for excellence, and is responsible for:

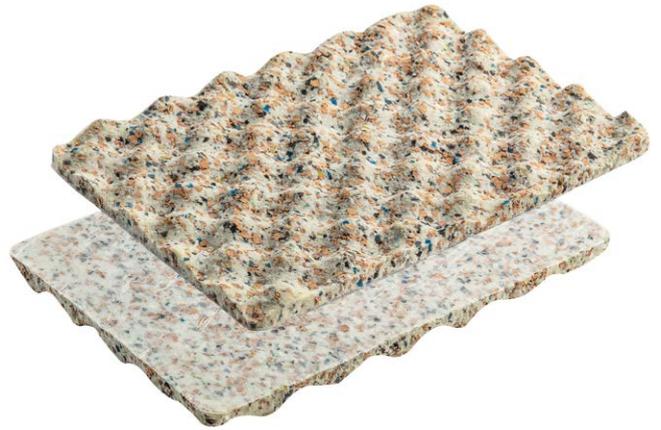
- Promoting the need for cork oak conservation, while fostering social and economic investment in these areas;
- Positioning purchasing as a value generator for the organisation;
- Optimising the purchasing structure with a view to achieving goals common to the whole organisation;
- Differentiating its approach according to the category and nature of the process in question;
- Aligning the technological platform with management processing and information requirements.

Given the importance of having a responsible supply chain, Corticeira Amorim has implemented new ways of mitigating the impact of transport, making a positive difference to the international competitiveness of its business. An example of these actions is the preference for maritime transport. In addition, several projects are carried out in the context of maximising the amount of product transported per packaging unit, optimising transport flows of raw materials and products.

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[5] More information can be found at [www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/](http://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/)

# [4.] Innovation and Economic Performance



## 4.1. RESEARCH, DEVELOPMENT AND INNOVATION

Faced with the perennial challenge to innovate and differentiate its products, Corticeira Amorim bases part of its business strategy and ambition to continue to be a leader in the various segments of its business on research and development. The uniqueness of the natural properties and the potential of cork allows the Group to continue to develop new applications, which stand out for their difference and ability to add value.

This commitment has translated into an average annual investment of about eight million euros and the registration of 14 new patents in the last three years, which has led to diversification of the portfolio and the scope of application of cork as a raw material in diverse markets. Investment in research, development and innovation (R&D+I) has been ongoing and has allowed the Group to sustain its competitive edge.

**8,000,000€**  
average annual investment in R&D+I

Corticeira Amorim invests in the development of specific structures within each BU, each guided by the same key principles:

- Developing new products and markets for cork;
- Seeking out new technological solutions, in terms of both products and processes, in partnerships with customers, suppliers and other bodies;
- Strengthening the reputation of its brands through the constant evolution of product ranges in response to new market and consumer trends;
- Fostering a culture of innovation through an environment favourable to the creativity, critical spirit and initiative of employees, nurturing teamwork and mutual assistance;
- Valuing innovative practices;
- Establishing an environment that provides incentives for boldness, assuming risks and failures as an inherent part of the innovation processes;
- Providing continuous training for employees in support of their professional and personal fulfilment;
- Facilitating internal and external communications, establishing new channels for exchanging information and improving existing ones;
- Permanently seeking to implement the best management and monitoring practices and identify opportunities for improvement.



## RAW MATERIALS BU

The Group looks to this BU for the identification, evaluation and implementation of best practices related to the cork oak forest. In addition to the Forestry Intervention Project (more information can be found in chapter 5.1. [Promotion of the Montado, its Biodiversity and Ecosystem Services](#)).

## CORK STOPPERS BU

In partnership with various academic and technological institutions, the Cork Stoppers' BU R&D+I team has developed several innovative solutions that provide a better understanding of the properties of cork and its effectiveness in sealing wines. Among other solutions, there is the cutting-edge quality control technology Ndtech, which allows the TCA levels to be measured in parts per trillion in each cork stopper in a matter of seconds.

## FLOOR & WALL COVERINGS BU

Operating under the motto "leadership in innovation", investment in R&D+I in this BU has resulted in pioneering technological solutions. 2019 saw the launch of the highly innovative and sustainable brand AMORIM WISE, with products free from PVCs made entirely from cork and recycled materials. The brand AMORIM WISE has embraced the commitment that all its products have a negative carbon footprint.

## COMPOSITE CORK BU

Following the circular economy model that distinguishes this BU, worth mentioning is the innovative underscreed. Composed of cork and recycled PU-based foams, this acoustic blanket provides excellent impact noise reduction in new buildings. Designated U38, and with excellent technical performance, this product has brought to market a new ground-breaking value proposition, combining cork with alternative recycled raw materials. Therefore, in addition to innovating, a way to utilise raw materials has also been found through circular economy practices. By combining cork with other materials, U38 will strengthen the Cork Inside product portfolio in the Composite Cork BU.

## INSULATION CORK BU

One of the latest solutions from this BU, the MCRICE, still under development, proposes the use of rice husks and cork to develop new innovative materials, including panels for vertical dividers, hard-wearing floors mats, floor coverings, acoustic diffusers and anti-vibration supports for equipment. The purpose of this BU is simple, create environmentally friendly products, which are industrially produced at a reduced rate of energy consumption and without the use of additives.

Given the importance of innovation, the Group decided to create Amorim Cork Ventures, whose purpose is to support entrepreneurs with innovative ideas and applications for the cork sector.

Its mission is to promote and encourage innovation in the cork sector through investment in startups with innovative projects, products or business models that can further optimise the use of cork and the steady and sustainable growth of the Group. Since its inception, Amorim Cork Ventures (ACV) has analysed approximately 350 proposals, it has supported 20 projects and submitted eight applications for patents, as well as sponsoring a further five acceleration programmes.

**Grōwancork – Estruturas Isoladas com Cortiça Lda., one of the Amorim Cork Ventures startups, which, as well as providing solutions for the commercial refrigeration sector, began to take the first steps in the construction market in 2019, presenting a variety of thermal and acoustic insulation sandwich panels, which exploit the technical and natural properties of cork.**



The activities associated with the various production systems existing in the cork oak *montado*, foster the economic and social development of the areas involved, promoting sustainable development, generating employment and protecting the ecosystem.

## 4.2. ECONOMIC PERFORMANCE

With a raw material with unique properties at the base, Corticeira Amorim has developed numerous innovative products and solutions used by many of the most demanding industries today, from wines, to aerospace, construction, sport and design.

**≈ 726,000,000 €**  
distributed to stakeholders

Each year, the Group has consolidated its position as leader in its sector, generating and distributing value through its stakeholders.

In 2019, Corticeira Amorim generated an economic value of 785,010 thousand euros, with 725,908 thousand euros distributed among the stakeholders

### Economic Value Generated (thousand €)

2019 – 785,010  
2018 – 766,910  
2017 – 706,692

### Economic Value Retained (thousand €)

2019 – 59,101  
2018 – 50,856  
2017 – 66,111

### Economic Value Distributed (thousand €)

Operating Costs	2019 – 527,652	State	2019 – 16,085
	2018 – 523,777		2018 – 16,525
	2017 – 451,264		2017 – 24,397
Employees	2019 – 141,286	Community	2019 – 251
	2018 – 136,117		2018 – 209
	2017 – 128,071		2017 – 224
Capital Providers	2019 – 40,634		
	2018 – 39,425		
	2017 – 36,626		

In all the countries in which it operates, Corticeira Amorim contributes to the local social security schemes, in accordance with the applicable specific legislation, which covers all its employees. In 2019, the amount grew 2% compared to the previous reporting period to 22,511 thousand euros.

	2019	2018	2017
Contributions to local social security schemes	22,511	22,056	19,996

# [5.] Environment

## 5.1. PROMOTION OF THE MONTADO, ITS BIODIVERSITY AND ECOSYSTEM SERVICES

Given the activities carried out by Corticeira Amorim, with cork right at heart of operations, good management and promotion of the cork oak forests, biodiversity and associated ecosystem services are considered critical.

According to the study conducted by EY in 2019 (more information can be found in chapter 1.2 [Global challenges and strategic development, Challenge 4: Promoting ecosystem services](#)), the cork oak forest forms part of a biodiversity hotspot, with protection status under the EU Habitats Directive (habitat 6310 – cork oak forest and habitat 9330 – *Quercus suber* forests) and also under priority habitat 6220 (Pseudo-steppe with grasses and annuals (Thero-Brachypodietea)). As part of the Mediterranean Basin, the *montado* is inserted in one of the 36 world biodiversity hotspots, as stipulated in the Critical Ecosystem Partnership Fund in partnership with Conservation International (CEPF, 2017). The Mediterranean Basin is home to 0.9% of all vertebrates and 4.3% of all plants, translating into around 770 species of vertebrates and more than 25,000 plant species, more than half of which are indigenous (Myers et al., 2010). The evergreen trees with a long lifespan, coupled with the verticality and density of the shrub stratum foster the coexistence of indigenous flora and fauna (Pereira et al., 2011). As an agrosilvopastoral ecosystem, the harmonious relationship with extensive agricultural practices and soft traditional extraction methods, such as the one used in cork extraction are essential for the maintenance of good quality habitats. The cork oak forest is a habitat for more than 130 species of vertebrates, 75 of which are birds, 28 mammals, 10-15 reptiles and 5-7 amphibians. Around 95% of all terrestrial mammals in Portugal exist in the cork oak forest (Pinto Correia et al., 2013). The endangered Iberian Lynx (*Lynx pardinus*) is one of the species that historically lives and hunts in the cork oak forest, but which is currently only found in very limited numbers. The decline in the population of wild-rabbits (*Oryctolagus cuniculus*) is one of the main reasons. In total, more than 28 cork oak forest fauna species are classified as protected (Batista et al., 2017). As regards the flora, there are more than 1,350/ha of vascular plants in this ecosystem, many of these are classified as rare or have protection status (Batista et al., 2017).

This same study highlights, once again, the critical importance of the cork oak forest for ecosystem services, especially the crucial role the cork oak forest plays in preserving biodiversity and habitats and is therefore of immeasurable value.

According to the Instituto de Conservação da Natureza e Florestas (ICNF), the areas in which Corticeira Amorim carries out its industrial activities are not classified as protected areas, so there is no significant impact on biodiversity at this level.

### **Cork for the environment**

The cork oak forest plays an important role in, inter alia, global climate regulation, fire prevention, water regulation and soil protection, as a result of its multifunctional properties, not to mention the wide biodiversity it fosters. It is highlighted the important carbon sink role played, since the stripping has a negligible effect on the total storage of carbon and the cork oak can live 200 years on average.

### **Cork for the economy**

The cork oak forest provides several economic, social and environmental advantages. Cork creates the most valued products of this ecosystem, mainly due to the production of cork stoppers. This raw material is also used in several other sectors of activity with enormous economic and social relevance in terms of the contribution to job creation and local development of rural areas.

### **Cork and the social impact**

Stripping is a manual job that requires a deep understanding of the technique and forest. As it is a regular, cyclical process, it creates continuous activity and contributes to the settlement of people in areas at risk of desertification. The World Wildlife Fund (WWF) estimates that more than 100,000 people depend on the economic activities of the cork oak forest.

**The cork oak plays such an important role that the Assembly of the Republic unanimously consecrated it the National Tree of Portugal in late 2011 and has also been protected by law since the thirteenth century.**

The Group undertakes numerous actions for the maintenance, preservation and enhancement of the cork oak forests to support its role in preserving this natural resource. These actions, which are in line with the commitments made by Corticeira Amorim regarding its contribution to the Sustainable Development Goals, are founded on guidelines that enable:

- Expand knowledge about the environmental impact of cork products and the ecosystem they support;
- Promote cork solutions and the development of the cork oak forest as guarantors of the ecosystem;
- Promotion of internal and external awareness-raising actions;
- 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.

The Forestry Intervention Project is an example of the efforts made by Corticeira Amorim to promote the cork oak forest, biodiversity and related ecosystem services.

Operating under the motto “take care of the present, built the future”, Corticeira Amorim has developed the Forestry Intervention Project for the preservation and sustainable development of the cork oak forest. This project is based on the development of fertigation methods for cork oak trees on a scientific basis, sequencing of the cork oak genome, improvement of the cork oak forests and combating pests and diseases and kicked off in 2013 with a research project that sought to find a new subculture model through irrigation.

2019 saw the continuation of the efforts started in 2017 with the first large-scale plantations. These plantations benefit from the installation of an improved irrigation system with drip irrigation. This irrigation system will be used until the first extraction of cork, from which point the cork oak will return to its normal growth, with the cork extraction being carried out in cycles of nine years.

This is a project of great importance for Corticeira Amorim, not only because of the impact in terms of change of land use, but also because it marks the beginning of the company’s journey as a forest owner, through the purchase of a farm. The purchase of the company Cosabe in 2018, owner of the Herdade da Baliza estate, which spans a total area of 2866 hectares, will help promote and spread the implementation of new techniques for managing the national cork oak forest.

It is worth highlighting that during the reporting year, 250 hectares of eucalyptus trees were converted into a cork oak plantation where the most current forestry techniques were used, namely the installation of a drip irrigation system.

In addition, Corticeira Amorim also oversees other cork oak plantations, where this forestry model was implemented in partnership with the University of Évora and several forest owners. The goal of these partnerships is to create, share and disseminate knowledge.

In 2020, Corticeira Amorim aims to continue this process either through the implementation of new areas held by the company, or in partnership with forestry producers or providing technical support. The company also intends to start the internationalisation of this project with improved irrigation system implementing some parcels in Spain.

