



# Sustainability Report

# MESSAGE FROM THE DIRECTOR OF SUSTAINABILITY



Dear Stakeholder,

Corticeira Amorim has been publishing regular reports on its sustainability strategy, policies and performance for more than a decade. This report resumes the annual publication of our management practices in relation to the main economic, environmental and social impacts we face and is now being included with the consolidated annual report. This will help us to reach a wider audience of stakeholders and to promote the environmental, social and economic advantages of cork products and solutions, an example of a rare harmony that meets the needs of people and nature.

The circular economy is attracting growing attention from government, companies and society in general. Although the underlying concept is not new, this new economic model, based on optimising product life cycles, is defined as an alternative solution for minimising raw material and energy consumption.

The cork ecosystem makes Corticeira Amorim an outstanding example of a circular economy, involving as it does, cyclical cork extraction that does not damage the tree, an integrated production process that does not generate waste and synergies with other materials and by-products, promoting recycling and extending the useful life of resources.

What distinguishes us is our vertical and integrated management of cork through the whole production process, valuing the totality of this renewable natural resource. We are constantly looking for ways to optimise the consumption of other materials and what is left over from the manufacturing process, 90% is destined for recovery, with clear environmental and economic advantages. We also apply our knowhow in numerous research and innovation projects aimed at discovering new combinations of cork with recyclable materials, such as foams and polymers used in the footwear, automobile and packaging industries, and in developing technical applications with high added value.

We continue to support a number of successful initiatives around the world for the selective collection of used cork stoppers. These are promoted in partnership with local NGOs and part of the income from them is used to support important causes such as reforestation, environmental education and the specific intervention areas in which the NGOs are involved. In 2017, the amount of recycled cork used in the production of other high valued-added products and solutions increased. There is still, however, plenty of room for growth.

We continue to strive to use energy more efficiently, reducing not only the economic costs, but also the associated environmental impacts, seeking to reduce the emission of greenhouse gases. We have put in place an efficient energy mix, optimising our endogenous energy source (cork powder, which is used to meet about two thirds of the Group's energy needs) and have achieved important improvements in production processes, as reflected in the ISO 50001 and ISO 14001 standard certifications obtained by some of our industrial units.

Corticeira Amorim's circular economy contributes in a significant way to achieving the United Nations' Sustainable Development Goal (SDG) number 12 – sustainable consumption and production. In the way the UN's SDGs relate to the Group's business areas, we have also seen that our sustainability strategy is clearly in line with another 10 SDGs. These include Corticeira Amorim's pioneering work on the regeneration of natural capital; its fundamental role as a direct employer in the geographical areas where it operates; its implementation of people management practices that create work environments where plurality and difference are key factors for continuous improvement and innovation; its work with communities and the value chain to promote sustainable development practices through example and awareness-raising initiatives; its commitment to research, development and innovation; and the concern for economic growth and social harmony that the Group has shown over almost 150 years of activity.

This is the path that we have been following in a safe and consistent way and it has produced remarkable results. It is a never-ending journey, the success of which depends on the trust and encouragement of our stakeholders and on the professionalism and skill of the whole Corticeira Amorim team – more than 4,200 cork ambassadors who carry our message and our example to the four corners of the world.

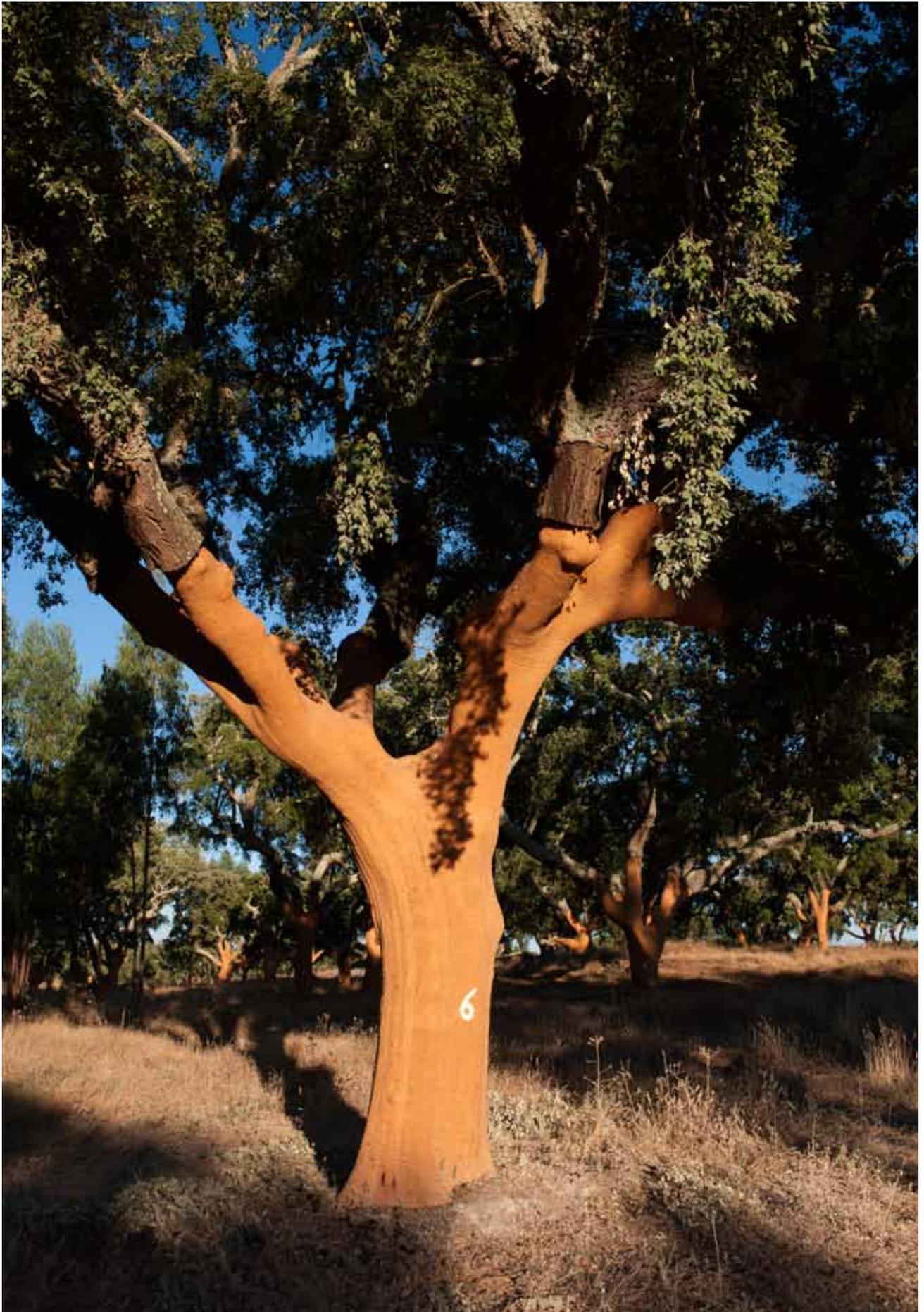
To all of you, a special word of appreciation.

Cordially,

**Cristina Rios de Amorim**

Administrator and Director of Sustainability





# 1

## ABOUT THE SUSTAINABILITY REPORT

Corticeira Amorim has regularly published a sustainability report since 2006 – an unprecedented practice in its business sector – promoting transparency, improving practices and fostering the adoption of the principles of sustainability both in its value chain and among its main stakeholders.

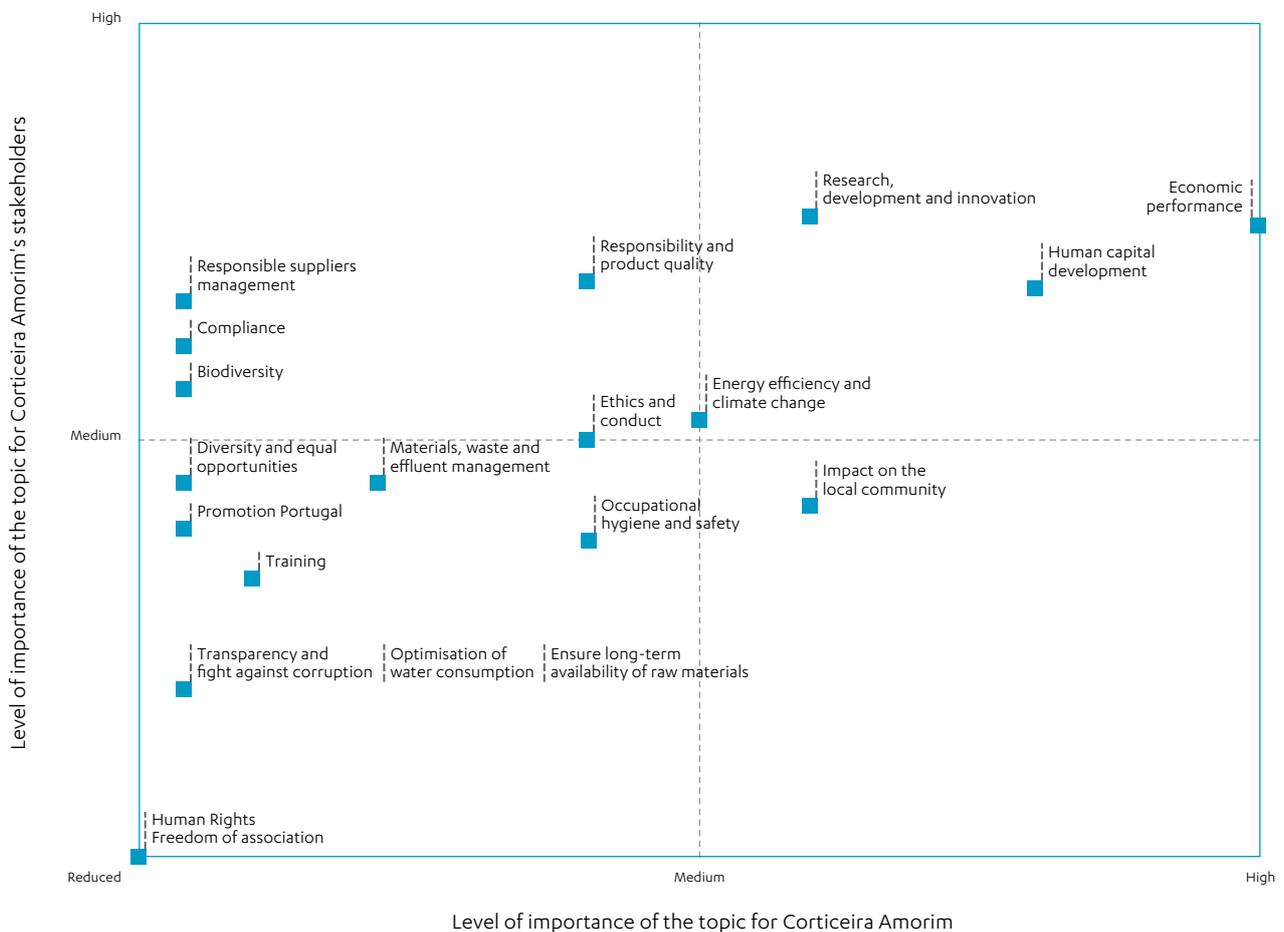
This current report, generically entitled Sustainability Report 2017, details the economic, social and environmental performance of the Corticeira Amorim Group for the years 2016 and 2017 (perimeter indicated below). It was prepared in accordance with the latest GRI guidelines – GRI Standards 2016 for the core level and meets the legal requirements introduced by Portugal’s Decree-Law no. 89/2017 of July 28, being, under article 508-G of the Commercial Companies Code, a Consolidated Non-Financial Statement of Corticeira Amorim, SGPS, SA.

Key indicators from previous years are included, where possible, appropriate and relevant, to provide stakeholders with a perspective of the company’s development.

The content of this report is complemented by publically accessible information contained in the Group’s Consolidated Management Report, the Corporate Governance Report and on the company website – [www.amorim.com](http://www.amorim.com).

Corticeira Amorim constructed a materiality matrix based on the results of a stakeholder consultation process (conducted in 2015) and the importance of the various sustainability themes that are relevant to the Group. This matrix illustrates the materiality of the different social, environmental and economic themes and served as a basis for the selection of the information contained in this report.

### Materiality Matrix – Corticeira Amorim



The process showed that the most significant topics for Corticeira Amorim and its stakeholders are: economic performance; research, development and innovation; energy efficiency and climate change; and human capital management. Given their importance to the group, biodiversity (the sustainable management of the cork oak) and occupational hygiene and safety were also considered relevant for the purposes of this report.

Corticeira Amorim plans to consult its stakeholders again during 2018 to update the materiality matrix.