**+50,000 ha**  
of new plantations

The long-term goal for the Forestry Intervention Project is to plant 50,000 hectares of cork oaks, with the involvement and support of forest owners, at a higher density than the current forest, thus increasing the total area of cork oak forest in Portugal by 7% and the production of cork by 35%.

Corticeira Amorim considers critical, in view of the current climate change scenario, that the cork oak be singled out as a privileged species, due to its long-term retention of carbon dioxide, regulation of extreme events, protection of the soil and combating desertification, not to mention the associated biodiversity.

## 5.2. ENERGY EFFICIENCY AND CLIMATE CHANGE

Corticeira Amorim has made a year-on-year commitment to develop more productive processes and implement technologies that promote and continuously improve its environmental performance. This is a growing concern and global challenge, with a real and measurable impact on climate change, scarcity of resources and transition to low-carbon energy.

In terms of the positive contribution to the mitigation of climate change, it is important to highlight the fact that Corticeira Amorim is an important sponsor of cork oak forests and thereby contributes to the positive sequestration of CO<sub>2</sub> enabled by this ecosystem. As the cork oak is a slow growth species, with an average lifespan of 200 years, this plays an important role in the capture and storage of CO<sub>2</sub> through the action of its roots, leaves, trunk and bark – the cork.

**-4,600,000 tCO<sub>2</sub>/ano**  
approximate cork oak forest sequestration  
promoted by Corticeira Amorim's activity in 2018

Corticeira Amorim has strengthened its commitment to a sustainable future through the implementation of sustainable practices along the value chain - from the production of cork, to the transformation of cork into products with low or negative carbon impact at the end of life of the product. In order to minimise the negative environmental impact of the processes in the different phases of the value chain, a series of common principles were established for all BUs and subsidiaries, which include:

- Guarantee compliance with all legal stipulations and other requirements agreed to by the organisation and applicable to all the environmental aspects of its activities, products and services;
- Control significant environmental impacts and contribute to preventing pollution;
- Act proactively to evaluate and take preventive measure appropriate to minimising the environmental impacts specific to each activity, applying, whenever viable, the best practices and technologies available.

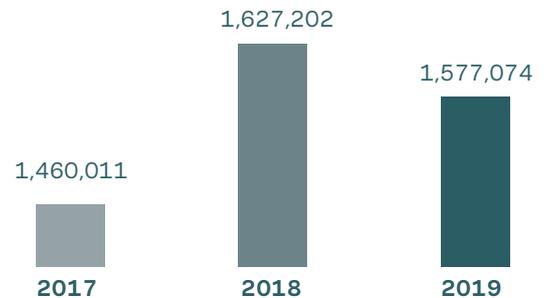
In order to achieve these principles, different management systems have been implemented in the various BUs, certified by various standards as described in sub-chapter 3.1. Responsible conduct – Management Systems.

## ENERGY

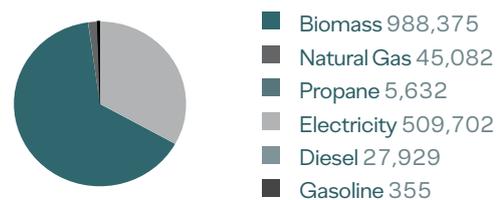
In 2019, Corticeira Amorim's total energy consumption (in gigajoules, GJ) decreased by 3% compared to the previous reporting year. The primary source of energy consumed by Corticeira Amorim is biomass (63%), followed by electricity (32%). However, fossil fuels (gasoline, diesel, propane and natural gas) are also consumed, and represent the remaining 5% of the energy consumed by the Group.

**63%**  
energy from renewable sources (biomass)

### Total energy consumption (GJ)



### Energy consumption in 2019 (GJ)



With regard to energy intensity, in 2019, there was a decrease of about 2%, as a result of the implementation of a set of operational/energy efficiency measures, the renewal of the ISO 50001 management system certification in the Cork Stoppers BU and the completion of the certification process in the Composite Cork BU. A total of 1,605 thousand euros were invested, which resulted in savings of more than 60 thousand GJ.



Corticeira Amorim applies the principles of circular economy and has implemented an integrated production process that allows and promotes the reuse of all the by-products associated with the processing of cork. Even the smallest grains are used as an important source of energy.

## Energy Intensity

	2019	2018
Energy intensity (GJ/Million € sales) * recalculated according to the methodological notes	2,452	2,500*

### The Energy Efficiency Forum promotes information sharing between the various business units

The Group organises the Energy Efficiency Forum twice a year to facilitate sharing and interaction between the various energy managers of the Group. Among other goals, the Forum aims to:

- Monitor the consumption of energy resources available in the plants (including cork dust, electricity, natural gas and LPG);
- Maintain the use and urgent adaptation of technology to increase the production and quality of industrial units;
- Anticipate needs and provide consumption scenarios for the energy resources, with scenario assessment between technology needs and adaptation;
- Motivate, implement and control the development and performance of the actions (performed and yet to be completed).

### Corticeira Amorim has developed a value creation process with its compressed air installations to improve the energy efficiency indicators in all its industrial units.

With a view to improving efficiency in the production, transport and consumption of compressed air, a far-reaching project was carried out to survey, inventory and profile the status of each compressed air system in each of the Group's industrial units. This project was based on two general premises: i) to combat leaks and misuse of resources and ii) implement technological measures associated with the equipment, accessories and maintenance.

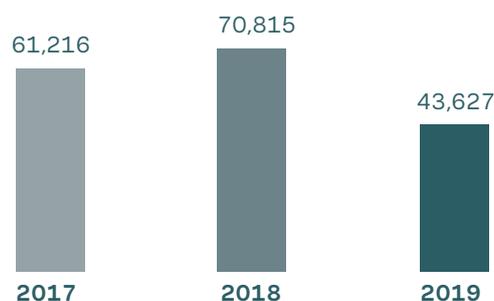
Since its implementation in 2018, this energy efficiency process has enabled:

- The leakage rate to be decreased from 30% to 18% of the total compressed air consumption;
- Savings of around 2,250 tCO<sub>2</sub>;
- A reduction in the average cost of compressed air usage.

## EMISSIONS

In 2019, scope 1 and 2 emissions reached a total of 43,627 tCO<sub>2</sub>eq, calculated by the market method, with a 27% decrease on the previous year (recalculated according to the methodological notes). The market method allows the evolution of the company's choices in the procurement of electricity services to be reflected in the calculation. This has proven to be of great importance in monitoring the performance of Corticeira Amorim, given the weighting of electricity in the energy mix of the Company and, therefore, the method chosen to present the evolution of this indicator in this report.

### Emissions scope 1 and 2 (tCO<sub>2</sub>eq)



### Emissions scope 1 and 2 in 2019 (tCO<sub>2</sub>eq)



**62,000 tCO<sub>2</sub>eq**  
emissions avoided

**Biomass (mostly cork dust) is the main source of energy consumed by the group and can be defined as solar energy stored in the form of energy. The use of this energy source does not produce a net increase in carbon dioxide emissions and is a way of exploiting a waste product. In 2019, the production of energy from biomass totalled around 988 thousand GJ. This practice, along with the operational/energy efficiency measures implemented, resulted in more than 62 thousand tCO<sub>2</sub>eq avoided.**

In order to fall in line with the recommendations of the Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard from the World Resources Institute/World Business Council for Sustainable Development, as in previous years, indirect energy emissions (scope 2) were calculated using the location-based and market-based methods, as illustrated below. The increase in emissions using the location method reflects an increase in electricity consumption, since the emission factor did not change in 2019.



Cork oak forests are important natural CO<sub>2</sub> sinks, they regulate the hydrological cycle, protect against erosion and fire, and foster a level of biodiversity comparable to regions such as Amazonia, Borneo and the African savanna.

	2019	2018	2017
Electricity (tCO <sub>2</sub> eq): location method	66,544	63,355	53,624
Electricity (tCO <sub>2</sub> eq): market method *recalculated according to the methodological notes	38,291	53,768*	54,792

### Carbon intensity

Between 2018 and 2019, Corticeira Amorim changed to the market method for calculating the carbon intensity of its activities, in order to achieve comparability with the carbon footprint study carried out by the Group. As regards carbon intensity, there is a reduction of 35% over the previous year, primarily reflecting a lower emission factor from the electricity service provider.

	2019	2018
Carbon intensity (tCO <sub>2</sub> eq/Million € sales) *recalculated according to the methodological notes	67.8	92.0*

### New thermal fluid boiler in the Santa Maria de Lamas Industrial Unit (IU) promotes improved efficiency in thermal energy production

An increase in the production capacity of technical cork stoppers created the need to increase the thermal energy production capacity of the thermal fluid circuit. Therefore, in 2019, a new boiler was acquired and the network was restructured. These actions have allowed not only to increase the capacity of the equipment and infrastructure, but also to develop unique circuits with different critical points to improve the energy ratio of the activity. The reduction in energy consumption targets two critical high consumption areas in the IU: electrical support of the moulding machines, and discontinuation of natural gas consumption in the milling dryer.

The technology implemented in the new boiler system has increased the reliability of the energy use compared to the previous equipment, allowing a lower level of excess air and gas outlet temperature due to the operation of the economiser for preheating the primary air and heat recovery from the thermofluid before it enters the boiler. The new boiler also has an additional heat recovery system for producing hot water to supply the steaming and boiler systems.

Since its implementation, the new boiler has enabled an efficiency increase of over 16% compared to the previous system, representing:

- Savings of 430 kW in biomass consumption;
- Thermofluid temperature stability in the industrial unit;
- Increased reliability and availability;
- A lower setpoint temperature;
- Increased temperature and thermofluid delivery stabilisation;
- A reduction in electricity consumption with savings of around 451 tCO<sub>2</sub>;
- An 80% reduction in natural gas consumption in the milling dryer with savings of 170 tCO<sub>2</sub>.

## Emissions in the value chain

In the scope 3 emissions calculated for 2019, there was a 24% reduction compared to the previous reporting year, which represents a total of 82,308 tCO<sub>2</sub>eq.

**Transport has a significant impact on business, at the economic and environmental level, due not only to rising costs, including the increased cost of fuel, but also to fuel consumption and emissions of greenhouse gases from the activities upstream and downstream of the value chain.**

Within the scope calculated (more information can be found in chapter 7.5 Energy efficiency and climate change - emissions in the value chain), the transportation of raw materials and products is the main generator of emissions in the value chain and is made by external logistics service providers.

In order to minimise the impact of the growth of logistics activity, a series of projects have been developed to optimise routes by reducing distances travelled, increasing load capacity and the number of deliveries per distance travelled.

	Consumption outside the organisation (GJ) In Portugal		CO <sub>2</sub> emissions scope 3 (tCO <sub>2</sub> eq) In Portugal	
	2019	2018	2019	2018
Upstream transportation and distribution	342,069	444,101	25,329	32,916
Waste generated in operations	3,644	3,820	266	283
Business travel	17,866	14,137	1,277	1,020
Employee commuting	31,854	36,039	2,589	2,677
Downstream transportation and distribution	713,682	983,750	52,846	71,917

## Consumption outside the organisation

Downstream and upstream transportation and distribution accounts for approximately 95% of the energy consumption outside the organisation for 2019.

## CO<sub>2</sub> emissions

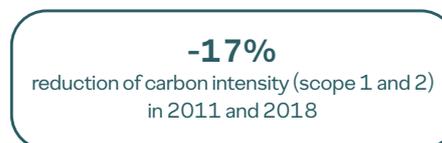
95% of scope 3 emissions calculated in 2019 are associated with the transport of raw materials and products.

## About 80% of Corticeira Amorim emissions in Portugal are scope 3

Corticeira Amorim accounts for and reports the emissions resulting from its own activities (scope 1 and scope 2 emissions) and also, through its activity in Portugal, certain sources of indirect emissions (scope 3 emissions), such as upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution. In order to improve the calculation of these emissions in the value chain, to encourage their reduction and update the previous study conducted in 2011, Corticeira Amorim carried out a detailed calculation of the carbon footprint of all its business areas in 2019. The study was carried out by EY based on the data from 2018 and encompassed the activities carried out in Portugal, based on the GHG Protocol methodology.

All categories of indirect emissions from the activity were identified by supplementing the calculation usually conducted by Corticeira Amorim with categories related to the production of goods and services purchased, any activities related to fuel and energy (not included in the scope 1 and 2 calculations) and waste treatment.

The results obtained showed that in 2018, Corticeira Amorim's activities generated 274,481 tCO<sub>2</sub>eq, of which 1.7% were generated by scope 1 activities, 18.3% by scope 2 activities and 80% by scope 3 activities. The value of greenhouse gases (GHG) scope 1 and 2 emissions intensity was calculated and used to compare the Group's performance between 2011 and 2018, and the results showed that there was a 17% reduction in carbon intensity.



When considering the carbon sink effect of the cork oak forest, it was found that the annual estimated carbon sequestration in the forest through Corticeira Amorim's activities equated to 4.6 million tCO<sub>2</sub>, 17 times the amount of greenhouse gases emitted across the value chain in a year of activity.

### Video conferencing as an effective method of communication and collaboration that actively reduces distances travelled for meetings

Corticeira Amorim has set up videoconferencing rooms in each of its business units, configured for both individual events and for meetings with various stakeholders. The video conferencing solution implemented by the Group, offers an improved user experience that is easy to use and assures the quality of both the video and audio through cameras that are configured to identify the participating speaker. This initiative helps to minimise transport-related emissions through air, train and car travel, which would otherwise be necessary for collaboration between the BU and other business partners.