The criterion adopted to define the universe of companies covered by this report was to include all units that generate significant impacts in regard to the areas referred to above. The scope of the report does not include all the companies in the Corticeira Amorim group, largely due to the difficulty of implementing sustainability information systems in smaller companies. The companies covered include 87% of the Group's industrial units and corresponded to 68% of its employees at the end of 2017.

The methodologies used to calculate indicators, used in addition to the GRI Standards Guidelines, are explained in chapter 7. Methodological Notes. Whenever the reported data does not refer to all the companies covered, the area covered considered is indicated. Similarly, whenever the reported data are derived from estimates, the basis on which these estimates are calculated is presented.

Validation of the sustainability information included in this report was conducted by Ernst & Young Audit & Associados, SROC, S.A..

This document is available at <https://www.amorim.com/en/sustainability/sustainability-reports/>. Clarifications can be requested from Corticeira Amorim using the email address: [natural.choice@corticeira.amorim.com](mailto:natural.choice@corticeira.amorim.com).



# 2

## CORTICEIRA AMORIM

### 2.1. ORGANISATIONAL PROFILE

#### Identification of the Organisation

Corticeira Amorim, SGPS, S.A. is a holding company with its registered office in Mozelos, Santa Maria da Feira. The shares that represent its share capital currently amount to €133 million and are listed on Euronext Lisbon.

#### Operational Structure

Organised into five Business Units (BUs) – Raw Materials, Cork Stoppers, Floor and Wall Coverings, Composite Cork and Insulation Cork – Corticeira Amorim operates in more than 100 countries on all continents, being the world’s largest cork company and one of the most international companies in Portugal.

Corticeira Amorim adopts a management model based on a strategic-operational holding concept, where the Business Units are coordinated by the Executive Board, which is empowered with broad management powers and is assisted by the support divisions, which monitor and coordinate the activities of the BUs, as illustrated in the diagram in chapter B. Corporate Boards and Committees of the Corporate Governance Report.

The use of the balanced scorecard method by Corticeira Amorim and its BUs enhances the strategic alignment of the whole organisation. It is the responsibility of Corticeira Amorim’s Board of Directors to approve the objectives and strategic initiatives that (i) apply to the whole organisation, and (ii) that are specific to Corticeira Amorim and to each BU.

#### Main Products and Services

Corticeira Amorim is continually deepening its knowledge of cork as a raw material, developing a vast portfolio of sustainable products and applications that are used by industries and organisations that are among the most demanding in the world in terms of quality – such as aerospace, construction, interior design, and wines and spirits. Highlights include:

**Cork Stoppers BU:** world leader in the production and supply of cork stoppers with an annual production of five billion units. Its extensive portfolio of natural cork stoppers (for wine, sparkling wine and spirits) and its own distribution network place it in an unparalleled position to supply the ideal cork stopper for every wine segment and in any part of the world;

**Floor and Wall Coverings BU:** world leader in the production and distribution of cork flooring and wall coverings. The BU is renowned for the quality, innovation and unique characteristics of its interior design solutions, which ensure a perfect combination of aesthetics, well-being and durability;

**Composite Cork BU:** this unit focuses on the production of cork granules, agglomerates and cork-rubber composites. The natural properties of cork, enhanced by combination with other materials, result in the development of cutting-edge solutions for a wide range of business sectors including construction, footwear, automobiles, aerospace, railways, electricity transformers and interior design, among others;

**Insulation Cork BU:** this unit is dedicated to the production of insulation materials with excellent technical performance standards that are rigorously 100% natural. The unique characteristics of expanded cork agglomerate ensure a high level of thermal, acoustic and anti-vibration insulation – as well as practically unlimited durability – making it a material of choice for sustainable construction projects. Because of its tactile appeal, it is also being increasingly used in interior design.

#### Participation in Associations

The companies of the Corticeira Amorim Group are members of the governing bodies and participate actively in the discussions of several Portuguese and international associations and organisations in areas of interest to its activities and the sustainable development of the countries where it operates. They include:

Organisation	Aim	Amorim Representative
 <p>Associação Portuguesa de Cortiça</p>	Cork sector business association that represents, promotes, disseminates and researches the Portuguese cork industry.	Vice-President of the Steering Committee and President of the General Meeting
 <p>Conselho Empresarial para o Desenvolvimento Sustentável</p>	A non-profitmaking public utility association that brings together and represents companies that commit to sustainability by developing inter-company projects that encourage sustainable development.	Vice-President of the Steering Committee
 <p>Associação para a Competitividade da Indústria da Floresta</p>	A body that supports the competitiveness and technological advancement of forest-based industries with the aim of protecting forests and guaranteeing their future without neglecting ecological, social and economic issues.	Secretary of the General Assembly and Steering Committee Member
 <p>WASTE PORTUGAL</p>	A non-profit collective whose purpose is to contribute to the production and dissemination of knowledge in the area of waste. It encourages action to enhance cooperation between entities operating in the waste sector by promoting and supporting the activities and projects of its associates that contribute to achieving the association’s goals.	Steering Committee Member
 <p>Plataforma para a Construção Sustentável</p>	A body that brings together companies, municipalities, research and development centres, business associations and other entities that believe in sustainability as a rallying banner for innovation and competitiveness.	Steering Committee Member
 <p>INSTITUTO DE CIÊNCIA E INOVAÇÃO PARA A BIO-SUSTENTABILIDADE</p>	A University of Minho initiative that brings together more than 80 researchers from diverse fields of knowledge – biology, civil engineering, electronics, materials, physics and mathematics – with the goal of finding solutions to the complex societal challenges associated with sustainability.	Strategic Council Member

## 2.2. PEOPLE AND CULTURE

Aware of its responsibility as a critical player in its area of activity, Corticeira Amorim fully assumes its leadership role, fostering the ambition to continuously develop new cork solutions that combine exceptional technical performance, a premium factor and unique sustainability credentials and that add value to the market when compared with more conventional solutions.

It is a source of pride to work with a natural raw material as versatile as the thousands of applications that cork gives rise to and, Corticeira Amorim believes, that it will continue to generate.

However, it is, in fact, the company's employees all round the world that support Corticeira Amorim's growth and innovation strategy. This is why the company advocates a people management policy that promotes ambition and challenge, commitment and demand, cooperation and working in partnership. Developing a work environment where transparent communication, internal equity and diversity of every kind are imperatives is the fundamental guideline for the company's policies and practices as they relate to people and work environments.

Corticeira Amorim believe that to go far, a group of women and men from different countries with different roles should all converge in a shared culture where identification with its products and its business is something that everyone can share.

This shared culture is based on:

### Mission:

To add value to cork in a competitive, distinctive and innovative way that is in perfect harmony with nature.

### Values:

**Pride** – We take pride in the tradition of our business, in our Company history and in the knowledge that we have accumulated in the many years of work of different generations. We are proud to work with a raw material that comes from the earth, that is sustainable, has an identity, and combines tradition, modernity and innovation.

**Ambition** – We take pleasure in what we do, we drive ourselves to do more and better, attracting new customers, new markets and new applications for cork.

**Initiative** – We find solutions for commitments and challenges, responding quickly, effectively and positively to different circumstances and contexts, always focused on the development of the business and the industry.

**Sobriety** – We celebrate victories and commemorate successes internally, favouring discretion in our relationship with the outside world, never forgetting that we must always learn more and continuously do better.

**Attitude** – We remain loyal to the company through good and bad times, via our effort, commitment and availability, giving our best and always respecting Colleagues, Customers, Suppliers, Shareholders and other stakeholders relevant to the sustainability of Corticeira Amorim.

### Principles and Policies

Matters relating to the governance, risk and internal control of Corticeira Amorim are subject to wide and regular reflection within the organisation. Reflecting the professionalism and the ethics of its leaders and managers – as well as their culture – some aspects related to these issues are not formally set down in writing or publicly available.

While being convinced that the risks to which the Company's activity is subject are fully covered and the interests of its stakeholders safeguarded, the Company is aware of the increasing emphasis and scrutiny given to such matters and has begun a detailed analysis of

its current practices. This analysis is under way and aims, wherever possible and appropriate, to give formal expression to these matters and to publish them.

The policies adopted by Corticeira Amorim reflect a set of commitments by the Company in the areas of ethics and economic, environmental and social responsibility. Together, they embody the responsibilities assumed by the different companies within the framework of a management model that advocates responsible competitiveness. Full details can be found at: <https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/> and: <https://www.amorim.com/en/for-investors/institutional-informations/board-members/>.

### Code of Ethics and Professional Conduct

Corticeira Amorim has formalised a Code of Ethics and Professional Conduct to guide the professional behaviour of all its employees. The Code is the subject of regular reflexion and revision, most recently in 2017. The Code currently covers 12 areas:

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

### Charter of Principles of the Business Council for Sustainable Development (BCSD)

Corticeira Amorim subscribed in November 2017 to the Charter of Principles of the BCSD Portugal. The Charter sets out the fundamental principles of sustainability that subscribing companies voluntarily adopt, seeking to absorb them into their value chain and sphere of influence. The Charter also encourages subscribers to go beyond compliance with legal norms by adopting recognised ethical, social, environmental and quality standards, as well as practices and management values that would be recognised as upholding the BCSD's principles in any context of the global economy.

Like all subscribers to the Charter, Corticeira Amorim:

- ✦ recognises the importance of sharing information about sustainability with its stakeholders, giving answers and clarifying any doubts or concerns in the area of sustainability, thus contributing towards stressing the importance and relevance of adopting sustainable practices;
- ✦ considers the Charter as an initiative that is applicable throughout the value chain and will seek to open a dialogue with its direct and relevant suppliers in order to encourage them to sign up to the Charter;

- ✦ commits itself to the ambitions set out in the United Nations Sustainable Development Goals.

The Charter can be consulted at:

[http://www.bcsdportugal.org/wp-content/uploads/2017/12/Carta\\_Principios\\_BCSDDPortugal.pdf](http://www.bcsdportugal.org/wp-content/uploads/2017/12/Carta_Principios_BCSDDPortugal.pdf)



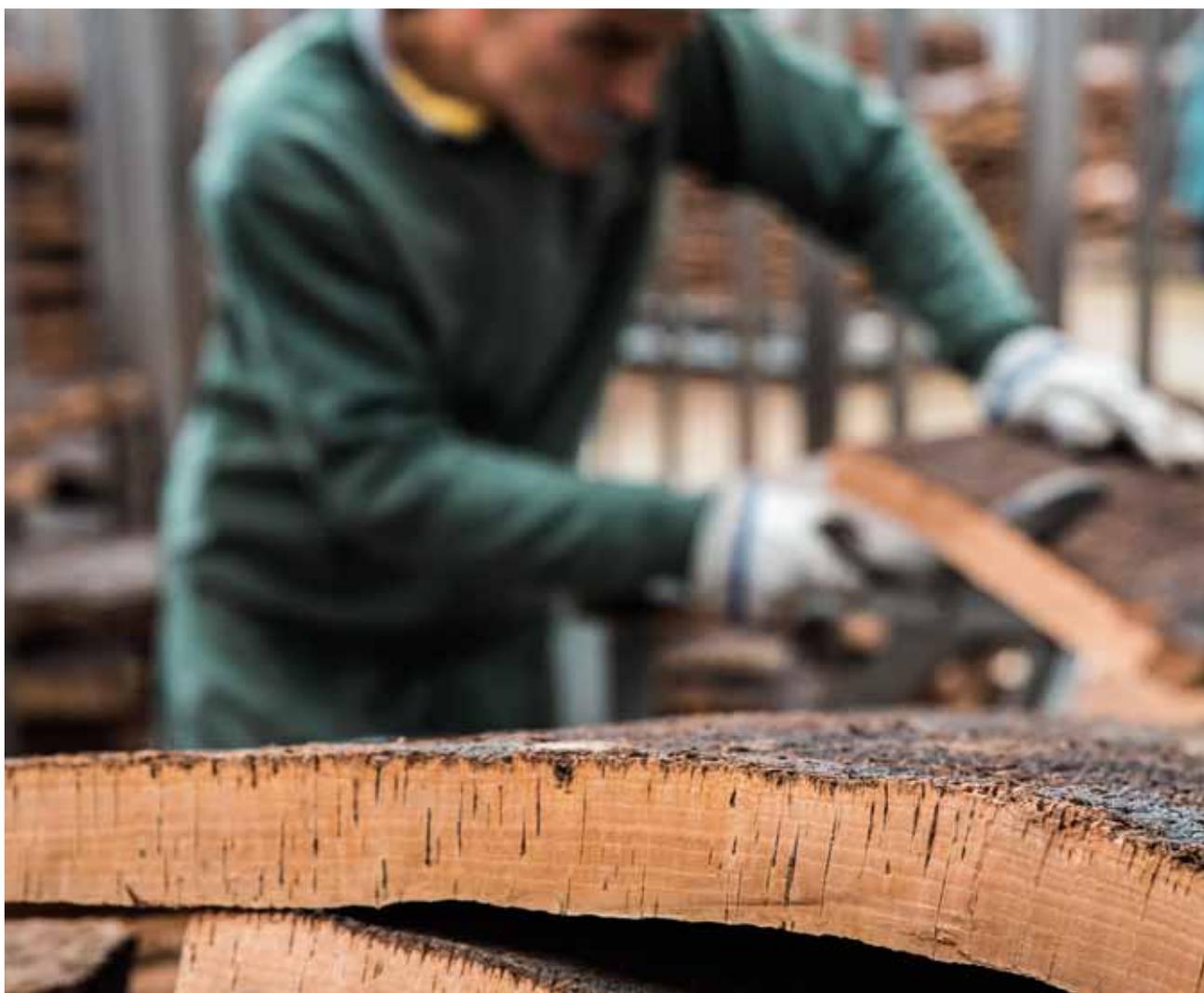
### Human Rights

Defending and respecting human rights is a fundamental practice for Corticeira Amorim. No cases of discrimination have been identified in any of the group's activities or operations, nor has any risk of child labour, forced or compulsory labour or restrictions on the freedom of association or unionisation been identified.