## WATER

The Group has developed initiatives to minimise any impacts related to water management and use. In 2019, there was an increase of 5% in the withdrawal of water over the previous year, with a higher incidence from the Raw Materials BU. As in 2018, this increase is due primarily to increased operations, particularly the significant upscaling of the boiling process in the Raw Materials BU, and the expanded perimeter of companies included in the report. In terms of the origin of the water, the main source is groundwater (91%). Public network water accounts for just 9% of the total water used.

### Water withdrawal (m<sup>3</sup>) by source

	2019	2018	2017
Public network	48,106	41,692	30,259
Groundwater	482,300	465,673	453,863
Total	530,405	507,365	484,122

### Water intensity

	2019	2018
Water intensity (litres/€ sales)	0.8	0.8

There are several initiatives undertaken by Corticeira Amorim that enable it to manage this precious resource efficiently. Examples include:

- Installation of innovative equipment or technology in order to reduce consumption;
- Monitoring and re-planning of irrigation schedules and duration;
- Implementation of measures to reduce pollutants entering the water, including through interventions in the wastewater treatment plants;
- Regular analysis of the water collected and commissioning competent external bodies to detect and eliminate groundwater contamination.

## LOCAL IMPACT

Aware of the impacts of its operations on the environment, Corticeira Amorim implements measures to mitigate the specific impacts of each unit, in particular by:

- Regular noise measurements and active measures to reduce this, such as machine and motor encapsulation;
- Monitoring chimney emissions and specific measures to avoid dust or particle emissions such as the use of filters;
- Training employees on best practices to prevent spillage, and making spill kits readily available;
- Emergency response procedures in force.

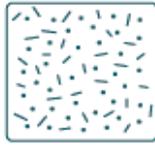
## 5.3. PRODUCT ENVIRONMENTAL IMPACT

At a time when carbon neutrality presents itself as one of society's greatest challenges to ensure the preservation of Planet Earth, Corticeira Amorim conducts its operations with a positive impact on climate regulation promoting CO<sub>2</sub> sequestration levels that exceed emissions. All this is made possible by the primary raw material used by the Group: cork.

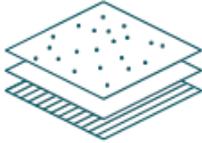
## GREEN PRODUCTS



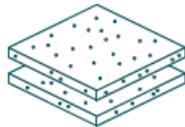
Winemakers from all over the world rely on the commitment of Amorim Cork to provide the best cork stoppers. In recent years, the company has continuously invested in improving the quality of its cork stoppers. Also of critical importance is the work carried out to mitigate the environmental impact of the products, thus positioning itself as the best alternative for customers seeking to minimise their carbon footprint. When quantifying the carbon sequestration of the cork oak forest, the carbon balance comes to -309 gCO<sub>2</sub>eq for the iconic nature stopper, -392 gCO<sub>2</sub>eq for the Neutrocork and -562 gCO<sub>2</sub>eq for the sparkling wine cork stopper. The results can contribute to the decarbonisation of the wine industry. With an annual production of 5.5 billion corks, this is an impact with global repercussions.



Buoyed by the active contribution made to the environment and the health and comfort of people, Amorim Cork Flooring develops products that guarantee a better quality of life, whilst preserving and protecting the environment – 62% of its products have a negative carbon footprint, 100% contributes with credits to LEED and BREEAM certification schemes (for sustainable building projects) and have TÜV certification and indoor air quality A+.



In addition to the example of innovation in the use of products containing cork and cork composites, Amorim Cork Composites is a beacon as regards circular economy practices. With over 56 years' experience in circular economy practices, more than 500 applications with sustainability credentials and a new products research, development and innovation area of over 850m<sup>2</sup>, Amorim Cork Composites products translate into sustainable solutions designed for their comfort and utility to the end user.



When compared to conventional products, Amorim Cork Insulation products stand out for their longevity and environmental characteristics. These products offer thermal, acoustic insulation and anti-vibration protection simultaneously, are 100% natural, recyclable and reusable, have a negative carbon footprint, a long life, and an indoor air quality rating of A+.

It is this commitment to developing responsible and high-quality products that drives Corticeira Amorim's sense of responsibility toward the environment, society and the economy. The Group acts responsibly, implementing strict control systems in its various BUs that enable compliance with the stipulated requirements and guarantee the quality of the products and services made available.

## 5.4. CIRCULAR ECONOMY

Recovery of its main raw material and waste generated is one of Corticeira Amorim's main strategies and challenges. Operating under the motto "nothing is wasted, everything is valued" since 1963, the Group strives continuously to end general and cork waste, therefore optimising the added value of all its raw materials.

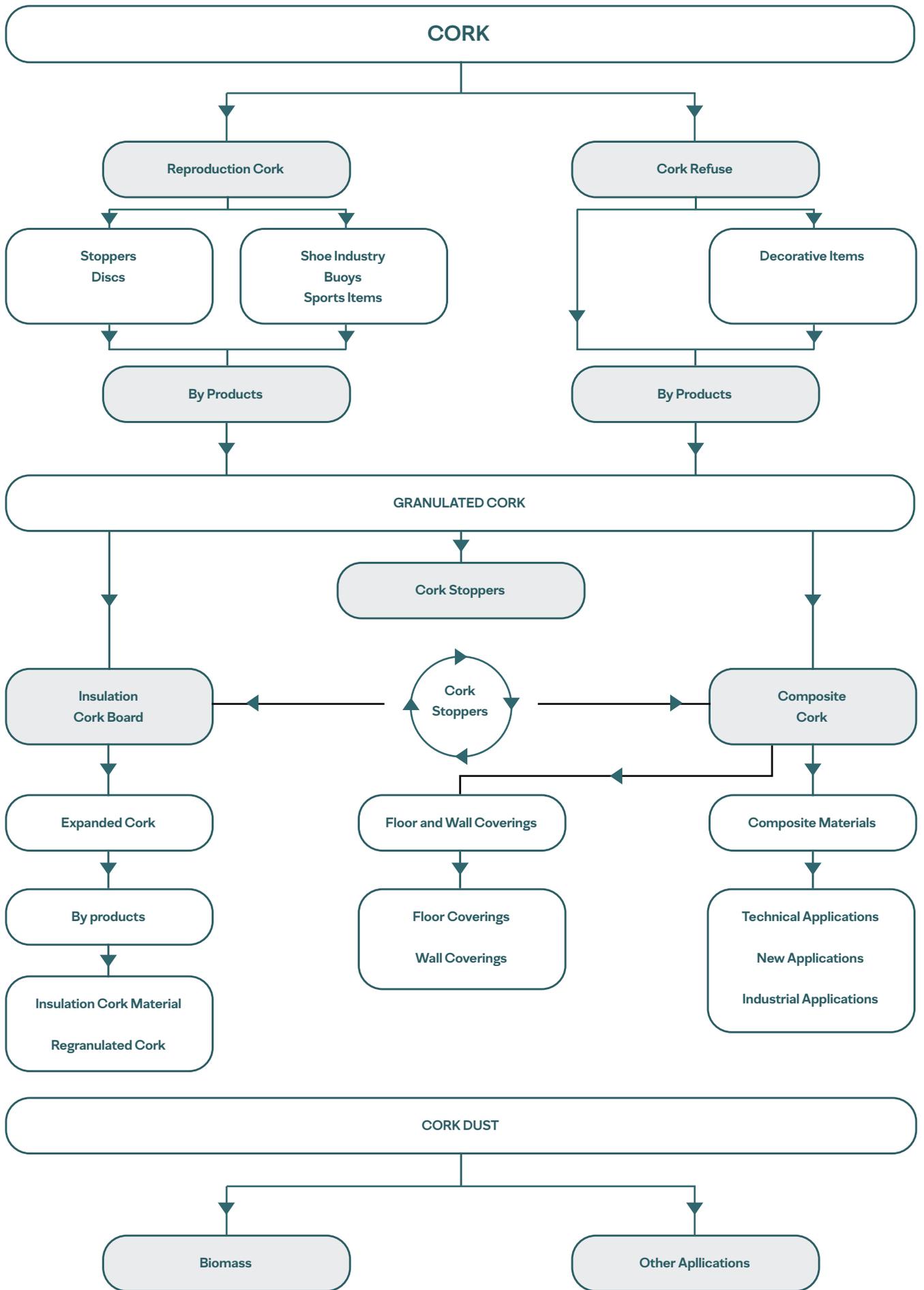
**100%**  
use of cork

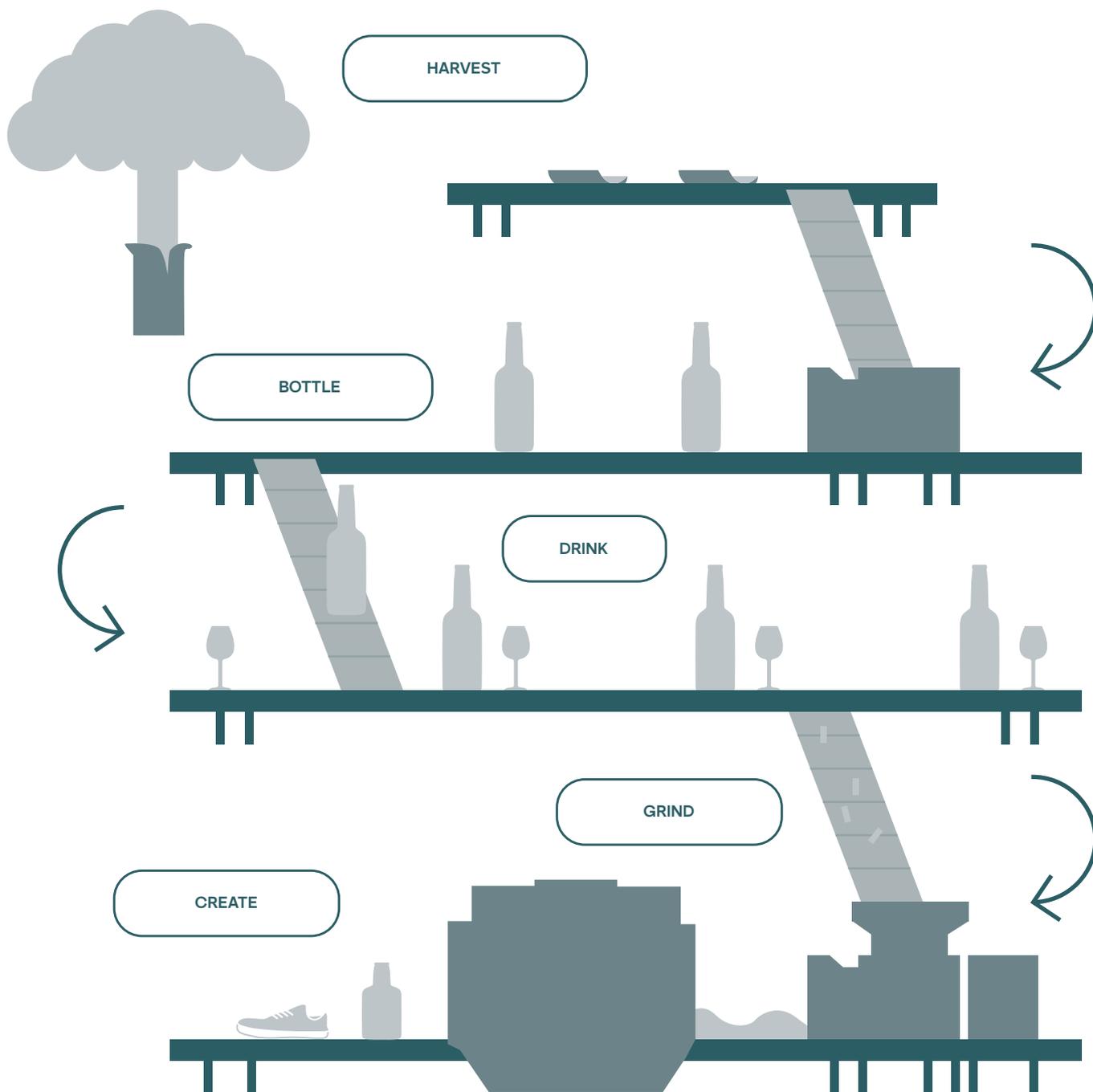
**>80%**  
consumed materials from renewable sources

It is the natural properties of cork which make it possible to integrate the principles of circular economy and waste recovery in Corticeira Amorim. In addition to the 100% use of cork, this biological, non-toxic material with several exceptional properties, allows synergies to be exploited with other renewable materials or by-products from other industries, expanding the range of applications.

**RECUPERA, an initiative from the Floor & Wall Coverings BU aims to reincorporate the surplus offcuts and profiling of cork composites, and as a result more than 700 tonnes of cork composites have been used with since its launch in 2018.**

The main objective of this programme is to reuse by-products of cork composite sanding, cutting and profiling processes by means of micronisation and classification by homogeneous properties, thus allowing controlled dosing in the subertech and hydrocork product composite process. In 2020 it is estimated that more than 1,000 tonnes per year of natural fibre-containing composites are exploited and reused in production processes.