The work with Corticeira Amorim's chain of suppliers is carried out in accordance with institutional and legal structures. Working conditions in the supply chain satisfy the labour legislation in force in each region where Corticeira Amorim operates. Although no such risks have been identified in the company's activities or in the supply chain, Corticeira Amorim's aim is to continue adopting practices which distinguish it positively in terms of sustainable development and the safeguarding of human rights, promoting – by example and awareness-raising initiatives – these practices throughout the supply chain. Thus, Corticeira Amorim's methodology for the qualification and assessment of suppliers includes, among other means, the use of social responsibility indexes, as detailed in subchapter 2.3. Supply Chain, and at <https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/>.

### Corruption and Bribery

The identification and assessment of corruption and bribery risks in the markets where Corticeira Amorim operates is carried out jointly by the Executive Board and the BU management teams, taking into account the specific characteristics of each market and is complemented by internal control process audits that assess the conformity of processes and identify inefficiencies.



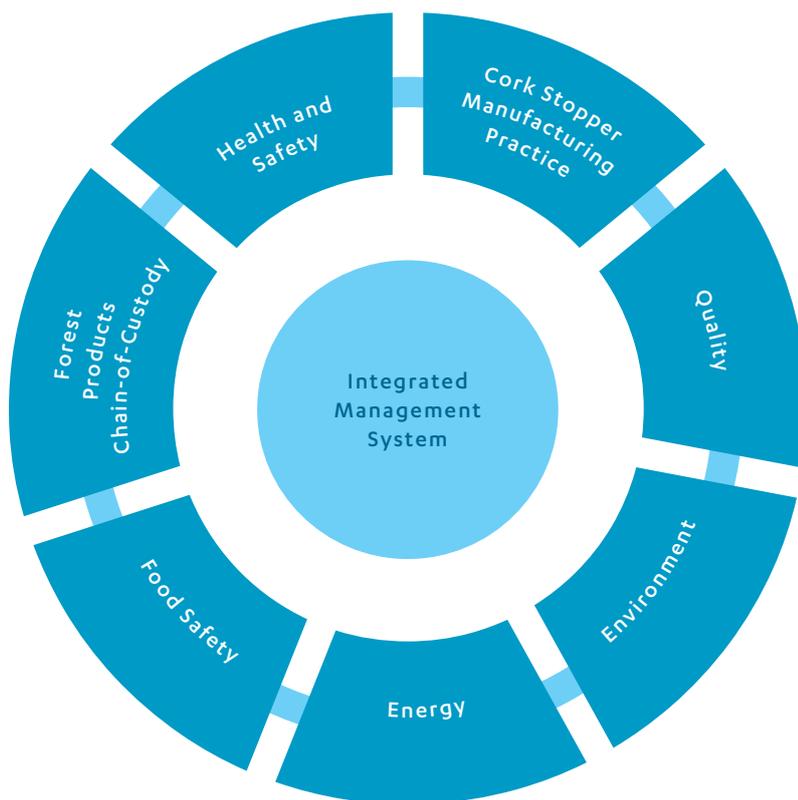
Corticeira Amorim has defined a procedure for communicating irregularities and it is incumbent on the company's Audit Committee, a body composed entirely of independent members, to receive, in accordance with its operating regulations, any notice of irregularities (addressed to the Audit Committee and sent by post to the company headquarters) communicated by shareholders, employees or other persons or entities, and to deal with them appropriately. After analysing the irregularities communicated, it is also the committee's responsibility to suggest measures for preventing the occurrence of such irregularities.

No irregularities were communicated in 2016 or 2017. More information on this can be found in the Corporate Governance Report, chapter C. Internal Organisation, II. Communicating irregularities.

#### Corticeira Amorim's Management Systems

Corticeira Amorim's management system certifications are considered fundamental for ensuring the effective management of environmental and social issues and are geared towards achieving the company's strategic goals. The BUs are certified in different management systems appropriate to safeguarding against and mitigating the non-financial risks arising from their activities.

In 2016 and 2017, the renewal of the certifications of the different sub-management systems in the different companies helped reinforce these practices. This is summarised in the table in chapter 6 of the Consolidated Management Report, Approaching Sustainability.

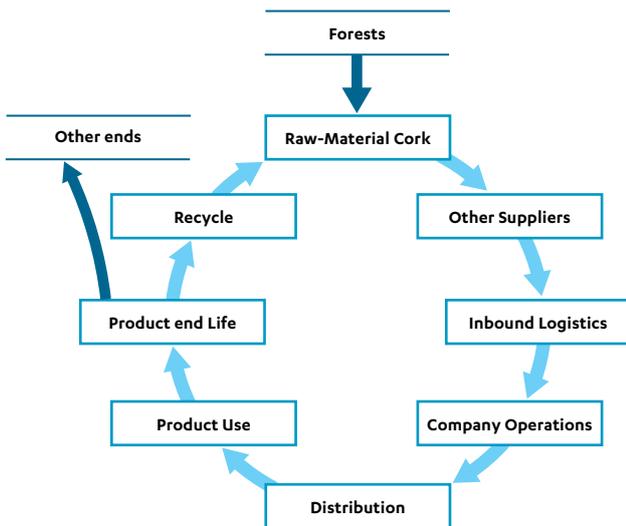


### 2.3. SUPPLY CHAIN

#### Purchasing Policy

Reflecting the ethical, economic, environmental and social responsibility commitments referred to in subchapter 2.2. People and Culture, Corticeira Amorim gives preference, wherever possible, to suppliers who provide raw materials according to the best sustainability practices – in terms of both origin and manufacturing processes.

Corticeira Amorim considers raw material suppliers (mainly of cork) and transportation services as dominant in its value chain, given their critical importance to the business and their relative weight in the company's cost structure.



#### Raw Materials (cork)

The integrated management of the business begins with the Raw Materials BU. Its mission is to guarantee the supply of all types of cork raw materials for the different BUs and their respective market applications.

Although not a forest owner, Corticeira Amorim maintains a very close relationship with cork producers, promoting, through the encouragement of best practices in forest management, the continuous production of quality cork and the corresponding profitability of cork producers.

It is the responsibility of the Raw Materials BU to prepare, discuss and decide on Corticeira Amorim's multi-annual supply policy.

Innovating processes in a business perceived as eminently traditional is one of the BU's constant strategic objectives and a determining factor in the competitiveness of the business.

The Raw Materials BU assumes other important missions, having a significant impact on the accumulation of knowledge about cork forests (*montado*) and improvements in the quality of the cork produced. Among other activities, the BU promotes the forest certification of cork producers, including Forest Stewardship Council (FSC®) certification – the BU having been one of the first to receive this accreditation. The BU is characterised by its strong research and forestry development policies. Introducing new cork production techniques by means of improved irrigation processes is one of its priority areas with the aim of increasing the quality and quantity of the cork produced to ensure the sustainability of the business.

Cork is purchased mainly in Portugal (particularly in the Alentejo region). This has a positive economic impact, both at a regional and a national level.

Cork purchases (thousands of euros)

	2017	2016	2015
<b>Portugal</b>	197,785	162,015	148,752
<b>North Africa</b>	9,373	14,562	12,981
<b>Other Origins</b>	55,313	55,127	41,338
<b>Total</b>	262,472	231,705	203,070



## Transport

The company runs a Department of Transportation within the Central Purchasing Department that is governed by values of commitment, credibility, integrity (ethics) and the pursuit of excellence. Its strategic goals include:

- ✦ positioning purchasing as a value generator for the organisation;
- ✦ optimising the purchasing structure with a view to achieving goals common to the whole organisation;
- ✦ differentiating its approach according to the category and nature of the process in question;
- ✦ aligning the technological platform with management processing and information requirements.

In recent years, the transport area has become a critical factor for the business in both economic and environmental terms. This is due, on one hand, to an increase in costs caused by fuel price rises, and, on the other, by the weight transport has in the consumption and emissions of upstream and downstream operations in the value chain. This situation requires new solutions to prevent transport becoming a negative factor in Corticeira Amorim's international business competitiveness.

In this context, a number of measures have been initiated, giving preference, whenever possible, to the transport of goods by sea rather than by road, the former being the company's main means of transport.

## Procurement and Provisioning

To manage the purchase of all non-cork materials, services and contracts, including transportation, the company runs a Central Purchasing Department. Its mission is to manage the portfolio of suppliers professionally and from a global perspective to maximise the sustainable creation of value by Corticeira Amorim, seeking excellence in the goods and services acquired and in permanent harmony with the goals of Corticeira Amorim companies. In this context, Corticeira Amorim privileges the establishment of stable and lasting partnerships with suppliers and enjoys a high degree of loyalty among its main suppliers.

## Pre-qualification, Qualification and Evaluation of Suppliers

The company has defined a methodology for the pre-qualification, qualification and evaluation of suppliers, partly based on social responsibility (IRSoc) and environmental liability indexes (IRAmb): suppliers are qualified to supply Corticeira Amorim in function of the quality of the good or services they supply, their delivery times and their social responsibility and environmental responsibility indices.

- ✦ Methodology for Evaluating the Social Responsibility Index (IRSoc)

The IRSoc is calculated according to the percentage of requirements met by the supplier. If the supplier is certified in accordance with the NP 4469 standard, they will be given an IRSoc of 100%. For each requirement that the supplier does not undertake to comply with, 25% will be subtracted from their IRSoc.

- ✦ Methodology for Evaluating the Environmental Responsibility Index (IRAmb) (IRAmb)

The IRAmb is calculated according to the percentage of requirements met by the supplier. If the supplier is certified in accordance with the ISO 14001 standard, they will be given an IRAmb of 100%. For each requirement that the supplier does not undertake to comply with, 25% will be subtracted from their IRAmb.

If a supplier is found not to meet one or more of the requirements to which they have committed, they will be given an IRSoc or IRAmb of zero. Among evaluated suppliers, none were found not to have complied with their commitments in 2016 and 2017. More information on the requirements of these indices can be found at <https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/>.



# 3

## SUSTAINABILITY MANAGEMENT AND STRATEGY

### 3.1. SUSTAINABILITY MANAGEMENT STRUCTURE

Corticeira Amorim reflects continually on its corporate governance in the light of Portuguese and international best practices, the developing circumstances of its business activities and the challenges to which it has to respond. As a result, it has implemented a set of measures that seek to strengthen internal control and oversight systems, increase transparency, encourage the participation of all stakeholders in the life of the company and ensure the sustained creation of value.

Best corporate governance practices are a cornerstone of Corticeira Amorim’s sustainable development. The Corporate Governance Report sets out in detail the structure and practices of corporate governance, describing on the website <https://www.amorim.com/en/sustainability/management-of-corporate-sustainability/> the material considered relevant or complementary to this report, in particular

- ✦ listening to and involving stakeholders;
- ✦ the organisational structure supporting corporate sustainability (CS) management.

The integrated sustainability management system is based on Corticeira Amorim’s mission and values. It advocates:

**Interaction with stakeholders**, especially listening to them regularly. This is considered fundamental for validating strategic options and for gauging expectations regarding the matters that stakeholders want Corticeira Amorim to monitor and communicate to them. Additional information about the most recent stakeholder consultation can be found in subchapter 3.2. Engagement with Stakeholders.