Although it will never be reused in stoppers, recycled cork can have a new lease of life and be used in coverings, insulation, memo boards, high competition kayaks, badminton rackets, tennis and cricket balls, car and aircraft components, design and fashion items and a multitude of other uses. Recycling, in addition to increasing reuse of the raw material, extends the cork life cycle and its environmental benefits, in particular its CO<sub>2</sub> retention capacity

**Amorim Cork Composites promotes circular economy by reusing and saving natural resources.**

Following the logic of promoting products of ecological value, Amorim Cork Composites has updated a wide range of products, incorporating by-products of the footwear, automotive, sports and packaging industries that were previously ended up in landfills. The main objective is aligned with the creation of added value for the business and, in some cases, improving the performance of the material and providing more cork to meet different market needs in various business areas.

In this context, it is worth mentioning the installation of a new composite line, in the reporting year, which has enabled improvements in the material, particularly in terms homogeneity of colour and increased production efficiency and capacity by more than 50%.

**CORK RECYCLING**

This philosophy of fully exploiting the raw materials has motivated the development of unprecedented cork recycling initiatives. These initiatives, which originated in Portugal, already have strong support in other countries on five continents, such as France, Italy, USA, Canada, South Africa, Australia and China.

Corticeira Amorim collects corks and other cork applications for treatment and grinding at three plants, all licensed in the national territory for cork recycling. The material, after having been converted into granules, is reintegrated into the production process, particularly for the Composite Cork BU and Insulation Cork BU products. In 2019, 485 tonnes of cork were recycled in Corticeira Amorim’s facilities.

While not incorporated into stoppers, there are several environmental benefits of recycling cork. In addition to increasing the reuse of raw materials, it allows the life cycle of cork to be extended along with its environmental benefits, including its CO<sub>2</sub> retention capacity.

Of the various recycling projects promoted by Corticeira Amorim, the following initiatives stand out in 2019:



**GREENCORK**

Greencork is the Quercus project that has been promoting the collection and recycling of cork stoppers since 2008. One of the main objectives of this programme is to finance the planting of indigenous trees through the Floresta Comum programme. To date, this initiative has allowed the collection of over 90 million cork stoppers and the planting of over 971,000 trees. In 2019, Corticeira Amorim joined Missão Continente and Quercus in the distribution of 500,000 “rolhinhas” (containers for the collection of cork stoppers in Portugal), in the campaign “Stoppers for leaves”. “Rolhinhas” are small cork stopper containers that are taken home by consumers to collect their cork stoppers. When the time comes to the throw them away, consumers can do so themselves in the special bins provided in the Continente stores (usually located next to the customer service desk).  
www.greencork.org/



**Cork2Cork**

Amorim Cork Flooring has joined forces with the NH Hotel Group to promote a more sustainable world with the Cork2Cork project. In 2019, the second phase of the project kicked off with 74 containers placed in hotels in Spain and Italy. The first phase began in 2011, with the supply of 68 bins for the collection of corks stoppers in hotels in Belgium, Spain, Italy, Germany, France and Holland. To date, more than two tonnes of corks have been recycled and 8,000 m<sup>2</sup> of flooring has been produced (equivalent to approximately 300 hotel rooms).  
amorimflooring.com/en/newsdetail/cork2cork-program-amorim-revestimentos-and-nh-hotels/



**ETICO**

This is an Italian recycling programme which started in 2011 and involves associations and institutions that mobilise around a thousand volunteers and generate more than five thousand collection points throughout Italy. In 2019, SUBER collection was conceived by two Italian architects. The recycled cork stoppers were transformed into small granules and then combined with other materials for a new lease of life in objects such as lighting, tables, chairs, door umbrella stands and uniquely designed objects.  
www.amorimcorkitalia.com/it/etico



# [6.] People

## WASTE

The recovery of waste to prolong its use in the economy is an important business concept for Corticeira Amorim. To this end, the Group has implemented numerous initiatives, some of which are outlined in this report, which aim to extend the useful life in the economy and the benefits of the products. The waste products are recycled and reused in purpose-built plants which have their own processes for labelling, storing, handling and transporting dangerous goods.



Waste (tonnes)			
	2019	2018	2017
Hazardous industrial waste	493	373	282
Recovery	225	237	170
Disposal	267	135	112
Non-hazardous industrial waste	10,740	10,059	8,544
Recovery	9,633	9,114	7,811
Disposal	1,107	945	733
Total	11,233	10,432	8,826

Note: Corticeira Amorim does not consider cork dust to be a waste product and instead values it as an energy source.

In this chapter, 82% of the employee population was considered for the calculation of the indicators. The employees who do not feature in this analysis are mainly from the sales and business support areas.

### 6.1. TRAINING AND DEVELOPMENT

After 150 years and four generations of operations, Corticeira Amorim employs more than 4400 people to ensure success its activities daily. Promoting a safe and balanced working environment at the physical, social and psychological level is fundamental for the management of its employees, and is reflected in the Group's concern for their personal and professional development, the management of their expectations, the incentive to reach high levels of performance and support in achieving the desired targets.

Corticeira Amorim's employee management system relies on its people motivation policies and management practices (more information can be found at [www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/](http://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/)) which are governed by:

- 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.



Corticeira Amorim counts with more than 4,400 employees, working worldwide, and with its passion for this business, its desire to go further, overcoming challenges, leading by example and promoting the well-being of the communities closest to them and, indeed, society at large.

## OUR EMPLOYEES

**4,424**  
employees\*

**3,164**  
employees in Portugal\*

\*Figures within the entire Corticeira Amorim Group perimeter

In 2019, there were a total of 4,424 employees at the end of the year, with a decrease of less than 1% over the previous year. In terms of geographical distribution, and compared to previous years, there has been no considerable change in the proportion of employees in Portugal (72%).

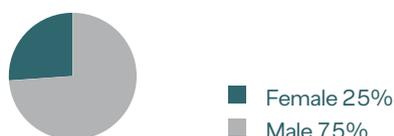
Within the scope of this report, and the companies covered hereby, about 63% of employees are production operators in the various business areas, with about half of them working in the cork stopper business area.

In 2019, there was no significant variation in the gender distribution of employees. This employee gender distribution is mainly reflected in the category of directors, managers and sales staff where there is a higher prevalence of males. The largest percentage of women can be found in the category of administrative staff.

In 2019, there were no significant variations in the number of employees in management and supervisory positions. Production operators and management support technicians saw the highest growth.

The commitment to manage people in a sustainable manner, which favours stability in the medium and long term, is reflected in the effectiveness of employees, where 84% have a permanent contract.

Like the trends from other years, one of the main inflows are production operators in order to respond to the Group's diversification efforts in general, which tend to attract more male candidates. If we look at the other categories, there is a growing trend in recruiting female employees. More information is available in chapter 8 - GRI Table.



	2019	2018	2017
Rate of new hires	15%	14%	12%
Turnover rate	11%	14%	12%

## LABOUR RELATIONS

The right to association and collective bargaining is an important principle for Corticeira Amorim; about 1/5 of its employees actively exercises this right.

In Portugal, 100% of employees are covered by collective bargaining agreements that are integrated into the regulation of the working conditions of the Group's employees and cover aspects such as timetables, pay and access to training, among others.

**100%**  
employees covered by collective bargaining agreements in Portugal

Employees benefit from various services, salary bonuses and support for a healthy work-life balance, including:

- Private health insurance: hospitalisation insurance is provided in most companies in Portugal, and in the main units, curative medical consultations are available, with the facility to make appointments at least twice a week. The BUs have agreements with clinical analysis laboratories that perform collections directly from the companies and with pharmacies who deliver drugs on-site. In addition, there is a flu vaccination scheme and health screenings for employees;
- School benefits and support: educational support for employees and their children through an education allowance, scholarships for children of employees (currently more than 30 young people per year) and the purchase of school supplies;
- Recognition and celebration benefits and initiatives throughout the year: two additional days of holidays, toy gifts to younger children of employees, Christmas hampers to all employees, seniority bonuses and recognition awards;
- Benefits in accessibility to canteens and daily life: access to the company canteens for the immediate family of employees, while allowing the employee to purchase meals to take home.

The involvement and commitment of its employees is crucial for Corticeira Amorim. There are initiatives in place in the area of labour relations. The companies with the largest numbers of employees monitor the company climate at least every two years, while others do it on an annual basis. The questionnaires that form the basis for the collection of information are anonymous and passed out to all employees. The data compiled allow the company to analyse areas with room for improvement and each BU defines specific action plans.

One of the Corticeira Amorim goals is to develop a culture of feedback. In this area, performance management is an ideal tool. In 2019, Amorim Cork Flooring carried out exceptional work in ensuring that almost all its employees were involved in this type of practice, along with Amorim Cork which conducted an organisational climate study.

**Encouraging feedback from employees in organisational culture and management aspects and identifying needs and opportunities for improvement is the main objective of Amorim Cork’s Organisational Climate Study.**

Based on the Great Place to Work questionnaire, the Organisational Climate Study is a tool that encourages employees to be heard and involved in the continuous improvement process, especially in the areas of working conditions, safety, company culture, leadership practices, people management and the development of initiatives. In February 2019, the 4th Organisational Climate study was launched to all Amorim Cork employees, and the feedback reflected a significant increase in employee satisfaction (71%). Most employees think that Amorim Cork is an innovative company (78%), with a sense of social responsibility/sustainability (74%), where fairness (66%) and communication (66%) are the areas with the greatest potential for development/improvement. Considering the results of the survey, Amorim Cork has established an action plan that is being implemented and monitored by the company’s Executive Committee.

**TRAINING**

For Corticeira Amorim, people are a core asset in ensuring the sustainable development of the business. The Group believes that the efforts and commitment of its employees is influenced by the investment it makes in their growth and professional development. To this end, Corticeira Amorim strives to ensure that all employees have access to quality education, offering opportunities to learn and improve their technical, behavioural and managerial skills.

At the end of 2019, a total 46,717 hours of training were conducted, the largest proportion of which was accounted for by Management Support Technicians, Production Operators and Maintenance, Quality and Logistics Technicians. Despite the strong growth in the production side of the business, which resulted the straining of resources in certain areas that traditionally invest in training, the training levels of recent years have been maintained. Additional figures of the employee development indicators can be found in chapter 8 - [GRI Table](#).

	2019	2018	2017
Average hours of training, per year, per employee	14	17	13

There are several employee training projects and activities that focus on both the technical and process optimisation components, as well as the ones targeting conduct and critical thinking development. Training is also designed to cover all categories of employee, particularly young people on internship programmes or young employees early on in their career, employees in leadership positions and operators, among others. Two initiatives stand out in 2019 due to their innovative nature and impact for the future.

**Sharing knowledge and discussing challenging issues, identifying innovative proposals and developing critical thinking are the main objectives of ACC Talks.**

The ACC Academy hosts a series of informal sessions throughout the year so that employees can reflect and discuss the most challenging or innovative issues within the four pillars: market, operations, corporate and innovation. In 2019, 16 ACC Talks were held with the participation of outside experts, dealing with various topics such as Industry 4.0, product design, leadership, sales, project management and strategy

**By 2021, a new ERP (SAP) will be rolled out that will optimise process management.**

The goal of the SAP implementation project is to optimise process management and encourage the development of new skills and qualifications among employees. SAP training will take place in all the Corticeira Amorim Group companies to enable all employees to be trained in the new management system. This cross-sectional project is remarkable for its transformational character, the investment in the training of people and the management of change, with an impact on all the companies and in nearly all the functional areas.

**DIVERSITY AND EQUAL OPPORTUNITIES**

As a defender of diversity and equal opportunities, Corticeira Amorim implements a people management and motivation policy that promotes equal opportunities in recruitment and non-discrimination of any kind, be it in the promotion and training of its employees, their remuneration or working conditions.

Corticeira Amorim’s century-old experience in people management recognises the importance of having diversity of talent in order to increase its value proposition and provide a better response to market needs. Regardless of the situation, people are integrated into the workforce according to a strict criterion of equity, with a healthy focus on using their skills, regardless of their gender, age, race or religion.

In terms of equal opportunities, the Group is committed to implementing human resource models and policies that are in line with its values and principles around the integration and appreciation of people. In general, there has been an overall positive trend in the pay gap between male and female employees. This can be seen in the salary ratios between women and men below (more information can be found in chapter 8 - GRI Table).

Salary ratios between women and men, by professional category			
	2019	2018	2017
Managers	0.7	0.7	0.7
Heads of Department	1.0	0.9	0.8
Sales Staff	0.9	0.6	0.5
Management Support Technicians	0.8	0.8	0.9
Team Leaders	1.1	1.2	1.1
Administrative Staff	1.1	1.1	1.1
Maintenance, Quality and Logistics Technicians	0.8	0.9	0.9
Production Operators	0.9	1.0	1.0

The company's intervention in this area includes, inter alia, communication and raising awareness actions on these issues, the implementation of work-life balance measures and, more recently, the roll out of the Gender Equality Plan.

### The 2019-2020 action plan to promote respect for equal opportunities and support for a healthy work-life balance.

The Gender Equality Plan has been developed in line with the company values and the principles of equality between men and women. It is divided into seven sections, which encompass specific actions for each area, and focus on the Group's mission and strategy, the management of human resources, the work-life balance, respect for the integrity and dignity of employees, social dialogue and participation and internal and external communications.

This plan attests to Corticeira Amorim's commitment to promote gender equality and combat stereotypes and beliefs that result from the social and cultural bias that shaped the organisational structure of the companies and are no longer consistent with their current values and conduct.

Part of the Corticeira Amorim people management policy, evaluating merit and rewarding performance is a process that dissects the entire organisation. In this way, any employee can achieve any position or professional category, remuneration is not limited by factors that are not related to ability and actual performance, with no restrictions on gender, race or religion. More information can be found in chapter 8 - GRI Table.