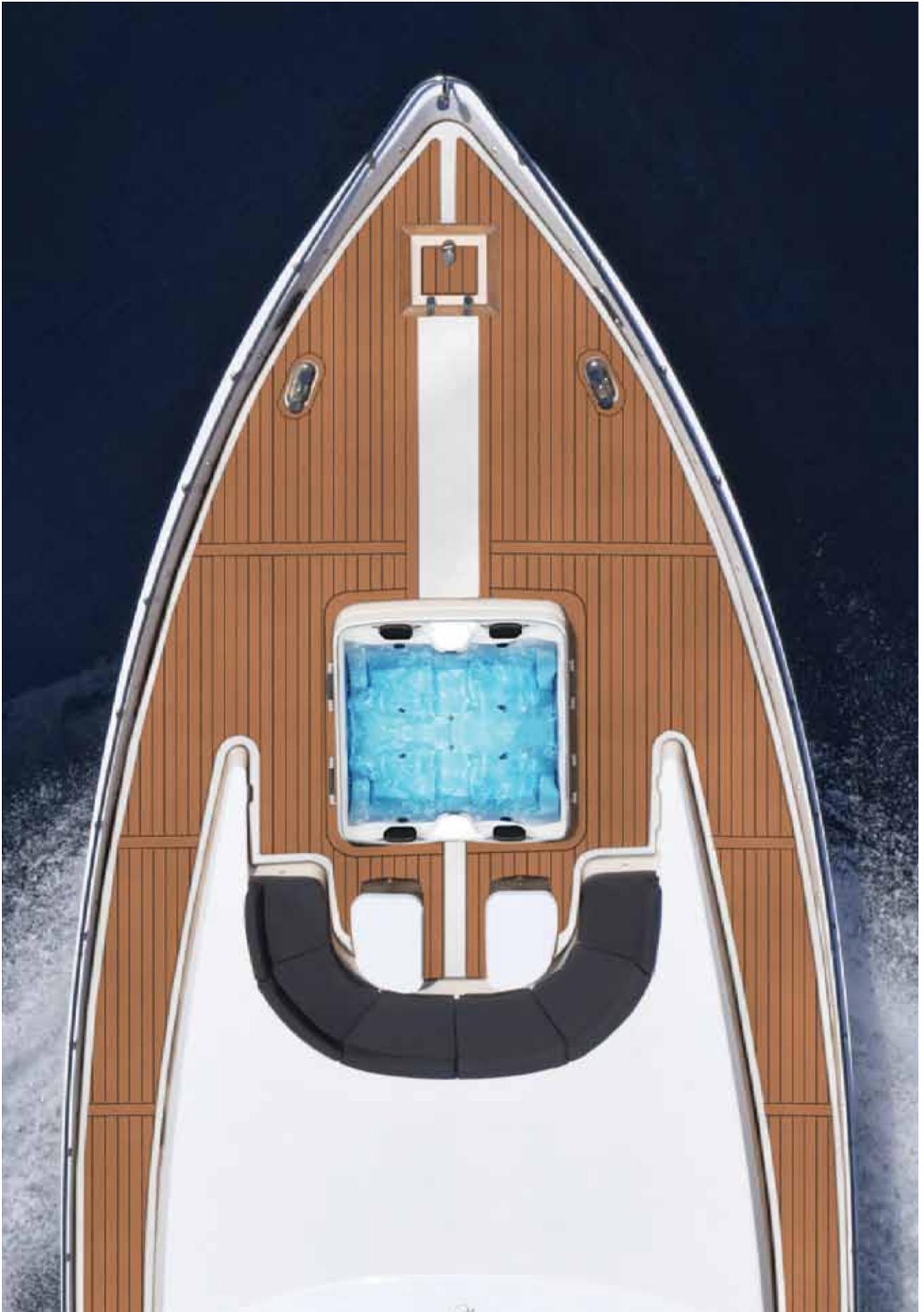
**Strategy:** The strategic alignment of the whole organisation is strengthened by the use of the balanced scorecard method. It falls to the Board of Directors to approve strategic goals, strategic initiatives and priority actions. The integration of processes with the strategic perspectives of the balanced scorecard strengthens sustainable development practices by aligning the different management subsystems that promote efficiency, as shown here: <https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/>.

**Operations:** the teams responsible for implementing sustainable development practices at each BU, acting in accord with a structured program called Natural Choice, implement the initiatives and actions required to meet defined goals and regularly monitor performance.

**Support structure:** the organisational structure facilitates the management and alignment of the sustainable development strategy and policies and practices that derive from it. The support area focuses on coordinating the activities of each BU and their respective functional areas with the Executive Commission responsible for their monitoring and supervision, as set out in the diagram in chapter B. Corporate Boards and Committees of the Company Corporate Governance Report. António Rios de Amorim oversees sustainability.

#### Management and Strategy in the Corticeira Amorim Group





### 3.2. ENGAGEMENT WITH STAKEHOLDERS

Corticeira Amorim recognises all its stakeholders as fundamental to the continuation of its activities and to the success of the company. Corticeira Amorim considers that all its stakeholders fulfil important roles in validating its strategic options. The sustainable management of Corticeira Amorim takes into account their concerns and expectations in deciding what issues require monitoring and communicating.

#### Corticeira Amorim's Stakeholders

Corticeira Amorim's stakeholders include all those persons or institutions that affect and/or are affected by the company's activities, products or services and by its performance.



#### Main Means of Communication with Stakeholders

Corticeira Amorim seeks to manage engagement and communication with its stakeholders in the best way possible for understanding and responding to their concerns and expectations. To this end, the company uses a differentiated range of communication methods and channels, as summarised in the following table. The communications methods used are subject to regular review.

<b>Shareholders and Investors</b>	<b>Clients</b>	<b>Employees</b>	<b>Official and Government Entities</b>
General Meeting of Shareholders	Website	Website	Website
Roadshows	Information Brochures	Intranet	Report & Accounts (annual)
Website	Quarterly Newsletter	Informative panels in the company's premises	Sustainability Report
Report & Accounts (annual)	Digital Newsletter	Quarterly Newsletter	Regular publication of the Company's operation performance evaluation reviews
Sustainability Report	Participation in fairs and events in the sector	Principles, Procedures and Policies	Support to initiatives / projects
Management Report	Scheduled visits of the sales departments	Staff Gathering	Working Groups
Regular publication of the Company's operation performance evaluation reviews	Visits to the facilities of Corticeira Amorim	Satisfaction surveys	
Personalised attention to requests from shareholders and investors	Customer satisfaction surveys	Performance management system	
Visits to the facilities of Corticeira Amorim	Cooperation Protocols regarding R&D	Various seminars and workshops	
Quarterly Newsletter	Sustainability Report	Organisation of themed weeks and awareness-raising activities	
Digital Newsletter		Regular publication of the company's operation performance evaluation reviews	
<b>Suppliers</b>	<b>Media</b>	<b>NGOs &amp; Community</b>	<b>Partners &amp; Civil Society</b>
Website	Website	Website	Website
Visits to the facilities of Corticeira Amorim	Press releases	Visits to the facilities of Corticeira Amorim	Cooperation protocols regarding R&D
Meetings and periodic contacts	Report & Accounts (annual)	Initiatives for involvement with the local community	Publication of technical articles
Consultation for selection and assessment of suppliers	Sustainability Report	Collaboration in initiatives for protecting cork oak forests and environmental quality	Visits to the facilities of Corticeira Amorim
Awareness-raising and technical support programmes	Regular publication of the Company's operation performance evaluation reviews	Environmental education initiatives	Periodic meetings
Sustainability Report	Personalised programmes for journalists (visits and interviews)	Sustainability Report	Personalised attention to requests from partners and civil society
			Sustainability Report



### Stakeholder Consultation

Corticeira Amorim has defined a regular stakeholder consultation and engagement process that enables the company to identify the core sustainability issues to be considered among future priorities and for designing a strategy for their respective engagement.

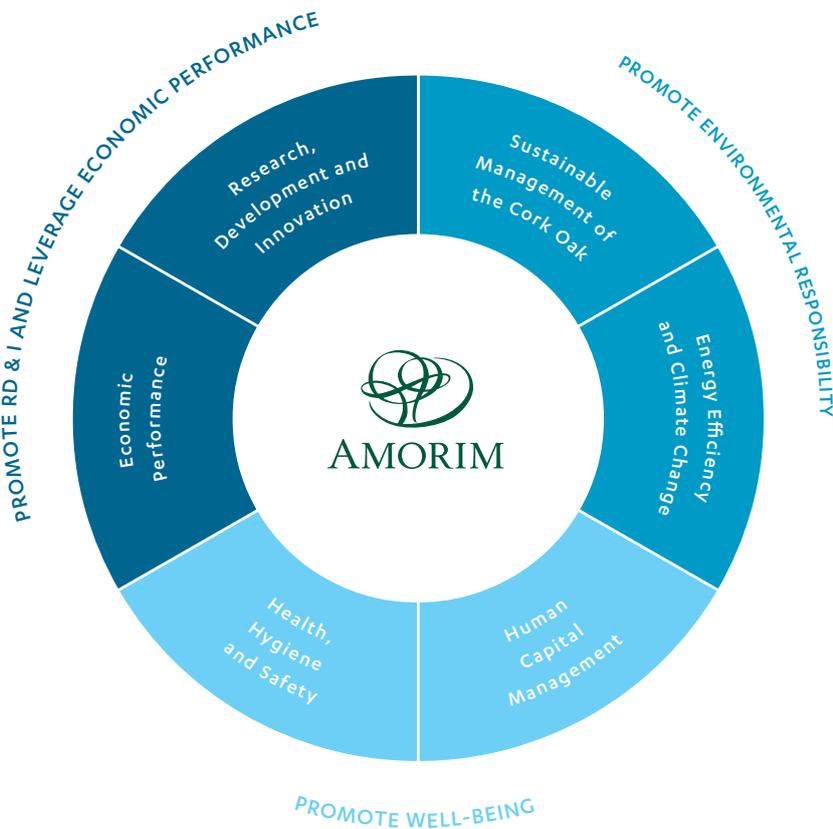
The most recent consultation process took place in 2015, with 95% of the sample consulted reporting that Corticeira Amorim is an active organisation in terms of sustainability related matters that presents a clear vision of its responsibilities. The methodology and the results of this consultation process can be found in the 2015 sustainability report available at [https://www.amorim.com/xms/files/Sustentabilidade/Relatorios/Relat\\_sust\\_2015\\_EN\\_web\\_protect.pdf](https://www.amorim.com/xms/files/Sustentabilidade/Relatorios/Relat_sust_2015_EN_web_protect.pdf).

In 2018, Corticeira Amorim plans to consult its stakeholders again to identify and evaluate sustainability related themes and issues.

### 3.3. SUSTAINABLE DEVELOPMENT PRIORITIES

The strategic priorities for sustainable development identified by Corticeira Amorim comprise economic, environmental and social concerns that take into consideration the results of consulting stakeholders, benchmarking analysis, internal commitments and policies and alignment with the 17 goals set out by the United Nations Sustainable Development Goals (SDGs).

Given an identified need to undertake an internal process of reflection aimed at improving the definition of goals related to sustainability and organisational requirements for meeting them, the company has embarked on a detailed analysis of its practices. As this analysis is still under way, it would be inappropriate to include any concrete objectives or targets for the coming years in this report.

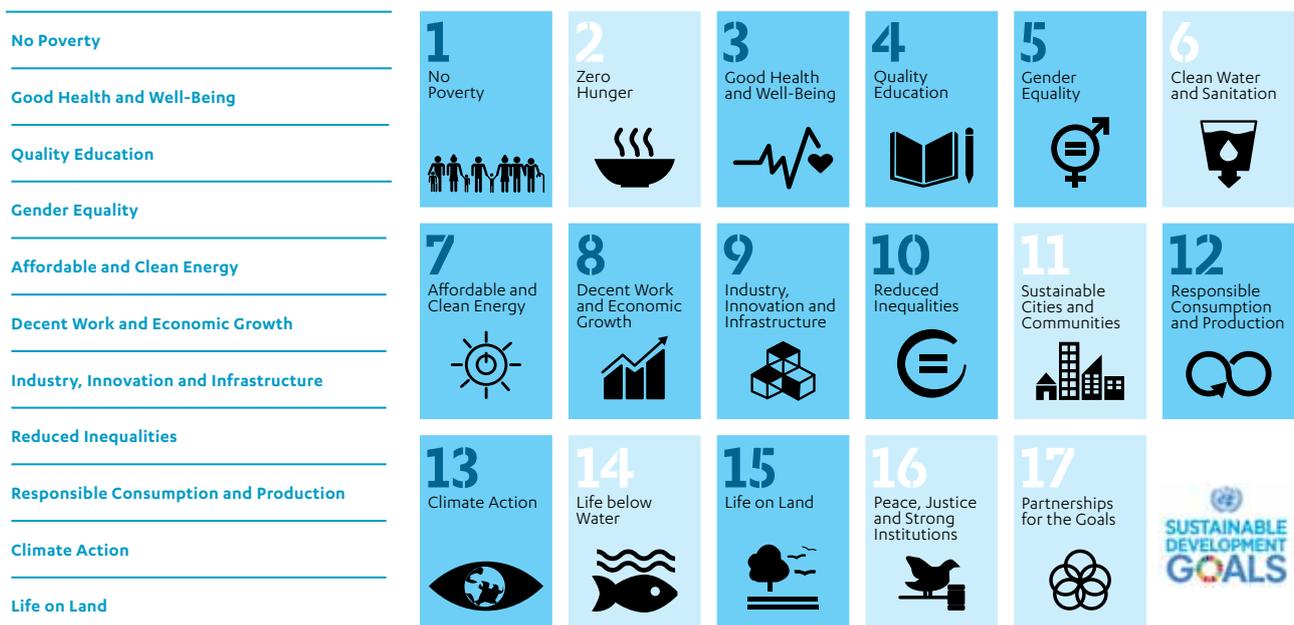
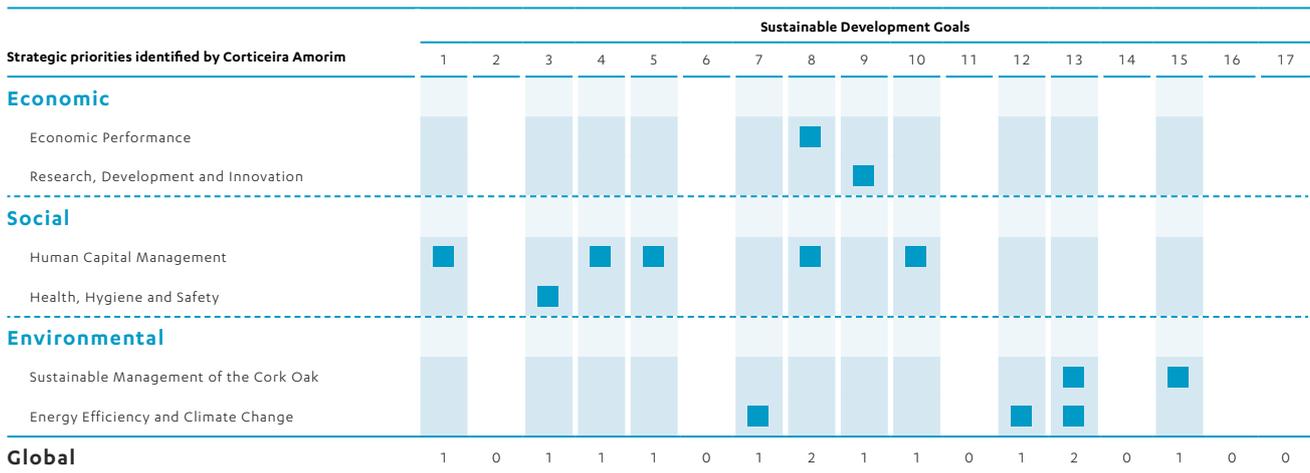


### Ambitions established by the United Nations Sustainable Development Goals (SDGs)

Approved by 193 countries in September 2015, the 17 SDGs make up part of the 2030 sustainable development agenda of the United Nations. They are the result of governments and citizens all around the world working together to establish a new global model capable of ending poverty, providing prosperity and well-being for all, protecting the environment and combatting climate change.

In 2017, Corticeira Amorim strengthened its commitment to meeting the ambitious targets set out in the SDGs by signing up to the charter of principles of the BCSO Portugal (as explained in the note to sub-chapter 2.2. People and Culture) and took its first step towards aligning its sustainability strategy with the 17 SDGs, weaving them into its specific operating areas.

## Corticeira Amorim's sustainability strategy aligns with 11 of the 17 SDGs.

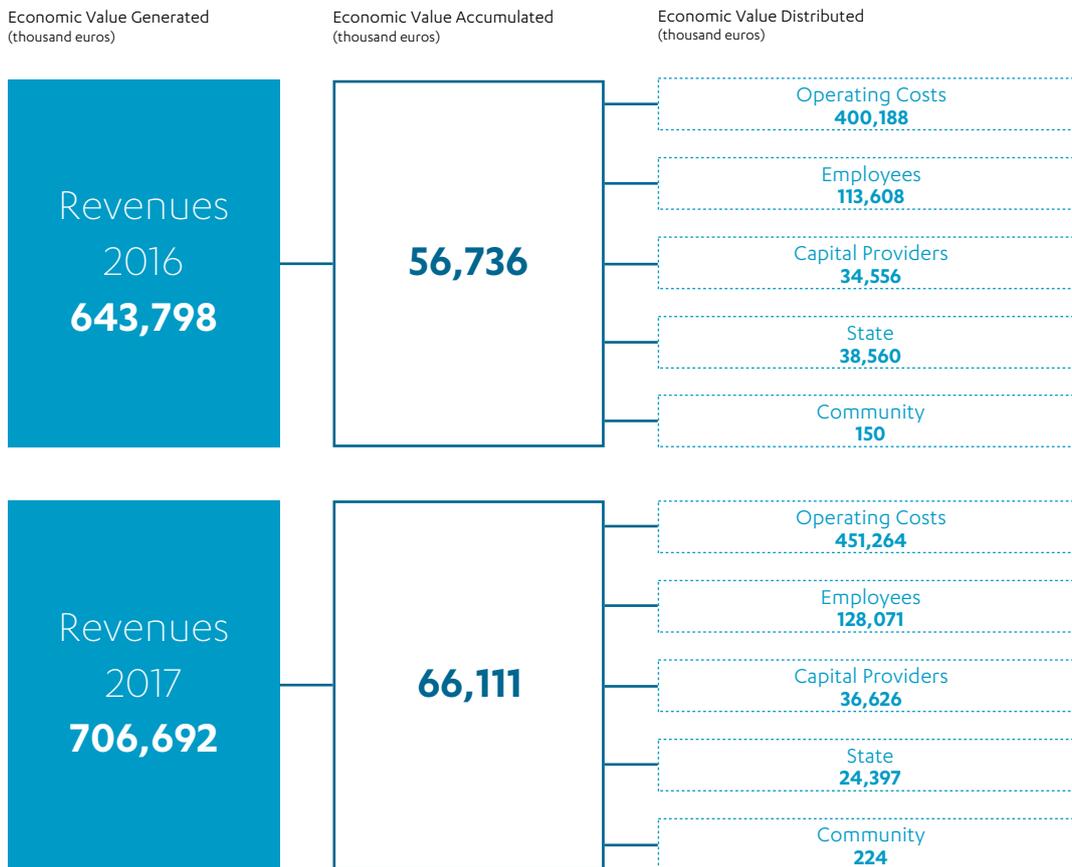


# 4

## PROMOTING RESEARCH, DEVELOPMENT AND INNOVATION AND LEVERAGING ECONOMIC PERFORMANCE

### 4.1. ECONOMIC PERFORMANCE

In 2017, Corticeira Amorim generated total revenues of €706.7 million and distributed €640.6 million to its various stakeholders; in 2016, the group generated revenues totalling €643.8 million and distributed €587.1 million to its stakeholders.



In every country the group operates in, Corticeira Amorim contributes to local social security regimes covering all its employees in accordance with the specific legislation in effect. In 2017, this contribution rose to €20 million, up from €17.8 million in 2016.

#### Ratio of the lowest wage to the Portuguese minimum salary

As is the case in most sectors in Portugal, wage levels for different categories of employees are regulated by collective employment contracts. In the case of the cork industrial sector, the minimum wage agreed under the collective employment contract in question in 2017 was €760.45. The ratio this salary to Portugal's minimum national wage was 1.37.



In addition to full compliance with its legal obligations, Corticeira Amorim also awards bonuses and additional payments of different types, among other benefits.

#### Financial Incentives

Focused on continuously leveraging the development of new cork solutions that offer the market high added value, Corticeira Amorim received operating subsidies totalling about €0.7 million in 2016 and 2017, primarily to support research, development and innovation projects.

### 4.2. RESEARCH, DEVELOPMENT AND INNOVATION

Research, development and innovation (R&D+I) is strategic to business development and value creation for all Corticeira Amorim's BUs.

With a strong emphasis on qualitative improvement, the company expands knowledge to enhance production processes and technologies, leading to the creation of new products. In addition to the specific R&D+I skills of each BU, the company has established Amorim Cork Research as a key independent structure covering the whole group.

R&D+I currently accounts for an annual average investment of more than €7 million. A far greater sum is invested in latest generation technologies and exclusive production processes.

The company's R&D+I policy is guided by the following principles:

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

#### Raw Materials

With the objective of changing the current panorama of the cork oak forest, the Forest Intervention Project seeks to strengthen the productivity and quality of cork oak forests. The R&D department of the Raw Materials BU studies and develops new processes for improving the quality and competitiveness of its customers' products, its customers being the other Corticeira Amorim BUs.

#### Cork Stoppers

The R&D+I department of the Cork Stoppers BU has focused on increasing knowledge and awareness about the interactions between cork stoppers and wine, product innovation and the consequent improvements in the quality of cork stoppers.

#### Floor and Wall Coverings

In the case of the Floor and Wall Coverings BU, significant investment in R&D+I has generated new and pioneering technological solutions highlighted by the development of new flooring collections that incorporate cork.

#### Composite Cork

The Composite Cork BU is a case study of success in strengthening the potential of cork.

The strategy of aligning R&D+I with advanced engineering processes has led to the emergence of new products and new applications for cork-based composite materials.

#### Insulation Cork

The R&D+I work of the Insulation Cork BU is based on the challenge of creating environment friendly products on an industrial scale without recourse to additives and requiring only low levels of energy consumption. These products are primarily designed for sustainable construction.

#### Amorim Cork Ventures

This business incubator was launched with the goal of nurturing the design and planning of new cork-based products and businesses, mainly targeting international markets, providing entrepreneurs with access not only to financing but also to management skills, know-how and a network of contacts spanning different countries. Amorim Cork Ventures channelled an accumulated total of €409,000 into four start-ups between 2015 and the end of 2017. For further information is provided in chapter 5. Amorim Cork Ventures, of the Consolidated Management Report.

#### Amorim Cork Research

Corticeira Amorim deploys a transversal structure that brings together skills in its key R&D+I areas of products and processes in an approach designed to complement the work at the different BUs. Developing these R&D projects has resulted in the definition of four innovative solutions, now in the industrial operating phase, for manufacturing products that apply "know-how" developed by Amorim Cork Research.

In 2016 and 2017, expenditure on Amorim Cork Research projects amounted to €1.1 million and €0.9 million respectively (€0.9 million in 2015).

#### Patents

In 2016 and 2017, Corticeira Amorim continued to strengthen protection of its intellectual property. This sustained approach was implemented through the submission of requests for sixteen new patents. In this way, the company has positioned itself as an important global partner and an example of innovation in perfect harmony with nature.

The leading activities and projects under development in 2016 and 2017 are detailed in the chapter Innovation Research & Product Development of Consolidated Management Reports for the respective years.

# 5

## PROMOTING ENVIRONMENTAL RESPONSIBILITY

### 5.1. ENERGY EFFICIENCY AND CLIMATE CHANGE

The contribution made by Corticeira Amorim to combating climate change involves continuous improvements to its energy performance, with a corresponding reduction in greenhouse gas emissions.

The company's input also extends to the implementation of production technologies and processes in the development of its products, guaranteeing the most efficient use of the cork consumed through the whole industrial cycle.

As one of the leading supporters of cork recycling programs on the global scale, Corticeira Amorim also contributes to combatting climate change, extending the life cycle of cork through recycling and delaying the release of carbon emissions embedded in cork back into the atmosphere.

In 2013, Corticeira Amorim established an environmental policy common to all its BUs and holding companies. In alignment with its principles and sustainable management practices, it made commitments to:

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

To implement these commitments, the various Corticeira Amorim BUs have set up different management systems and gained certification under the diverse norms as described in chapter 2.2. People & Culture. Mention should also be made of the Energy Efficiency Forum that several times a year brings together the energy managers from each BU with the aim of improving performance and operating efficiency. The 27th and 28th editions of this forum took place in 2017.