## 6.2. HEALTH AND SAFETY AT WORK

Corticeira Amorim recognises that working conditions are one of the key factors of success for an organisation. Ensuring the health, safety and welfare of employees at work is important not only for the Group, but also for all its stakeholders.

Aware of the risks related to safety at work, Corticeira Amorim promotes and encourages a culture of safety among all employees, ensuring a safe working environment for the employees themselves and those around them, and encourages a healthy lifestyle and sustainable living.

In the context of occupational health and safety (OHS), Corticeira Amorim has defined the following objectives for all its businesses:

- Reduce the frequency of work accidents;
- Improve the working conditions and well-being of its employees;
- Reduce the number of days lost due to accidents and occupational illnesses;
- Improve the risk assessment and implementation of health and safety at work.

To this end, Corticeira Amorim is committed to reducing the number of accidents by more than 50% in its facilities in Portugal (2018-2020), promoting the physical, social and psychological welfare of its employees. In recent years, there has been a significant reduction in the frequency of accidents and the Group is confident that these commitments will be met.

At the end of 2019, there was a total of 107 accidents in the workplace, a reduction of 7% compared to last year and 18% compared to 2017.

As in 2018, absenteeism rose again in 2019, registering 5.7%. This increase is due to a change in the calculation assumptions in accordance with the methodological notes.

	2019	2018	2017
Work-related accidents	107	115	130
Portugal	89	96	118
Rest of the world	18	19	12
Number of fatalities	0	0	1*
Accident frequency index	18.8	20.9	21.1
Portugal	18.2	20.0	22.2
Rest of the world	22.7	26.9	14.1

\* Accident in itinere

Overall, progress has been made in the safety-related indicators (more information can be found in chapter 8 - GRI Table), particularly in the accident frequency index, the work-related illness rate and lost working days rate.

Meeting the target set for the end of 2020 has involved an investment in this area and an effort to develop structured safety plans, which are monitored for their ongoing optimisation, and the establishment of risk prevention practices aimed at mitigating the impacts of accidents on stakeholders.

**Conscious of the fact that the safety of its people is a fundamental factor in social and corporate responsibility, Amorim Florestal and Amorim Cork Flooring decided to implement an occupational health and safety management system based on the ISO 45001 standard.**

The OHS Management System, whose purpose is to prevent work-related injuries and health problems by providing safe and healthy working environments is a strategic and operational decision for the company. Its success depends on the leadership, commitment and participation of all levels and functions of the organisation. Implemented the first phase in 2019, the process is expected to progress at the beginning of the second half of 2020 with external certification audits

Corticeira Amorim promotes compliance with all legal requirements, rules and procedures in the field of OHS, in all countries in which it operates, through the application of good practices, namely:

- Medical examinations upon admission with regular follow-ups;
- Provision of personal protection equipment;
- Training of employees in health and safety adapted to the specific characteristics of each job;
- Training of all stakeholders in the work processes, including service providers;
- Health and safety committees, with the participation of employees and/or employee representatives.

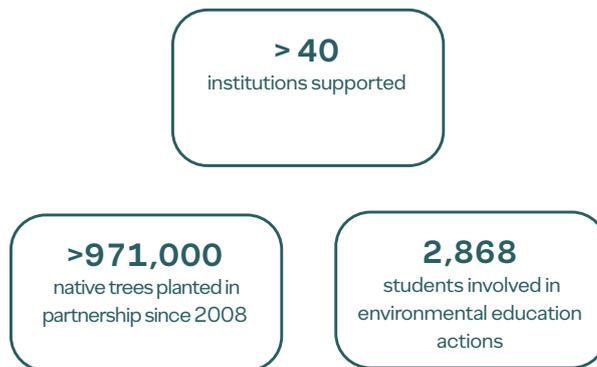
In recent years, there has been increased focus on establishing solid and sustainable structures in the area of safety. Certification of the units will be an ideal way of guaranteeing this and is now a growing priority. Certification under the OHSAS ISO 18001/ISO 45001 international standard currently covers about 12% of employees and it is estimated that it can cover more than 30% soon.

Investment in this field also involves raising awareness and training for employees, from small initiatives focused on employee awareness and technical training to support employee skills, to physical activity and workplace exercise programmes.

**More than 150 employees have participated in the Physical Activity Programme at the Coruche and Ponte de Sor industrial units. After three months there was a general improvement in the physical condition of the workers.**

As part of this project, the existing work posts were analysed in the sectors along with the physical condition of each worker. After the analysis, proposals for improvement at the ergonomic level were drafted for the work posts, as well as for the standardisation of tasks, individual postural training for carrying out work tasks with a lower risk of skeletal muscle injury, implementation of physical activity programmes, and also active recovery programmes targeting the group treatment of specific pathologies. A reduction in the work-related illness leave and in the number of accidents at work and an increase in team morale are just some of the impacts that have been observed in the participants.

**6.3. INVOLVEMENT WITH THE COMMUNITY**



In addition to its leadership activity in the cork industry, Corticeira Amorim places great emphasis in its involvement in the community and in promoting social equilibrium. Corticeira Amorim plays a key role in supporting the communities in their challenges and, indeed, in building resilient communities. This social concern has characterised the 150 years of activity of the Group, who was one of the first companies to make a canteen and a doctor available to all workers in 1938. Involvement in the community is assured by the various projects and initiatives in which Corticeira Amorim participates both in Portugal and further afield. Several actions have been implemented that involve the group's stakeholders, including the training of employees to raising awareness among customers and the local communities in the areas in which the Group operates on issues such as sustainable development. Some of these activities are presented below.



## Natural Choice Programme

This programme has been renewed annually since 2008 in order to:

- raise awareness among employees and society in general, as citizens responsible for future generations, of the need for social solidarity and for more environmentally friendly behaviour;
- ensure sustainable development practices are a positive factor of differentiation among different stakeholder groups.



## Environmental Education Programme

The Corticeira Amorim environmental education programme takes place every year and was conceived with the objective of supporting schools in environmental education and raising the awareness of the wider community of the need to protect and value the national forests, including the cork oak forests, by further promoting the recycling of cork and the conservation of the environment. In 2019, 2,868 students participated in this programme by learning more about the environment and sustainability, contributing to a better tomorrow.



## Reforestation action

Corticeira Amorim and Quercus planted 2,000 cork oaks in Alcácer do Sal, and the Herdade Castelo de Arez estate in 2019. This initiative included the participation of over 100 employees and volunteers from the company and has become a tradition of the two entities since 2011. Corticeira Amorim has been a partner of the Green Cork Project since its inception in 2008. The project has entailed recycling cork stoppers in support of preserving the national indigenous forest and promoting, in 2019, the planting of over 143,000 trees through the Floresta Comum project, meaning more than 971,000 native trees planted since 2008.



## Junior Achievement – Europe and Me

With a total of 35 training sessions in 2019, the purpose of the Junior Achievement has been to demonstrate the importance of existing natural, human and capital resources in Europe. The idea is to enrich the students' knowledge about Europe, its countries, languages and currencies. The initiative has resulted from the Porto Futuro Project, an existing protocol with the Porto City Council since 2005, which facilitates the collaboration of Corticeira Amorim with a group of city schools to transpose some business practices in schools.

### **Amorim South Africa supports two social causes, covering areas such as childhood, social development and education, by putting people at the centre of development.**

With almost 38 years of presence in South Africa, Amorim Cork South Africa is now one of the partner companies in the wine industry that has the greatest active participation in the social development of the communities surrounding the Cape Town vineyards.

Since 2015, it has contributed more than 40,000 euros in scholarships to young people from disadvantaged backgrounds who have the ambition to become winemakers and grape growers. In partnership with the Cape Winemakers Guild and Nedbank, this dream becomes a reality for about five young people every year.

Among the other forms of support is the assistance provided by Amorim Cork South Africa's staff for a home for children who are victims of abandonment or abuse. Twice a year, donations, clothing and food are made to more than 30 children living in the Eersterivier home, outside the town of Stellenbosch.

## 6.4. PARTICIPATION IN ASSOCIATIONS

Having an impact on society and promoting balance through active long-term participation is a concern that has stood the test of time in the Group's 150 years of existence.

Over the years, Corticeira Amorim has made numerous relationships with institutions and associations with a significant impact on communities, actively participating in their development and enhancing their growth through the donation of materials (the Company's products, office supplies, etc.), volunteering or financial support. The social contribution and commitment to social responsibility make it possible to raise awareness of the needs of society, while at the same time adding value and making a positive contribution to improving the quality of the provision of support services to these entities.

The following are some of the associations with which the Group actively collaborates not only in the communities and institutions surrounding their companies, but also in research and innovation.

<p><b>Associação Bagos D'Ouro and Fundação Terras de Santa Maria</b></p> <p>Associação Bagos D'Ouro is an institution that is dedicated to supporting children and young people in need from Douro region, through monitoring their school career and creating opportunities for the development of successful life projects; Fundação Terras de Santa Maria awards every year the best student in management of the Instituto Superior de Entre Douro e Vouga (ISVOUGA).</p>
<p><b>Academie Amorim</b></p> <p>A non-profit organisation comprising scientists dedicated to research in the field of winemaking in order to optimise the quality of the wine and to ensure the ageing process proceeds as expected. Since 1992, this institution has supported the work of the researchers by offering them an annual scholarship to fund the scientific work and help to improve knowledge about wine.</p>
<p><b>Fundação Albertina Ferreira de Amorim</b></p> <p>This foundation promotes solidarity and appreciation of human advancement in its ethical, religious, cultural and civilizational aspects. It offers humanitarian and social support to causes and projects involving the communities surrounding the Corticeira Amorim companies. It also hopes to boost scientific research in the field of cork preparation and treatment and is expected to award prizes in this and other areas.</p>

Also, in this context, the companies in the Corticeira Amorim Group actively participate in discussion meetings with national and international entities on sustainable development of the geographical regions in which they operate. Many of the Group's representatives form a part of these initiatives and associations to ensure a meaningful and proactive impact. Of the numerous associations, it is worth highlighting the following:

<p><b>APCOR   <a href="http://www.apcor.pt">www.apcor.pt</a></b></p> <p>A business association in the cork industry that represents, promotes, publishes and researches the Portuguese cork industry.</p>
<p><b>BCSD   <a href="http://www.bcsdportugal.org/">www.bcsdportugal.org/</a></b></p> <p>A business association that is a member of the WBCSD - World Business Council for Sustainable Development, the largest international organisation to work in the area of sustainable development, with more than 200 associated companies in different countries and 68 independent organisations in the five continents, which together represent more than 20,000 companies and an international network of partnerships.</p>
<p><b>CENTRO HABITAT   <a href="http://www.centrohabitat.net/pt">www.centrohabitat.net/pt</a></b></p> <p>A group of companies, municipalities, research and development centres, business associations and other entities that are committed to sustainability as a standard for innovation and competitiveness.</p>
<p><b>SMART WASTE PORTUGAL   <a href="http://www.smartwasteportugal.com/pt/">www.smartwasteportugal.com/pt/</a></b></p> <p>A non-profit collective whose objective is to contribute to the production and dissemination of knowledge in the area of waste, to drive actions that value cooperation between entities operating in the waste industry, to promote and support the activities and projects of its members that contribute to the pursuit of the association's objectives.</p>
<p><b>PTV   <a href="http://www.ptvino.com/en/">www.ptvino.com/en/</a></b></p> <p>A platform for all involved in research, technological development and innovation in the Spanish wine industry.</p>
<p><b>IB-S UNIVERSIDADE DO MINHO   <a href="http://ib-s.uminho.pt/">ib-s.uminho.pt/</a></b></p> <p>An initiative of the University of Minho that brings more than 80 researchers from various fields of knowledge together, with the aim of finding solutions to complex societal challenges associated with sustainability.</p>



There are several actions that encompass the group's stakeholders, including the training of employees to raising awareness among customers and the local communities.

# [7.] Methodological Notes

## 7.1. PERIMETER

The corporate landscape has changed in terms of the companies considered within the perimeter for sustainability matters, in particular through the incorporation of three establishments under the Cork Stoppers BU: Biocape, All Closures In. and Portocork Internacional, S.A..