*Half of the dry weight of cork is carbon, that is, approximately 1.7g of carbon per natural cork stopper or 6.2g of CO<sub>2</sub>.*



# CASE STUDY

## Raw Materials BU Environmental Management System

The Environmental Management System of Amorim Florestal – Coruche Industrial Unit (IU) received its ISO 14001:2004 certification in August 2016, a goal arising from the commitment to environmental management taken on by Corticeira Amorim in 2013 that reflects its concern the principles and best practices of sustainable management.

The ISO 14001 implementation process resulted in several improvements at the Coruche IU, including the installation of a more efficient gas and biomass boiler, increasing the height of its chimneys, and installing a biological wastewater treatment plant for the secondary treatment of liquid effluents. A new roof was constructed over the wastewater treatment plant as well as grounded retention basins for storing alcohol tanks. Other installations included two boiler-meters and a spectrophotometer for daily analysis and monitoring the COC (Chemical Oxygen Consumption) of industrial effluent. Transparent roofing was installed in the disc-manufacturing zone. In addition to reducing energy consumption, this provides natural light that makes working in these industrial areas more pleasant.

In this process, the greatest difficulties related to the amount of investment required, relations with the authorities responsible for industrial licensing and, in the behavioural field, raising the awareness of employees in regard to the correct treatment of waste.

In addition to structural improvements and legal compliance, the process resulted in other organisational and behavioural benefits. An environmental plan portraying the respective environmental impacts and evaluating the significance of the process and the contributions made by the company was drafted and kept up to date. This process also involved the implementation of Kaizen environmental procedures for monitoring the evolution of the environmental management system as well as measures for recording, evaluating and dealing with any non-conformity. The process led to an increase in the number of employee training/awareness-raising hours focused on controlling and processing waste.

These efforts and investments, among others already described, resulted in a reduction in environmental impacts resulting from company activities and improvements in recycling rates.

*IN 2017, 65% OF ENERGY CONSUMED WAS GENERATED BY CORK DUST AND OTHER BIOMASSES (64% IN 2016)*

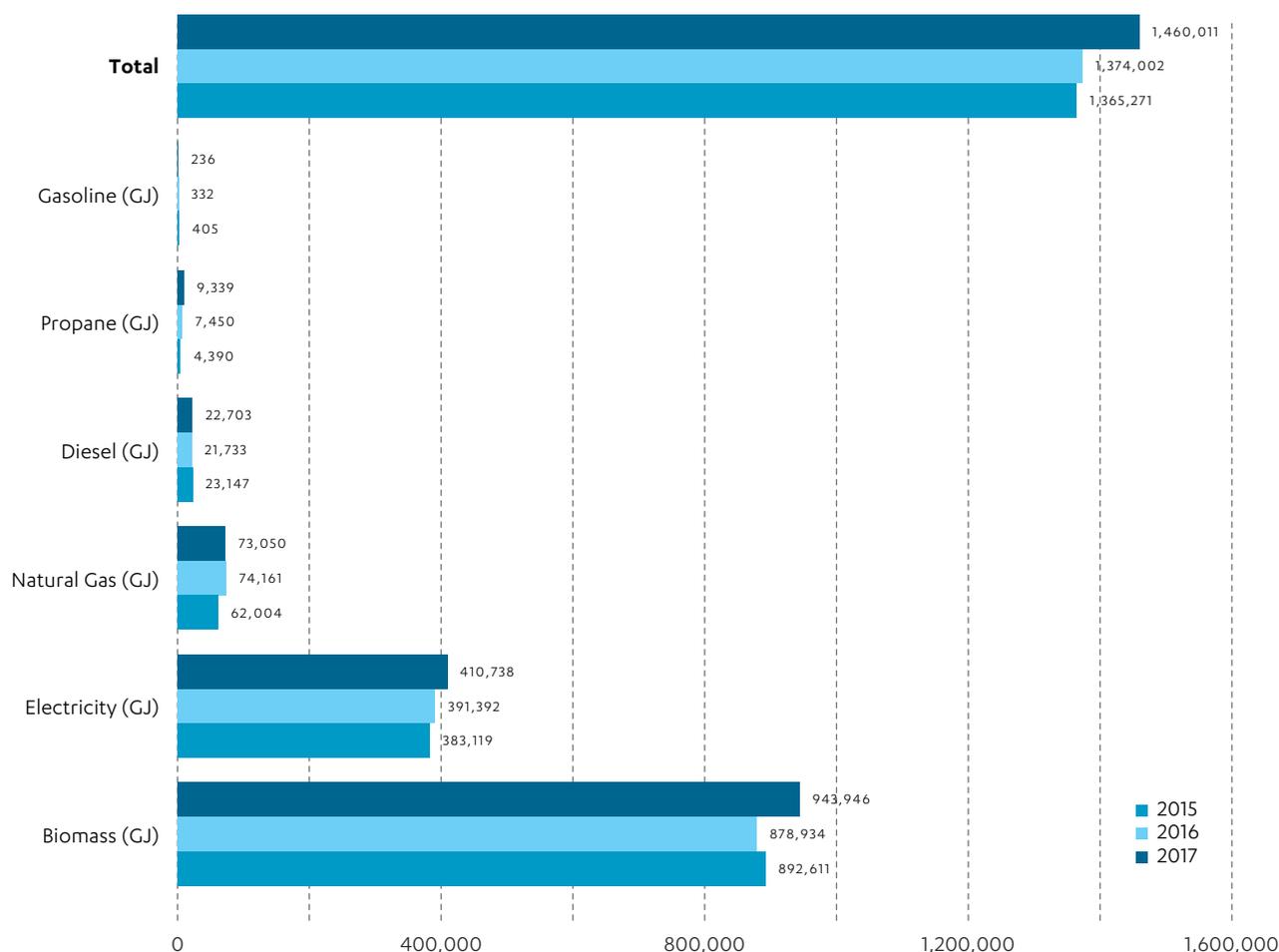
## Energy

Energy consumption by Corticeira Amorim, measured in GJ, rose in 2016 and 2017 in comparison with 2015 in keeping with the increase in business activities, while the energy mix remained practically unaltered.

Corticeira Amorim has invested in improvements to the process by which its endogenous resource – cork dust – continues to be its core energy source, thus reducing its consumption of fuels derived from non-renewable sources. In 2017, 65% (64% in 2016 and 65% in 2015) of the company’s energy needs were met by using this energy source, ranked as neutral in terms of CO<sub>2</sub> emissions.

Biomass (GJ)	943,946
Electricity (GJ)	410,738
Natural Gas (GJ)	73,050
Diesel (GJ)	22,703
Propane (GJ)	9,339
Gasoline (GJ)	236
<b>Total (GJ)</b>	<b>1,460,011</b>





### Energy Intensity

	2017	2016	2015
Energy Intensity (GJ/M€ sales)	2,161	2,142	2,257

Aware of the significant economic costs, as well as the important environmental impacts, such as climate change and the exhaustion of natural resources, Corticeira Amorim carefully manages its energy use, seeking to improve its energy efficiency to reduce consumption levels as well as the associated costs and environmental impacts.

In 2016 and 2017, a series of initiatives designed to rationalise energy consumption were implemented: directly, through actions related to technology and the efficiency of energy-consumption equipment (alterations and improvements to compressed air, lighting, and power drive systems, other processes and thermal energy) and, indirectly, through the certification of energy management systems under the ISO 50001 standard. The implementation of this norm enabled the five industrial units in the Cork Stoppers BU, which served as pilots for implementation, to establish systems and processes to improve their energy performance, use and consumption, prioritising in particular more efficient usage of already available energy sources. This led to reductions in greenhouse gas and other environmental emissions, as well as decreases in related costs.

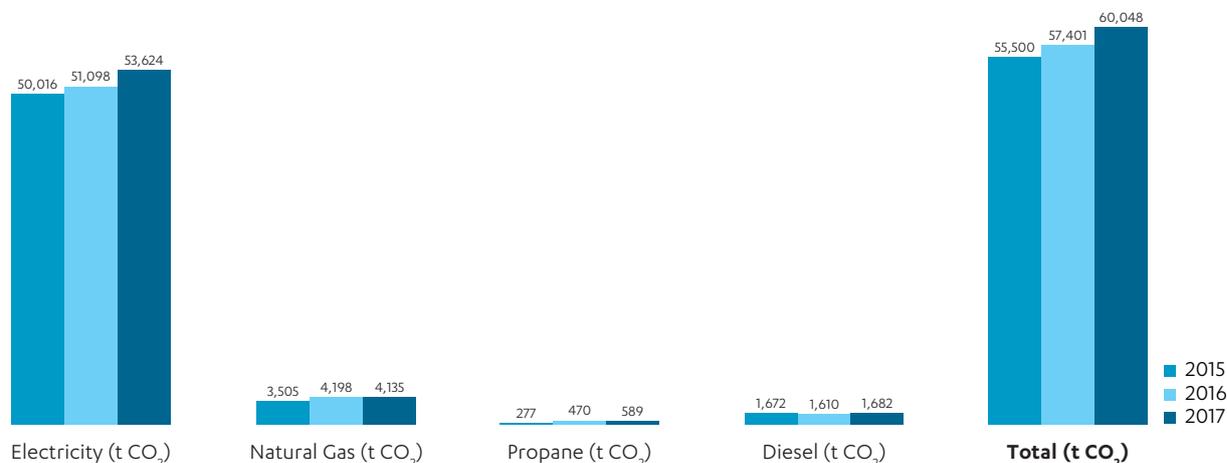
A total of €1.8 million was invested in energy efficiency in 2016 and 2017, resulting in energy savings of more than 50,000 GJ, equivalent to preventing the emission of more than 5,000 tons of CO<sub>2</sub>.

### Emissions

Despite the rise in activities in the period under analysis, Corticeira Amorim registered, in relative terms, a decrease in the carbon intensity of its operations of 88.9 tons of CO<sub>2</sub> for each €1 million sales in 2017 (compared with 89.5 tons in 2016).

60,048 t CO<sub>2</sub> – CO<sub>2</sub> Emissions

88.9 t CO<sub>2</sub>/€1 million of sales – Carbon Intensity of Business Activities



### Carbon Intensity

	2017	2016	2015
Carbon Intensity (t CO <sub>2</sub> / M€ sales)	88,9	89,5	91,8 *

\*For comparative purposes, recalculated as methodological notes

To calculate the CO<sub>2</sub> emissions resulting from the consumption of propane gas, natural gas and diesel, the company considered the same emission factors as those applied in the 2015 sustainability report.

In regard to electricity, and to align with the recommendations set out in the Greenhouse Gas Emissions Protocol – Corporate Norms for Transparency and Accounting issued by the World Resources Institute/World Business Council for Sustainable Development, the present report reflects changes to the criteria following the calculation of the indirect energy emissions (scope 2) applying the location-based method and the Intensive Energy Consumption Management System (SGCIE), dispatch 17313/2008, emission factor. Applying the market-based methodology, would have resulted in indirect energy emissions of 54,792 t CO<sub>2</sub> in 2017 and 41,485 t CO<sub>2</sub> in 2016 (2015: 54,453.8 t CO<sub>2</sub> – recalculated according to the most recent emission factor information provided by the energy supplier).

### Upstream and Downstream Activity in the Value Chain

In 2015, Corticeira Amorim ascertained the consumption and emissions associated with upstream and downstream activity in the value chain for the first time.

The figures presented below include the most relevant part of the value for the activity in Portugal, taking in a broader range than that applied in 2015, in particular taking into account 95% of upstream and downstream transport and distribution operations (30% in 2015).

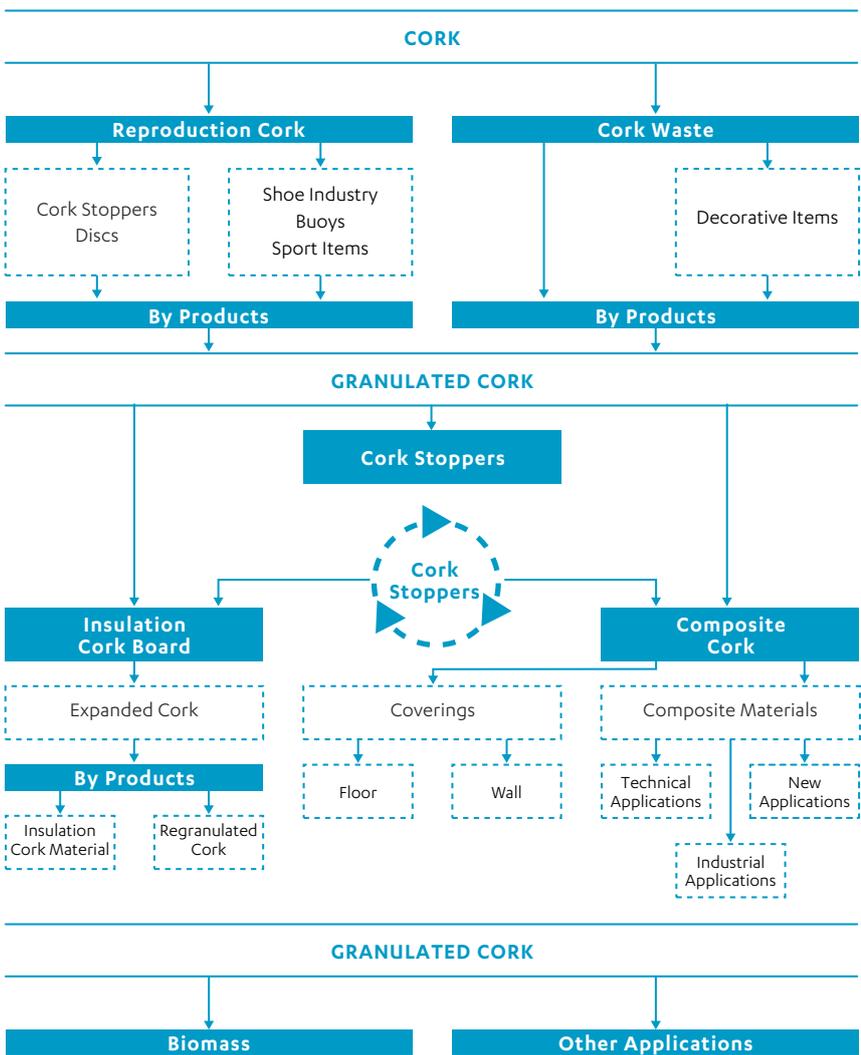
	2017		2016	
	Consumption outside the Organisation (GJ) (Portugal Scope)	CO <sub>2</sub> Emissions – Scope 3 (t CO <sub>2</sub> ) (Portugal Scope)	Consumption outside the Organisation (GJ) (Portugal Scope)	CO <sub>2</sub> Emissions – Scope 3 (t CO <sub>2</sub> ) (Portugal Scope)
Transport and upstream distribution	364,681	27,022	510,153	37,801
Waste generated in operations	3,199	237	4,020	298
Business travel	16,420	1,175	14,953	1,075
Employee transport	32,458	2,405	29,536	2,188
Transport and downstream distribution	911,767	67,072	879,941	65,203

**Circular Economy**

Corticeira Amorim has identified optimising the use and consumption of cork throughout the production cycle as a key strategy. By-products generated during the cork stopper production process and cork that does not meet production standards are used in other high added-value applications. Cork not suitable for use in such products is used as a source of energy in the form of biomass, deemed neutral in terms of CO<sub>2</sub> emissions.

As a result, there is no wastage and no cork waste is generated – no cork is lost and everything is used to generate value. Even the raw material generated by the maintenance of cork oak forests (pruning trimmings) is used in the production of floor and wall coverings and insulation cork solutions, as well as for a multiplicity of other purposes.

The diagram below illustrates the cork transformation process adopted by Corticeira Amorim, and some of the applications resulting from its integral application, a paradigmatic case of the circular economy.



*IN THE CORK INDUSTRY, NOTHING IS WASTED AND EVERYTHING IS TRANSFORMED.*

# CASE STUDY

## Circular Economy in the Composite Cork BU

The origins of Amorim Cork Composites within Corticeira Amorim exemplify the use of by-products and other sources of cork that, due to their technical characteristics, are of little interest cork stopper production. Given the opportunities for leveraging the performance of the composite materials developed and produced by Amorim Cork Composites, this business unit has expanded its range of action to incorporate other non-cork by-products, in particular the foams and other polymers left over by the footwear, automobile and packaging sectors. The focus has been on synthetic rubbers, polyethylene, polyurethanes and ethylene-vinyl acetate (EVA) foams that complement cork as a material for designing new value proposals. The synergies stemming from combining cork with these materials could unlock the potential for creating a panoply of new products across a wide range of segments.

The discarded products generated by Amorim Cork Composites' production operations are themselves incorporated into manufacturing processes. This has been implemented through a phased approach, complemented by greater knowledge about the core raw material – cork – and the means for realising the potential of some of its characteristics, focusing on performance and the technology underpinning the product and its applications. This approach has also benefitted from a greater store of company knowledge about business models and the critical factors required to benefit from the characteristics associated with the circularity of materials.

The most recent flooring underlay, created by Amorim Cork Composites in 2017, is an example of a product with a life cycle based on the circular economy. Specifically developed for the luxury vinyl tile (LVT) sector, it combines cork with EVA sourced from the footwear industry. Creating this innovative composite combining cork with EVA granulates resulted in the production of an underlay with a high quality acoustic performance that is able to withstand indentation (ISO 24343-1). It is also an excellent option for levelling irregular flooring surfaces.

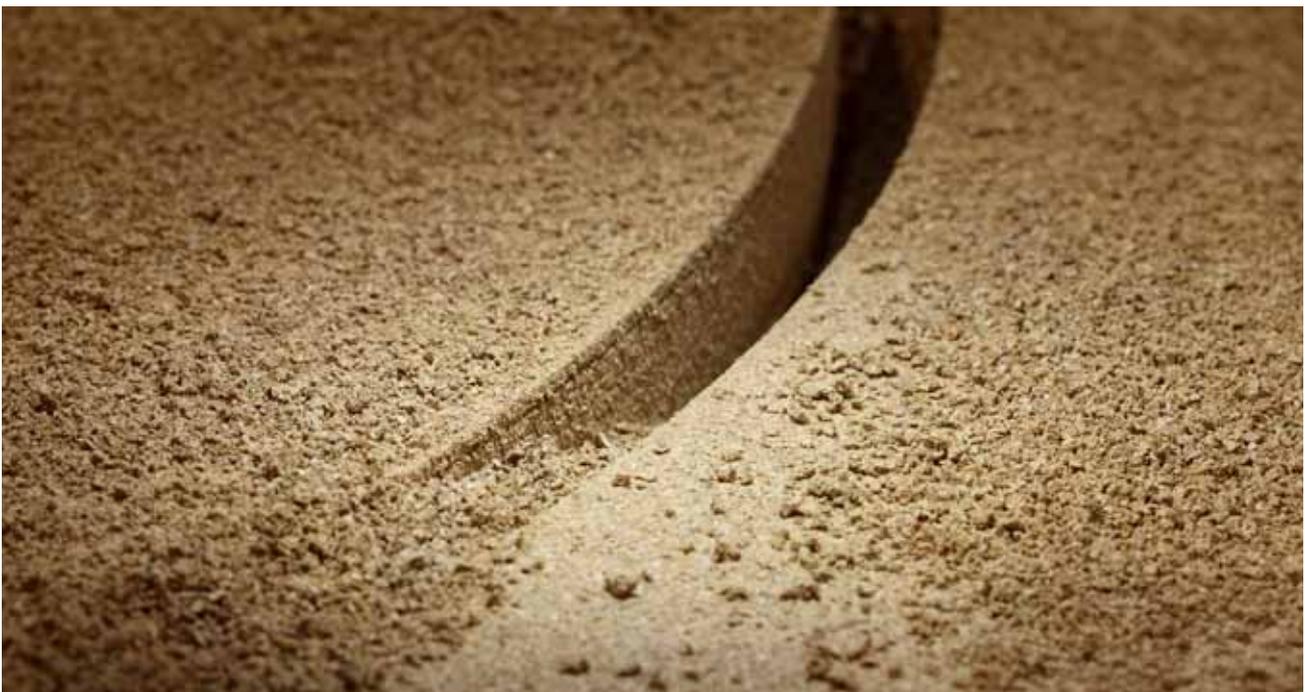
The new underlay, produced from natural and recycled materials, helps both preserve the planet's natural resources and minimise problems related to waste disposal in landfills.

For Amorim Cork Composites, the major challenges involved in using these raw materials relate to guaranteeing homogeneity and ensuring the quantities needed for manufacturing while at the same time always maintaining quality control standards to ensure that the product offers the customer value. In the case of materials used in the circular economy, especially those with lower density levels, logistical costs can often make the recycling of by-products economically unviable, making the logistical component particularly important.

Competitive advantages includes:

- ✦ elimination of waste,
- ✦ reduced raw material costs,
- ✦ exploring new business opportunities.

In 2017, focusing on the development of new products from the perspective of the circular economy, Amorim Cork Composites launched a pilot factory project focused on innovation – i.cork factory. Over the next two years, an investment will be made in technologies and processes with the main aim of using raw materials from the circular economies of other industries, especially low-, medium – and high-density foams. The aim is to create and run a programme for collecting, conceiving and designing new products based on combining natural materials and the discarded/by-products of other industries, combining them with cork.



**Eco-efficient Products**

Cork is the bark of the cork oak. A natural raw material, harvested in cycles of nine years without damaging the tree, its properties lend it an unparalleled character. It is light, waterproof, elastic and compressible, provides thermal and acoustic insulation, is slow to combust and resistant to friction. It is also fully biodegradable, renewable, recyclable and reusable, making it a product that can circulate continuously through the economy.

Cork is an excellent ecological alternative to high-impact non-renewable materials and, in a world where innovation and ecology go hand in hand, has attracted the interest of more and more sectors taking advantage of the characteristics of cork to create new products and solutions that also contribute to society adapting, mitigating or correcting the impacts of climate change, resource dilapidation and environmental erosion, leading to an industrial transition to a low carbon economy.

**Waste**

Corticeira Amorim does not consider cork dust as waste, but uses it as an energy resource. The company recognises the importance of recovering waste with a view to prolonging its useful life in the economy and reaping the benefits of reducing raw material use, saving energy and water, reducing the need for waste treatment and mitigating the negative impacts of landfills and incineration. In 2017 and 2016, 90% of the total waste generated by Corticeira Amorim was recycled by authorised agents and only 10% was eliminated.

90% – Used Waste

10% – Disposed Waste

	2017	2016	2015
<b>Hazardous Industrial Waste</b>	282	249	278
Recovery	170	116	72
Disposal	112	134	206
<b>Non – Hazardous Industrial Waste</b>	8,544	9,559	9,292
Recovery	7,811	8,683	8,368
Disposal	733	876	925
<b>Total</b>	<b>8,826</b>	<b>9,808</b>	<b>9,571</b>

(Ton)

**Recycling cork**

One of the environmental advantages of recycling cork lies in the fact that it incorporates carbon absorbed by the cork oak, which is held there throughout the cork’s lifetime. Increasing the life cycle of cork through recycling delays the release of this carbon back into the atmosphere.

Although not used in cork stoppers, recycled cork can have a second life and be used for a multiplicity of other purposes, extending its life cycle and the related environmental benefits.

Cork stoppers and other cork products are collected, treated and ground at one of three Corticeira Amorim industrial units in Portugal licensed for recycling cork. After being processed into granules, it can be reintegrated into the production process and used to produce composite and insulation cork agglomerates. .

The company supports several initiatives for the selective collection and recycling of cork stoppers, a concept that originated in Portugal in 2008 with the launch of the Green Cork project, a partnership between Corticeira Amorim and Quercus, Portugal’s leading environmental association. The project was subsequently extended to other countries, including Spain, the US, Canada, France, Italy, the UK, South Africa and Australia.

**“Besides involving a less wasteful extraction process and the versatility in the potential product applications, cork is biodegradable, easy to reuse and is resistant enough to be cycled through the economy several times”**

CIRCULATE BY ELLEN MACARTHUR FOUNDATION CIRCULATE, 09/06/2015





In 2017, 342 tonnes of cork (279 tonnes in 2016) were recycled at the company's industrial plants.



Green Cork is a Portuguese program for the selective collection and recycling of cork stoppers. It was created in 2008 in conjunction with Quercus and other partners. The programme was designed to promote a new recycling practice in Portugal – the collection of used cork stoppers – and, at the same time, to increase their CO<sub>2</sub> retention period. Another aim is to increase public awareness of the environmental benefits of cork products as they support an ecosystem that provides innumerable environmental benefits and includes one of the world's "biodiversity hotspots". Green Cork also finances the Common Forest project, which supports the planting of native Portuguese trees, namely the cork oak.

Since its inception, the program has been responsible for collecting more than 77.9 million cork stoppers and has contributed to the planting of almost 871,000 trees in various parts of Portugal.

Participating in Green Cork is simple, just save cork stoppers and go to any of the collection points shown here: <http://www.greencork.org/participe/>.



The ETICO project was launched in 2011, the result of an ambition by Amorim Cork Italy to collect an increasing number of the millions of cork stoppers used every year in Italy and thus recover a 100% recyclable raw material.