Chapter 4. Innovation and Economic Performance presents Corticeira Amorim's consolidated figures (100% of companies included). In the remaining chapters, the companies included span 90% of the industrial units and account for 82% of the number of Corticeira Amorim's employees at the end of 2019, and 82% of consolidated sales, as presented in the table below:

Company	Location	Country	2019
<b>Raw Materials BU</b>			
Amorim Natural Cork, S.A.	Vale de Cortiças — Abrantes	PORTUGAL	100%
Amorim Florestal, S.A.	Ponte de Sôr	PORTUGAL	100%
Amorim Florestal II, S.A.	Ponte de Sôr	PORTUGAL	100%
Amorim Florestal III, S.A.	Ponte de Sôr	PORTUGAL	100%
Amorim Florestal España, S.L.	San Vicente Alcántara	SPAIN	100%
Amorim Florestal Mediterrâneo, S.L.	Cádiz	SPAIN	100%
Amorim Tunisie, S.A.R.L.	Tabarka	TUNISIA	100%
Comatral — C. de Maroc. de Transf. du Liège, S.A.	Skhirat	MAROCOCO	100%
Cosabe — Companhia Silvo-Agrícola da Beira S.A.	Lisboa	PORTUGAL	100%
Société Nouvelle du Liège, S.A. (SNL)	Tabarka	TUNISIA	100%
Société Tunisienne d'Industrie Bouchonnière	Tabarka	TUNISIA	55%
<b>Cork Stoppers BU</b>			
Amorim Cork, SGPS, S.A.	Santa Maria Lamas	PORTUGAL	100%
All Closures In, S.A.	Paços de Brandão	PORTUGAL	75%
Amorim Cork, S.A.	Santa Maria Lamas	PORTUGAL	100%
Amorim Bartop, S.A.	Vergada	PORTUGAL	75%
Amorim Champcork, S.A.	Santa Maria Lamas	PORTUGAL	100%
Amorim Top Series, S.A.	Vergada	PORTUGAL	75%
Biocape — Importação e Exportação de Cápsulas, Lda.	Mozelos	PORTUGAL	60%
Elfverson & Co. AB	Paryd	SWEDEN	53%
Equipar, Participações Integradas, Lda.	Coruche	PORTUGAL	100%
Francisco Oller, S.A.	Girona	SPAIN	94%
Portocork Internacional, S.A.	Santa Maria Lamas	PORTUGAL	100%
Socori, S.A.	Rio Meão	PORTUGAL	70%
<b>Floor and Wall Coverings BU</b>			
Amorim Cork Flooring, S.A.	S. Paio de Oleiros	PORTUGAL	100%
Amorim Benelux, BV	Tholen	NETHERLANDS	100%
Amorim Deutschland, GmbH	Delmenhorts	GERMANY	100%
Amorim Subertech, S.A.	S. Paio de Oleiros	PORTUGAL	100%
Amorim Flooring (Switzerland) AG	Zug	SWITZERLAND	100%
Amorim Flooring North America Inc.	Hanover — Maryland	USA	100%
<b>Composite Cork BU</b>			
Amorim Cork Composites, S.A.	Mozelos	PORTUGAL	100%
Amorim Compocork, Lda.	Mozelos	PORTUGAL	—
Amorim Cork Composites, Inc.	Trevor — Wisconsin	USA	100%
Amorim Industrial Solutions — Imobiliária, S.A.	Corroios	PORTUGAL	100%
<b>Insulation Cork BU</b>			
Amorim Cork Insulation, S.A.	Vendas Novas	PORTUGAL	100%
<b>Holding Cortiça</b>			
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. ENERGY EFFICIENCY AND CLIMATE CHANGE - EMISSIONS IN THE VALUE CHAIN

In the case of energy consumption outside the organisation, and since there are no conversion factors in the bibliography that allow us to accurately refine this data, Corticeira Amorim has made an estimate of the energy consumption based on the emissions figures and the emission factors of the respective fuels, and it has therefore been necessary to make some considerations. For this reason, the calculation shown is an estimate, with a commitment from Corticeira Amorim to continue to work to consolidate the methodology used. The values shown, cover the most important aspects of the Corticeira Amorim value chain, for operations in Portugal.

Therefore, the following activities and assumptions were considered:

- Upstream and downstream transportation and distribution: the quantity of product bought and sold was considered, which corresponds to 95% of the total. The emission factors are associated with the transport of goods by sea, land and/or air;
- Waste generated in operations: the total of waste produced, and the waste sent to the respective recipients was considered. The emission factors are associated with road transport per tonne transported;
- Business travel: the emission values are determined by the travel agency;
- Employee commuting: the distances covered by employees were measured. The emission factor is associated to road transport through the distance covered by employees on the home-work-home commute.

All emission factors considered were sourced from the information published by the GHG Protocol and Defra - Department for Environment, Food & Rural Affairs.

## 7.3. ECONOMIC PERFORMANCE

The values presented refer to Corticeira Amorim's consolidated figures (100% of companies included).

The revenues correspond to the sum of the following items: Sales and Provision of Services; Supplementary Income; Operating Subsidies; Own Works; Other Operating Income; Financial Income and Gains; Capital Gains from Real State (after deducting capital losses).

Operating costs do not include depreciation.

Investment into the local community only includes the amount of cash donations and does not include contributions and donations in kind.

## 7.4. ENERGY EFFICIENCY AND CLIMATE CHANGE - ENERGY

The conversion factors used for the SGCIE - Energy Intensive Consumption Management System audits (dispatch 17313/2008) were used for 2019:

Energy Source	Unit	Conversion factor
Natural Gas	GJ/1000m <sup>3</sup>	37.9
Propane Gas	GJ/t	46.7
Diesel	GJ/t	42.8
Gasoline	GJ/t	44.5
Biomass (Cork Dust)	GJ/t	15.7
Biomass (Other)	GJ/t	11.6
Electricity	GJ/kWh	0.0036

## 7.5. ENERGY EFFICIENCY AND CLIMATE CHANGE - EMISSIONS

The conversion factors used for the SGCIE - Energy Intensive Consumption Management System audits (dispatch 17313/2008) were used for the calculation of the CO<sub>2</sub> emissions. In the case of emissions associated with electricity consumption, the information available at the date of preparation by the Endesa vendor report (location method) and the SGCIE - Energy Intensive Consumption Management System reference (market method), (dispatch 17313/2008) were considered. Emissions located outside Portugal were considered to be of margin material importance (around 8%):

Emissions Source	Unit	Conversion factor
Natural Gas	Kg CO <sub>2</sub> /GJ	64.1
Propane Gas	Kg CO <sub>2</sub> /GJ	63
Diesel	Kg CO <sub>2</sub> /GJ	74
Gasoline	Kg CO <sub>2</sub> /GJ	69.2
Biomass (Cork Dust)	Kg CO <sub>2</sub> /GJ	0
Biomass (Others)	Kg CO <sub>2</sub> /GJ	0
Electricity - 2017 Supplier	g CO <sub>2</sub> /kWh	480.24
Electricity - 2018 Supplier*	g CO <sub>2</sub> /kWh	398.88
Electricity - 2019 Supplier	g CO <sub>2</sub> /kWh	270.45
Electricity - Location (Portugal)	g CO <sub>2</sub> /kWh	470.00

\*Updated according to the latest supplier reference

## 7.6. ENERGY EFFICIENCY AND CLIMATE CHANGE - ENERGY INTENSITY AND CARBON INTENSITY

In view of the diversity of applications and businesses of Corticeira Amorim, it is difficult to define an indicator that will allow us to clearly observe the trends in energy and CO<sub>2</sub> emissions in relation to the level of activity. Over time, we have tried to respond to this need by analysing different indicators and in recent years we have opted for the energy consumption/emissions ratio and the value of the company's total sales, which presented us with some limitations. These relate to the differences between the perimeter considered in the numerator (more restricted) and the perimeter considered in the denominator (broader), which become more evident in years of material changes in perimeter. In 2019, this limitation is remedied by matching the perimeter of the numerator with that of the denominator. For the purposes of comparison with 2018, the recalculation was applied. The recalculation for carbon intensity also considers the latest information from the energy supplier. In the calculation of energy intensity and carbon intensity for 2019 and 2018, sales figures were taken to be 643,135 thousand euros and 650,871 thousand euros, which correspond to the consolidated sales of the respective perimeters considered in each year's sustainability report.

## 7.7. HEALTH AND SAFETY AT WORK

The procedure for calculating the frequency rate, occupational disease rate and lost day rate corresponds to the ILO Code of practice. The formulas considered are as follows:

- Frequency rate = number of accidents/hours worked x 1,000,000;
- Occupational disease rate = number of occupational disease cases/hours worked x 1,000,000;
- Lost day rate = number of days lost/hours worked x 1,000,000;
- Absenteeism rate = days of absence/potential days of work.

As in the previous financial year, the calculation of the potential days discounted any public holidays that directly affected the absenteeism rate.

To calculate the frequency rate, only the accidents that resulted in lost days were considered.

To determine the days lost, the number of working days are considered, starting from the day following the occurrence of the accident until the return to the work of the person concerned.



# [8.] GRI Table

GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG																																																																																																
<b>GRI 102 – GENERAL DISCLOSURES 2016</b>																																																																																																			
Organisational profile																																																																																																			
102-1	Name of the organisation	1. Corticeira Amorim – 1.1. Who we are and what we do																																																																																																	
102-2	Activities, brands, products, and services	1. Corticeira Amorim – 1.1. Who we are and what we do																																																																																																	
102-3	Location of headquarters	1. Corticeira Amorim – 1.1. Who we are and what we do																																																																																																	
102-4	Location of operations	Consolidated Annual Report 31-12-2019 – Worldwide Presence																																																																																																	
102-5	Ownership and legal form	1. Corticeira Amorim – 1.1. Who we are and what we do																																																																																																	
102-6	Mercados servidos	1. Corticeira Amorim – 1.1. Who we are and what we do   Consolidated Annual Report 31-12-2019 – Worldwide Presence																																																																																																	
102-7	Scale of the organisation	1. Corticeira Amorim – 1.1. Who we are and what we do   6. People – 6.1. Training and development   Consolidated Annual Report 31-12-2019 - Organizational Chart   Consolidated Management Report – 10. Consolidated Demonstration of the Financial Position and 11. Main Consolidated Figures																																																																																																	
102-8	Information on employees and other workers	<p>6. People – 6.1. Training and development</p> <table border="1"> <thead> <tr> <th>Total number of employees by gender and employment contract</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Woman</td> <td>864</td> <td>831</td> <td>737</td> </tr> <tr> <td>Permanent</td> <td>748</td> <td>707</td> <td>630</td> </tr> <tr> <td>Fixed Term Contract</td> <td>116</td> <td>124</td> <td>107</td> </tr> <tr> <td>Men</td> <td>2,547</td> <td>2,455</td> <td>2,162</td> </tr> <tr> <td>Permanent</td> <td>2,127</td> <td>2,041</td> <td>1,753</td> </tr> <tr> <td>Fixed Term Contract</td> <td>420</td> <td>414</td> <td>409</td> </tr> <tr> <td>TOTAL</td> <td>3,411</td> <td>3,286</td> <td>2,899</td> </tr> <tr> <th>Total number of employees by region and employment contract</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> <tr> <td>Portugal</td> <td>2,935</td> <td>2,810</td> <td>2,469</td> </tr> <tr> <td>Permanent</td> <td>2,435</td> <td>2,312</td> <td>1,991</td> </tr> <tr> <td>Fixed Term Contract</td> <td>500</td> <td>498</td> <td>478</td> </tr> <tr> <td>Rest of the World</td> <td>476</td> <td>476</td> <td>430</td> </tr> <tr> <td>Permanent</td> <td>440</td> <td>436</td> <td>392</td> </tr> <tr> <td>Fixed Term Contract</td> <td>36</td> <td>40</td> <td>38</td> </tr> <tr> <td>TOTAL</td> <td>3,411</td> <td>3,286</td> <td>2,899</td> </tr> <tr> <th>Total number of employees by gender and type of work</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> <tr> <td>Women</td> <td>864</td> <td>831</td> <td>737</td> </tr> <tr> <td>Full-time</td> <td>855</td> <td>824</td> <td>727</td> </tr> <tr> <td>Part-time</td> <td>9</td> <td>7</td> <td>10</td> </tr> <tr> <td>Men</td> <td>2,547</td> <td>2,455</td> <td>2,162</td> </tr> <tr> <td>Full-time</td> <td>2,524</td> <td>2,423</td> <td>2,125</td> </tr> <tr> <td>Part-time</td> <td>23</td> <td>32</td> <td>37</td> </tr> <tr> <td>TOTAL</td> <td>3,411</td> <td>3,286</td> <td>2,899</td> </tr> </tbody> </table>	Total number of employees by gender and employment contract	2019	2018	2017	Woman	864	831	737	Permanent	748	707	630	Fixed Term Contract	116	124	107	Men	2,547	2,455	2,162	Permanent	2,127	2,041	1,753	Fixed Term Contract	420	414	409	TOTAL	3,411	3,286	2,899	Total number of employees by region and employment contract	2019	2018	2017	Portugal	2,935	2,810	2,469	Permanent	2,435	2,312	1,991	Fixed Term Contract	500	498	478	Rest of the World	476	476	430	Permanent	440	436	392	Fixed Term Contract	36	40	38	TOTAL	3,411	3,286	2,899	Total number of employees by gender and type of work	2019	2018	2017	Women	864	831	737	Full-time	855	824	727	Part-time	9	7	10	Men	2,547	2,455	2,162	Full-time	2,524	2,423	2,125	Part-time	23	32	37	TOTAL	3,411	3,286	2,899	
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102-9	Supply chain	3. How we do it – 3.2. Responsible supplier management																																																																																																	

GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG
102-10	Significant changes to the organisation and its supply chain	In 2019, Corticeira Amorim, celebrated an agreement for the acquisition of 50% of VINOLOK Society, a.s., based in Jablonec nad Nisou, Czech Republic.	
102-11	Precautionary principle or approach	Corporate Governance Report – C. Internal Organisation	
102-12	External initiatives	In, november 2017, Corticeira Amorim subscribed to the Charter of Principles of BCSD Portugal. The Letter establishes the fundamental sustainability principles that companies voluntarily adopt, actively committing themselves to the transition to the sustainability. For further information: <a href="http://www.bcsdportugal.org/en/wp-content/uploads/2019/02/Carta_Principios_BCSDPortugal_ENG.pdf">www.bcsdportugal.org/en/wp-content/uploads/2019/02/Carta_Principios_BCSDPortugal_ENG.pdf</a> Corticeira Amorim is a member of Porto Protocol, and is committed to guide its activity through good environmental principles, as well as executing projects that improve its sustainability. The list of the members, including Corticeira Amorim, can be consulted in: <a href="http://www.portoprotocol.com/members/list-of-members/">www.portoprotocol.com/members/list-of-members/</a>	
102-13	Membership of associations	6. People – 6.4. Participation in associations	
<b>Strategy and analysis</b>			
102-14	Statement from senior decision-maker	Consolidated Annual Report 31-12-2019 – Chairman’s letter	
102-15	Key impacts, risks, and opportunities	Consolidated Management Report – 14. Business Risks and Uncertainties	
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	1. Who we are and what we do   3. How we do it – 3.1. Responsible conduct	
102-17	Mechanisms for advice and concerns about ethics	3. How we do it – 3.1. Responsible conduct	
<b>Governance</b>			
102-18	Governance structure	2. Our sustainability model – 2.1. Sustainability strategy and path   Corporate Governance Report - B. Corporate Boards and Committees	
102-24	Nominating and selecting the highest governance body	Corporate Governance Report - B. Corporate Boards and Committees	
<b>Stakeholder Engagement</b>			
102-40	List of stakeholder groups	2. Our Sustainability Model – 2.2. Our stakeholders	
102-41	Collective bargaining agreements	6. People – 6.1. Training and development	8
102-42	Identifying and selecting stakeholders	2. Our Sustainability Model – 2.2. Our stakeholders	
102-43	Approach to stakeholder engagement	2. Our Sustainability Model – 2.2. Our stakeholders	
102-44	Key topics and concerns raised	2. Our Sustainability Model – 2.1. Sustainability strategy and path	

GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG
Report profile			
102-45	Entities included in the consolidated financial statement	Introductory note   7. Methodological Notes	
102-46	Defining report content and topic boundaries	Introductory note	
102-47	List of material topics	Introductory note	
102-48	Restatements of information	Introductory note   7. Methodological Notes	
102-49	Changes in reporting	Introductory note   7. Methodological Notes	
102-50	Reporting period	January 1st of 2019 to December 31st of 2019	
102-51	Date of most recent report	Sustainability Report 2018, covering the years 2016, 2017 and 2018	
102-52	Reporting cycle	Introductory note	
102-53	Contact point for questions regarding the report	Introductory note	
102-54	Claims of reporting in accordance with the GRI Standards	Introductory note	
102-55	GRI content index	Present table	
102-56	External assurance	Introductory note	
GRI 200 - ECONOMIC STANDARDS 2016			
Material aspect: GRI 201 - Economic Performance 2016			
Generic management approach	103-1	Explanation of the material topic and its boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the company's internal perspective. In direct relation to economic performance, the topic "Economic Performance" was considered a topic with a high materiality (materiality matrix – Introductory note).
	103-2	The management approach and its components	Corticeira Amorim has over the years promoted several initiatives related to economic performance (4. Innovation and Economic Performance).
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (4. Innovation and Economic Performance - 4.2. Economic performance).
201-1	Direct economic value generated and distributed	4. Innovation and Economic Performance - 4.2. Economic performance   7. Methodological Notes – 7.3. Economic performance	
201-2	Financial implications and other risks and opportunities due to climate change	Consolidated Management Report - 14. Business Risks and Uncertainties   Corporate Governance Report – C. Internal Organisation, III. Control and Risk Management   4. Innovation and Economic Performance   5. Environment – 5.1. Promotion of the <i>montado</i> , its biodiversity and ecosystem services and 5.2. Energy efficiency and climate change and 5.3. Product environmental impact and 5.4. Circular economy	
201-3	Defined benefit plan obligations and other retirement plans	4. Innovation and Economic Performance – 4.2. Economic performance   6. People – 6.1. Training and development	
Aspect: GRI 202 – Market presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	6. People – 6.1. Training and development	5 and 8

GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG
<b>Aspect: GRI 204 – Procurement practice 2016</b>			
204-1	Proportion of spending on local suppliers	3. How We Do It – 3.2 Responsible supplier management	12
<b>Aspect: GRI 205 – Anti-corruption 2016</b>			
205-1	Operations assessed for risks related to corruption	3. How We Do It - 3.1. Responsible conduct	
205-2	Confirmed incidents of corruption and actions taken	3. How We Do It - 3.1. Responsible conduct	
205-3	Confirmed incidents of corruption and actions taken	3. How We Do It - 3.1. Responsible conduct	
<b>Material Aspect: Research, development and innovation</b>			
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from the stakeholders consultation with the company's internal perspective. In direct relation to research, development and innovation, the topic "Research, Development and Innovation" was considered a topic with a high materiality (materiality matrix – Introductory note).
	103-2	The management approach and it's components	Corticeira Amorim has over the years promoted several initiatives relating to research, development and innovation (4. Innovation and Economic Performance).
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (4. Innovation and Economic Performance - 4.1. Research, development and innovation).
	Average annual investment	4. Innovation and Economic Performance - 4.1. Research, development and innovation	8 and 9
	Submission of patents	4. Innovation and Economic Performance - 4.1. Research, development and innovation	8 and 9
<b>GRI 300 – ENVIRONMENTAL STANDARDS 2016</b>			
<b>Aspect: GRI 301 - Materials 2016</b>			
301-1	Materials used by weight or volume	5. Environment – 5.4. Circular economy Note: report of the percentage of materials consumed that are of renewable origin.	12
<b>Material Aspect: GRI 302-Energy 2016</b>			
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to energy, the topic "Energy Efficiency and Climate Change" was considered a topic with a high materiality (materiality matrix – Introductory note).
	103-2	The management approach and it's components	Corticeira Amorim has promoted over the years several initiatives related to energy consumption (5. Environment).
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Environment – 5.2. Energy efficiency and climate change).
Specific Management approach		Some Corticeira Amorim units are covered by regulations of the Energy Intensive Consumption Management System (SGCIE)	
302-1	Energy consumption within the organisation	5. Environment – 5.2. Energy efficiency and climate change   7. Methodological Notes - 7.4. Energy efficiency and climate change - energy	7,11 and 13
302-2	Energy consumption outside of the organisation	5. Environment – 5.2. Energy efficiency and climate change   7. Methodological Notes - 7.2. Energy efficiency and climate change – emissions in the value chain	7,11 and 13
302-3	Energy intensity	5. Environment – 5.2. Energy efficiency and climate change   7. Methodological Notes - 7.6. Energy efficiency and climate change – energy intensity and carbon intensity	7,11 and 13

GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG
302-4	Reduction of energy consumption	5. Environment – 5.2. Energy efficiency and climate change	7,11 and 13
302-5	Reductions in energy requirements of products and services	5. Environment – 5.2. Energy efficiency and climate change	7,11 and 13
Material Aspect: GRI 303-Water 2016			
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to water, the topic "Energy Efficiency and Climate Change" was considered a topic with a high materiality (materiality matrix – Introductory note).
	103-2	The management approach and it's components	Corticeira Amorim has over the years promoted several initiatives related to use and water management (5. Environment).
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Environment – 5.2. Energy efficiency and climate change).
303-1	Water withdrawal by source	5. Environment – 5.2. Energy efficiency and climate change	6
	Water intensity	5. Environment – 5.2. Energy efficiency and climate change	
Material aspect: Product environmental impact			
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to the product environmental impact, the topic "Product Environmental Impact" was considered a topic with a high materiality (materiality matrix – Introductory note).
	103-2	The management approach and it's components	Corticeira Amorim has over the years promoted several initiatives related to product environmental impact (5. Environment).
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Environment – 5.3. Product environmental impact).
	Green products	5. Environment – 5.3. Product environmental impact	6, 7 and 13
Material aspect: GRI 304 – Biodiversity 2016			
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. With direct relation to biodiversity, the topic "Promotion of the <i>Montado</i> , Its Biodiversity and Ecosystem Services" was considered a topic with a high materiality (materiality matrix – Introductory note).
	103-2	The management approach and it's components	Corticeira Amorim has promoted over the years several initiatives related to biodiversity (5. Environment).
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Environment – 5.1. Promotion of the <i>montado</i> , its biodiversity and ecosystem services).
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5. Environment – 5.1. Promotion of the <i>montado</i> , its biodiversity and ecosystem services	11, 12 and 15
304-2	Significant impacts of activities, products, and services on biodiversity	5. Environment – 5.1. Promotion of the <i>montado</i> , its biodiversity and ecosystem services	11, 12 and 15

GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG	
<b>Material Aspect: GRI 305 - Emissions 2016</b>				
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison from stakeholders consultation with the Company's internal perspective. In direct relation to emissions, the topic "Energy Efficiency and Climate Change" was considered a topic with a high materiality (materiality matrix – Introductory note).	
	103-2	The management approach and it's components	Corticeira Amorim has promoted over the years several initiatives related to emissions (5. Environment).	
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Environment – 5.2. Energy efficiency and climate change).	
Specific Management Approach		Some Corticeira Amorim units are covered by regulations of the Energy Intensive Consumption Management System (SGCIE)		
305-1	Direct (Scope 1) GHG emissions	5. Environment – 5.2. Energy efficiency and climate change   7. Methodological Notes - 7.5. Energy efficiency and climate change - emissions	7, 11 and 13	
305-2	Energy indirect (Scope 2) GHG emissions	5. Environment – 5.2. Energy efficiency and climate change   7. Methodological Notes - 7.5. Energy efficiency and climate change - emissions	7, 11 and 13	
305-3	Other indirect (Scope 3) GHG emissions	5. Environment – 5.2. Energy efficiency and climate change   7. Methodological Notes - 7.5. Energy efficiency and climate change - emissions	7, 11 and 13	
305-4	GHG emissions intensity	5. Environment – 5.2. Energy efficiency and climate change   7. Methodological Notes - 7.6. Energy efficiency and climate change - energy intensity and carbon intensity	7, 11 and 13	
305-5	Reduction of GHG emissions	5. Environment – 5.2. Energy efficiency and climate change	7, 11 and 13	
<b>Material Aspect: GRI 306 – Effluents and waste 2016</b>				
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to effluents and waste, the topic "Circular Economy" was considered a topic with a high materiality (materiality matrix – Introductory note).	
	103-2	The management approach and it's components	Corticeira Amorim has promoted over the years several initiatives related to the management of effluents and waste (5. Environment).	
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5. Environment – 5.4. Circular economy).	
306-2	Waste by type and disposal method	5. Environment – 5.4. Circular economy	8 and 12	
<b>Aspect: GRI 307 – Environmental Compliance 2016</b>				
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.		
<b>Aspect: GRI 308 – Supplier environmental assessment 2016</b>				
308-2	Negative environmental impacts in the supply chain and actions taken	3. How We Do It – 3.2. Responsible supplier management	8, 12 and 17	

GRI REF.	DESCRIPTION	VALUE / LOCATION	SDG																																																																												
GRI 400 –SOCIAL STANDARDS 2016																																																																															
Material Topic: GRI 401 – Employment 2016																																																																															
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to employment, the topic "Training and Development" was considered a topic with a high materiality (materiality matrix – Introductory note).																																																																												
	103-2	The management approach and it's components	Corticeira Amorim has promoted over the years several initiatives related to employment (6. People).																																																																												
	103-3	Evaluation of the management approach	Corticeira Amorim performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (6. People – 6.1. Training and development).																																																																												
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	<p>6. People – 6.1. Training and development</p> <table border="1"> <thead> <tr> <th>Number and rate of turnover and new hires by age range, gender and region</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Number of hires</td> <td>524</td> <td>455</td> <td>362</td> </tr> <tr> <td>Rate of new hire</td> <td>15%</td> <td>14%</td> <td>12%</td> </tr> <tr> <td>&lt;30</td> <td>6%</td> <td>7%</td> <td>6%</td> </tr> <tr> <td>30 a 50</td> <td>6%</td> <td>6%</td> <td>6%</td> </tr> <tr> <td>&gt;50</td> <td>3%</td> <td>1%</td> <td>1%</td> </tr> <tr> <td>Female</td> <td>4%</td> <td>3%</td> <td>3%</td> </tr> <tr> <td>Male</td> <td>12%</td> <td>11%</td> <td>10%</td> </tr> <tr> <td>Portugal</td> <td>14%</td> <td>10%</td> <td>9%</td> </tr> <tr> <td>Rest of the World</td> <td>24%</td> <td>4%</td> <td>3%</td> </tr> <tr> <td>Number of exits</td> <td>392</td> <td>475</td> <td>344</td> </tr> <tr> <td>Turnover rate</td> <td>11%</td> <td>14%</td> <td>12%</td> </tr> <tr> <td>&lt;30</td> <td>3%</td> <td>4%</td> <td>4%</td> </tr> <tr> <td>30 a 50</td> <td>5%</td> <td>6%</td> <td>5%</td> </tr> <tr> <td>&gt;50</td> <td>4%</td> <td>5%</td> <td>3%</td> </tr> <tr> <td>Female</td> <td>3%</td> <td>3%</td> <td>2%</td> </tr> <tr> <td>Male</td> <td>9%</td> <td>11%</td> <td>10%</td> </tr> <tr> <td>Portugal</td> <td>9%</td> <td>11%</td> <td>9%</td> </tr> <tr> <td>Rest of the World</td> <td>25%</td> <td>3%</td> <td>3%</td> </tr> </tbody> </table>	Number and rate of turnover and new hires by age range, gender and region	2019	2018	2017	Number of hires	524	455	362	Rate of new hire	15%	14%	12%	<30	6%	7%	6%	30 a 50	6%	6%	6%	>50	3%	1%	1%	Female	4%	3%	3%	Male	12%	11%	10%	Portugal	14%	10%	9%	Rest of the World	24%	4%	3%	Number of exits	392	475	344	Turnover rate	11%	14%	12%	<30	3%	4%	4%	30 a 50	5%	6%	5%	>50	4%	5%	3%	Female	3%	3%	2%	Male	9%	11%	10%	Portugal	9%	11%	9%	Rest of the World	25%	3%	3%	5 and 8
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Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to labour relations, the topic "Training and Development" was considered a topic of high materiality (materiality matrix – Introductory note).																																																																												
	103-2	The management approach and it's components	Corticeira Amorim has promoted over the years several initiatives related to labour relations (6. People).																																																																												
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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.	8																																																																
Material Topic: GRI 403 – Occupational health and safety 2016																																																																			
Generic management approach	103-1	Explanation of the material topic and it's boundary	The material topics of Corticeira Amorim were based on the comparison of the results from stakeholders consultation with the Company's internal perspective. In direct relation to health and safety at work, the topic "Health and Safety at Work" was considered a topic with a high materiality (materiality matrix – Introductory note).																																																																
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403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	6. People – 6.2. Health and safety at work   7. Methodological Notes – 7.7. Health and safety at work  <table border="1"> <thead> <tr> <th>Ratios of accidents, professional illnesses, lost days, and absenteeism, and number of work-related fatalities, by gender</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Number of accidents in the workplace</td> <td>107</td> <td>115</td> <td>130</td> </tr> <tr> <td>Female</td> <td>10</td> <td>9</td> <td>21</td> </tr> <tr> <td>Male</td> <td>97</td> <td>106</td> <td>109</td> </tr> <tr> <td>Accident frequency index</td> <td>18.8</td> <td>20.9</td> <td>21.1</td> </tr> <tr> <td>Female</td> <td>7.2</td> <td>6.7</td> <td>14.3</td> </tr> <tr> <td>Male</td> <td>22.6</td> <td>25.4</td> <td>23.2</td> </tr> <tr> <td>Work-related illness rate **</td> <td>3.7</td> <td>7.1</td> <td>1.6</td> </tr> <tr> <td>Female</td> <td>4.3</td> <td>10.5</td> <td>0.0</td> </tr> <tr> <td>Male</td> <td>3.5</td> <td>6.0</td> <td>2.1</td> </tr> <tr> <td>Lost working days rate</td> <td>527</td> <td>737</td> <td>547</td> </tr> <tr> <td>Female</td> <td>347</td> <td>433</td> <td>304</td> </tr> <tr> <td>Male</td> <td>586</td> <td>800</td> <td>623</td> </tr> <tr> <td>Absenteeism rate ***</td> <td>5.7%</td> <td>3.7%</td> <td>3.4%</td> </tr> <tr> <td>Female</td> <td>7.6%</td> <td>4.8%</td> <td>4.3%</td> </tr> <tr> <td>Male</td> <td>5.0%</td> <td>3.3%</td> <td>3.1%</td> </tr> </tbody> </table> ** Changing criteria for the certification of occupational disease, as well as validation of several cases pending from previous years *** Change in the calculation according to the methodological notes	Ratios of accidents, professional illnesses, lost days, and absenteeism, and number of work-related fatalities, by gender	2019	2018	2017	Number of accidents in the workplace	107	115	130	Female	10	9	21	Male	97	106	109	Accident frequency index	18.8	20.9	21.1	Female	7.2	6.7	14.3	Male	22.6	25.4	23.2	Work-related illness rate **	3.7	7.1	1.6	Female	4.3	10.5	0.0	Male	3.5	6.0	2.1	Lost working days rate	527	737	547	Female	347	433	304	Male	586	800	623	Absenteeism rate ***	5.7%	3.7%	3.4%	Female	7.6%	4.8%	4.3%	Male	5.0%	3.3%	3.1%	3 and 8
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404-1	Average hours of training per year per employee	6. People - 6.1. Training and development	<table border="1"> <thead> <tr> <th></th> <th>Total hours training</th> <th>Hours per employee</th> </tr> </thead> <tbody> <tr> <td>Directors</td> <td>68</td> <td>3</td> </tr> <tr> <td>Managers</td> <td>2,251</td> <td>24</td> </tr> <tr> <td>Heads of Department</td> <td>1,485</td> <td>14</td> </tr> <tr> <td>Sales Staff</td> <td>1,018</td> <td>11</td> </tr> <tr> <td>Management Support Technicians</td> <td>15,266</td> <td>64</td> </tr> <tr> <td>Team Leader</td> <td>1,137</td> <td>12</td> </tr> <tr> <td>Administrative Staff</td> <td>2,245</td> <td>10</td> </tr> <tr> <td>Maintenance, Quality and Logistics Technicians</td> <td>8,598</td> <td>23</td> </tr> <tr> <td>Production Operators</td> <td>14,650</td> <td>7</td> </tr> <tr> <td>Female</td> <td>15,711</td> <td>18</td> </tr> <tr> <td>Male</td> <td>31,006</td> <td>12</td> </tr> </tbody> </table>		Total hours training	Hours per employee	Directors	68	3	Managers	2,251	24	Heads of Department	1,485	14	Sales Staff	1,018	11	Management Support Technicians	15,266	64	Team Leader	1,137	12	Administrative Staff	2,245	10	Maintenance, Quality and Logistics Technicians	8,598	23	Production Operators	14,650	7	Female	15,711	18	Male	31,006	12	4, 5 and 8
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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	<p>6. People – 6.1. Training and development – Diversity and equal opportunities</p> <p>Total number of employees by professional category, gender and age range</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Age</th> <th colspan="2">Gender</th> <th rowspan="2">Total</th> </tr> <tr> <th>&lt; 30</th> <th>30 a 50</th> <th>&gt; 50</th> <th>Female</th> <th>Male</th> </tr> </thead> <tbody> <tr> <td>Directors</td> <td>0</td> <td>5</td> <td>20</td> <td>1</td> <td>24</td> </tr> <tr> <td>Managers</td> <td>0</td> <td>55</td> <td>37</td> <td>10</td> <td>82</td> </tr> <tr> <td>Heads of Department</td> <td>13</td> <td>62</td> <td>31</td> <td>33</td> <td>73</td> </tr> <tr> <td>Sales Staff</td> <td>6</td> <td>52</td> <td>31</td> <td>14</td> <td>75</td> </tr> <tr> <td>Management Support Technicians</td> <td>91</td> <td>117</td> <td>32</td> <td>102</td> <td>138</td> </tr> <tr> <td>Team Leader</td> <td>8</td> <td>51</td> <td>36</td> <td>19</td> <td>76</td> </tr> <tr> <td>Administrative Staff</td> <td>19</td> <td>132</td> <td>82</td> <td>144</td> <td>89</td> </tr> <tr> <td>Maintenance, Quality and Logistics Technicians</td> <td>59</td> <td>186</td> <td>125</td> <td>80</td> <td>290</td> </tr> <tr> <td>Production Operators</td> <td>342</td> <td>1,104</td> <td>715</td> <td>461</td> <td>1,700</td> </tr> <tr> <td>Total 2017</td> <td>395</td> <td>1,548</td> <td>956</td> <td>737</td> <td>2,162</td> <td>2,899</td> </tr> <tr> <td>Total 2018</td> <td>473</td> <td>1,753</td> <td>1,060</td> <td>831</td> <td>2,455</td> <td>3,286</td> </tr> <tr> <td>Total 2019</td> <td>538</td> <td>1,764</td> <td>1,109</td> <td>864</td> <td>2,547</td> <td>3,411</td> </tr> </tbody> </table>		Age			Gender		Total	< 30	30 a 50	> 50	Female	Male	Directors	0	5	20	1	24	Managers	0	55	37	10	82	Heads of Department	13	62	31	33	73	Sales Staff	6	52	31	14	75	Management Support Technicians	91	117	32	102	138	Team Leader	8	51	36	19	76	Administrative Staff	19	132	82	144	89	Maintenance, Quality and Logistics Technicians	59	186	125	80	290	Production Operators	342	1,104	715	461	1,700	Total 2017	395	1,548	956	737	2,162	2,899	Total 2018	473	1,753	1,060	831	2,455	3,286	Total 2019	538	1,764	1,109	864	2,547	3,411	5 and 8
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405-2	Ratio of basic salary and remuneration of women to men	6. People – 6.1. Training and development – Diversity and equal opportunities <table border="1"> <thead> <tr> <th>Racio of remuneration between women and men, by professional category</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Managers</td> <td>0.7</td> <td>0.6</td> <td>0.7</td> </tr> <tr> <td>Heads of Department</td> <td>0.9</td> <td>0.9</td> <td>0.7</td> </tr> <tr> <td>Sales Staff</td> <td>0.9</td> <td>0.7</td> <td>0.7</td> </tr> <tr> <td>Management Support Technicians</td> <td>0.8</td> <td>0.7</td> <td>0.8</td> </tr> <tr> <td>Team Leaders</td> <td>1.0</td> <td>1.1</td> <td>1.0</td> </tr> <tr> <td>Administrative Staff</td> <td>1.1</td> <td>1.0</td> <td>1.1</td> </tr> <tr> <td>Maintenance, Quality and Logistics Technicians</td> <td>0.8</td> <td>0.9</td> <td>0.8</td> </tr> <tr> <td>Production Operators</td> <td>0.8</td> <td>0.9</td> <td>0.9</td> </tr> </tbody> </table>	Racio of remuneration between women and men, by professional category	2019	2018	2017	Managers	0.7	0.6	0.7	Heads of Department	0.9	0.9	0.7	Sales Staff	0.9	0.7	0.7	Management Support Technicians	0.8	0.7	0.8	Team Leaders	1.0	1.1	1.0	Administrative Staff	1.1	1.0	1.1	Maintenance, Quality and Logistics Technicians	0.8	0.9	0.8	Production Operators	0.8	0.9	0.9	5 and 8
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Aspect: GRI 413 – Local communities 2016																																							
413-1	Operations with local community engagement, impact assessments, and development programs	6. People – 6.3. Operations with local community e 6.4. Participation in associations																																					
Aspect: GRI 414 – Supplier Social Assessments 2016																																							
414-2	Negative social impacts in the supply chain and actions taken	3. How We Do It – 3.2. Responsible management of the supply chain	8, 12 and 17																																				
Aspect: GRI 415 – Public policy 2016																																							
415-1	Political contributions	Corticeira Amorim is a nonpartisan and non-political organization. It doesn't support financially or in kind, under any circumstances, political parties, organizations or individuals associated with these whose mission is essentially political.																																					

Mozelos, March 23, 2020

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

# [9.] Independent Verification Report

## Independent Limited Assurance Report of the Sustainability Report

(Free translation from the Original Independent Limited Assurance Report in Portuguese dated March 25, 2020.  
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 2019 Sustainability Report (hereinafter the "Sustainability Report") included in the "Report and Accounts 2019", relating to the sustainability activities carried out from 1 January to 31 December 2019.

### Responsibilities

2. The Board of Directors is responsible for preparing the "Sustainability Report", and to maintain an appropriate internal control system that allows the information presented to be free of material misstatements due to fraud or error.
3. It is our responsibility to issue a limited assurance report, professional and independent, based on the procedures performed and described in the "Scope" section below.

### Scope

4. Our review procedures have been planned and executed in accordance with the International Standard on Assurance Engagements (ISAE 3000, Revised) - "Assurance engagements other than Audits and Reviews of Historical Financial Information", for a limited level of assurance.
5. A limited assurance engagement consists mainly in the formulation of questions to those in charge of the organization and in analytical procedures, including review tests on a sample basis. Therefore, the assurance provided by these procedures is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our independent review procedures comprised the following:
  - ▶ Conducting interviews with Management, in order to understand how the information system is structured and assess their level of knowledge of the topics addressed in the report;
  - ▶ Review of the processes, criteria and systems adopted to collect, consolidate, report and validate the data for the year 2019;
  - ▶ Analytical review, on a sample basis, of the data calculated by Management, and verification of quantitative and qualitative information disclosed in the report;
  - ▶ Confirmation on how collection, consolidation, validation and report procedures are being implemented in selected operating units;
  - ▶ Verification of the conformity of the information included in the non-financial information statements with the results of our work.
6. Regarding sustainability reporting standards of the Global Reporting Initiative - GRI Standards 2016, we performed a review of the self-evaluation made by Management of the adopted option to apply the GRI Standards 2016 and conformity with Article 508 G of the Portuguese Companies Act (Código das Sociedades Comerciais) and 245 A, paragraph r) of the Securities Market Code (Código do Mercado dos Valores Mobiliários) with respect to non-financial and diversity disclosures.

## Quality and independence

7. Our firm applies International Standard on Quality Control 1 (ISQC 1), and consequently maintains a global quality control system which includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and the legal and regulatory provisions applicable and we comply with the independence and ethical requirements of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics and the Code of Ethics of the Order of Chartered Accountants (OROC).

## Conclusion

8. Based on our work, nothing has come to our attention that causes us to believe that the systems and procedures for the collection, consolidation, validation and reporting of the information included in the "Sustainability Report" are not operating appropriately and the information disclosed is not free from relevant material misstatements. Additionally, nothing has come to our attention that causes us to believe that the "Sustainability Report" do not include all the required data and information for a Core option as defined by the GRI Standards 2016 and by the Article 508-G of the Portuguese Companies Act and paragraph r) of the article 245-A of the Securities Market Code.

Porto, March 25, 2020

Ernst & Young Audit & Associados - SROC, S.A.  
Sociedade de Revisores Oficiais de Contas (nr. 178)  
Represented by:

(signed)

Rui Manuel da Cunha Vieira - ROC nr. 1154  
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