Over the years, Amorim Cork Italy has involved institutions and associations throughout Italy. Currently, around 1,000 volunteers run more than 5,000 collection points throughout the country.

The project is called ETICO because, for every ton of cork stoppers collected and delivered to Amorim Cork Italy, the association that collects them receives a donation for their projects. Part of the contribution comes from the sale of cork stoppers to companies that process them into cork granules, to which is added a voluntary contribution made by Amorim Cork Italy.

Thanks to the many volunteers of these organisations, millions of used cork stoppers are given new life – in a figurative sense through the financing of solidarity projects; in a literal sense because the cork stoppers themselves become part of the circular economy and, after grinding, are given a new life in the form of cork agglomerate, widely used in the sustainable construction sector for the production of insulation panels with FSC Recycled certification and in the world of design, as is the case of the leading furniture design company Riva1920 that, during the Salone del Mobile 2017 in Milan, presented a table made of recycled Amorim stoppers submerged in transparent resin.

The ETICO project is a unique initiative that has been awarded the special Legambiente prize and has been featured at the Giacimenti Urbani event.

Recently, the ETICO project launched the "Eticork – Amorim Loves the Planet" award for eco-solidary projects in the wine sector in Italy that stand out for the depth of the impact they make and their importance in a particular area. In 2017, the award went to the Carlo Pellegrino wine company for the initiative "Together for Pantelleria". Following the fires that the island suffered in 2017, this important wine producer raised funds to create a guided nature reserve where they will reproduce endangered botanical species, an invaluable heritage for the island and for the world.

Since its launch, the ETICO programme has collected more than 58.3 million cork stoppers for recycling. <http://www.amorimcorkitalia.com/campagna-etico>



The sustainable project 'Korken für Kork', created by the social institution Diakonie Kork Epilepsiezentrum with the support of Amorim Cork Deutschland, has led to the collection and recycling of 2 million cork stoppers at the same time as promoting the social integration of people with special needs. The initiative has been made possible by the contribution of Corticeira Amorim customers who return used corks. In the four years to 2016, these corks have been transformed into new products including memo boards and insulation panels. The process involves disabled people who participate in the workshops of Diakonie Kork Epilepsiezentrum, one of the best-known epileptic centres in Germany.

The project makes a valuable contribution to reducing waste and extending the useful life of cork, taking advantage of its sustainable properties and, above all, providing a means for Amorim Cork Deutschland to contribute to community development.



In an increasingly globalised world, training partnerships between organisations help make sustainability a reality. Amorim France’s recycling program was launched in 2009 with the aim of strengthening customer relations by enhancing the environmental credentials of cork stoppers, the wine bottle closure with the lowest carbon footprint, and combining environmental protection with support for a number of social solidarity and health institutions.

Since its launch, the program has collected more than 271.7 million cork stoppers for recycling. Its most important donations include contributions to cancer research and social support activities. [www.ecobouchon.com](http://www.ecobouchon.com)

## RE CORK

Corticeira Amorim is a partner of ReCORK, the largest cork stopper recycling program in North America, adopted in 2008 by the Canadian shoe company SOLE. The cork stoppers collected through the project’s network of more than 3,000 partners are forwarded to units that transform and subsequently incorporate them into the production of SOLE shoe soles. This alliance of companies and individuals works together for environmental change by collecting and reusing cork stoppers.

Since the beginning of the project, more than 75 million cork stoppers have been collected. <https://recork.org/>

### 5.2. SUSTAINABLE MANAGEMENT OF THE CORK OAK AND BIODIVERSITY

#### Sustainable Management of Cork Oak Forests (Montado)

Although it is not a forest owner, Corticeira Amorim recognises sustainable management of the cork oak forests as a strategic priority.

The company stands out for its innovative approaches to Natural Capital. An example of this is the evaluation of the environmental benefits provided by cork oak forests, at the level of individual properties, that established the causal relationships between agroforestry management and benefits to the ecosystem and that attributed a value to them – €100/year per hectare (more information in <https://www.amorim.com/en/sustainability/approach/>)

Corticeira Amorim is conscious of its role in ensuring the viability of cork oak forests, which sequester 73 tons of carbon dioxide for every ton of cork produced, according to a study by the University of Aveiro’s Centre for Environmental and Marine Studies (CESAM) and Portugal’s Instituto Superior de Agronomia (ISA), published in 2016.

**“If land is not converted into some form of wealth, adapted to the land’s own limitations, it has no meaning. The force of the forest is a sustenance that has no price... ”**

AMÉRICO FERREIRA DE AMORIM



The company's contribution to the maintenance, conservation and enhancement of the cork oak forest is based on the following guidelines:

- ✦ Expanding knowledge about the environmental impact of cork products and the ecosystem they support;
- ✦ Promoting cork solutions and the development of the cork oak forest as guarantors of the ecosystem;
- ✦ Encouraging internal and external awareness initiatives;
- ✦ Proactive discussion of policies and proposals for measures to protect the cork oak and conserve cork oak forests, as well as promoting the cork sector, the certification of forest management systems and remuneration of the environmental benefits of cork oak forests. In this context, it seeks to:
- ✦ Encourage FSC® certification, making forest producers aware of the benefits of these principles and criteria for responsible forest management;
- ✦ Raise awareness among forest owners of the need to conserve cork oak forests and adopt best practices that improve the fundamental benefits that ecosystems provide to the whole population, whether in terms of carbon sequestration, soil formation, regulation of the water cycle, protecting biodiversity or encouraging best forest management practices;
- ✦ Join platforms, when appropriate, to encourage responsible consumption of forest products and curb the degradation of forests around the world.

#### Increasing knowledge relating to the impact of cork products and the ecosystem they make viable

Corticeira Amorim was the first company in the industry to promote the analysis of the environmental impact of its products, namely cork stoppers, comparing the life cycle of cork stoppers with those of aluminium caps and plastic seals. The analysis concluded that cork stoppers are the most environmentally friendly product. More information can be found at <https://www.amorim.com/en/sustainability/integrated-management-system/management-approaches/>.

In 2016 and 2017, a number of life cycle analysis and Environmental Product Declaration (EPD) studies were carried out, especially by the Floor and Wall Coverings, Composite Cork and Insulation BUs, for cork solutions aimed at the construction segment. Through these studies and declarations it has been possible to highlight the superior environmental performance of cork solutions, based on internationally recognised standards.

#### Analysis of the life cycle of natural cork stoppers

The Natural Cork Stopper Life Cycle Study, conducted by PriceWaterhouseCoopers in accordance with ISO 14040 and ISO 14044 environmental management standards, has classified natural cork stoppers as the best alternative for wine producers, distributors and retailers seeking to minimise their carbon footprint and adopt best practices for environmental performance. According to the study, the production of each natural cork stopper results in the retention of 112g of CO<sub>2</sub>, in sharp contrast to the emission of CO<sub>2</sub> imputed to artificial seals.

#### Analyses of the life cycles of all flooring solutions

All the Floor and Wall Coverings BU's solutions have environmental performance declarations based on life cycle analysis (LCA). The declarations are validated and published by the Institut Bauen und Umwelt e. V. (IBU) at <http://ibu-epd.com/en/epd-program/published-epds/>. IBU is part of the ECO Platform, an international non-profit association established by the programme's European operators, European trade associations in the construction sector and LCA professionals.

In 2017, the Floor and Wall Coverings BU was the first manufacturer in

Europe to mark all its products with a new "TÜV PROFICERT-product INTERIOR" label indicating that the products meet the requirements of different countries in terms of environmental emissions:

- ✦ AgBB (DIBt) in Germany;
- ✦ Emissions class A+ in France;
- ✦ Belgian VOC regulations on emissions from construction product;
- ✦ LEED v4 (outside North America; LEED v4 for BUILDING DESIGN AND CONSTRUCTION, April 5, 2016);
- ✦ BREEAM *International New Construction* 2016 (Technical Manual SD233 1.0), Exemplary Level;
- ✦ Finnish M1 classification for construction products (Finland);
- ✦ RAL UZ 120 (not for PVC flooring), February 2011 (Germany);
- ✦ Austrian Eco Label, Guideline UZ 56, floor coverings, version 3.0, January 1, 2015 (the requirements for odour are not included).

#### Expanded Insulation Corkboard

In a comparative life-cycle analysis between products produced by the Insulation Cork BU and conventional products, expanded cork agglomerates stood out clearly from an environmental point of view. Having virtually unlimited durability, the material retains all its characteristics throughout the product's lifecycle as well as being 100% natural and fully recyclable. It is produced industrially with no use of additives in a process that consumes a reduced level of energy, an unequalled added value that maximises the material's positive impact on the environment. Using natural resources is a priority for the Insulation Cork BU's production process – more than 90% of its energy needs being provided by biomass (cork dust).

#### Forest Stewardship Council (FSC®) Certification

In 2004, Corticeira Amorim became the first company in the cork industry to receive FSC® chain of custody certification. In anticipation of the needs of the wine industry – the customer for its main product – it also became the first packaging company in the world to receive this certification. Among other initiatives, Corticeira Amorim was responsible, between 2008 and 2015, for a free technical advice service for forest producers together responsible for more than 20,000 hectares of cork oak forest in Portugal. The advice was aimed at identifying and adopting best management practices and supporting biodiversity. The service was launched in October 2007, when Corticeira Amorim joined the European Commission's Business and Biodiversity Initiative, through a protocol established in partnership with Portugal's Institute for Nature Conservation and Forests (ICNF) and two NGOs, WWF and Quercus. As well as the technical advisory service for forest producers, the agreement was also aimed at encouraging forestry research and disseminating best management practices.

Corticeira Amorim continues to focus on product development in accordance with FSC® principles and aims to maintain FSC® certification, a well-known international standard. By the end of 2017, 31 Corticeira Amorim (industrial and/or distribution) units had received chain of custody certification in accordance with FSC® regulations, providing the market with increased guarantees of an ethical business stance in regard to conserving forest resources.

### Forestry Intervention Project

**All initiatives of the forestry intervention project have a common goal: to ensure the production of more and better cork.**

Although Corticeira Amorim does not own cork oak forests, it enjoys a close relationship with the whole cork industry, particularly with forest owners. In this context, the company has led a series of initiatives aimed at making forestry producers more aware of the importance of careful forest management, a vital principle for the sustainability of a sector in which Portugal is the world leader.

In 2013, a favourable moment for Corticeira Amorim and for the whole sector, when cork exports were reaching record levels, the company launched a new project to support cork oak forests (*montado*) called the Forest Intervention Project. The aim was to ensure the maintenance, conservation and valorisation of cork oak forests, and, thus, the continuous production of quality cork. The project was well received by all stakeholders in the field and is being developed in partnership with forestry producers, Portuguese and international research institutions, and local public bodies.

The main goals of the Forest Intervention Project include: improving the installation of irrigation systems, sequencing the cork oak genome, improving the cork oak species and combatting pests and diseases.

In 2017, a first structured plantation of 50 hectares of cork oaks was launched, an innovative project in comparison existing cork oak plantations as it benefits from the installation of an improved irrigation system.

The project was born out of an experimental plantation of cork oaks that Francisco de Almeida Garrett, owner of Herdade do Conqueiro in Avis, Alentejo (Portugal), began irrigating a few years ago. The success of his experiment – the first cork harvest for some trees was made after only eight years instead of the normal 20-25 years – motivated him to contact Corticeira Amorim. The company, aware of the importance of these results, immediately involved the University of Évora with the aim of channelling scientific knowledge into an empirical experiment that had proved successful in an area where no encouraging results had previously been achieved. Although a number of investments

have been made in Portugal's cork oak forests in the past, the fact is that the normal growth cycle of the cork oak, from planting to the first extraction of cork suitable for the production of natural cork stoppers, remains as long as four decades, making investment in the species unattractive.

Against this background, Corticeira Amorim drew up a structured and unprecedented plan to develop the full potential of cork oak forests, ensuring not only the preservation of the current area (736 thousand hectares in Portugal), but also the planting of new areas of cork oaks, the national tree of Portugal and an autochthonous species perfectly adapted to the climatic and soil conditions of the regions where it is grown. The goal is for about a quarter of all cork produced in Portugal to be harvested from new plantations by 2030.

#### × Project for improving the cork oak and crossbreeding different species:

The aim of this project is to select trees only by crossbreeding species naturally without any genetic manipulation. The goal is to produce trees that are better adapted to soil and climate conditions as well as to climate change to produce quality cork.

Achieving shorter growth cycles for cork oaks is just one of the main goals of the Forest Intervention Program. Another method currently in development uses a symbiotic process – mycorrhiza – that involves the application of a fungus to the roots of cork oaks to increase their robustness and resistance.

Sequencing the cork oak genome is another vector of the Forest Intervention Project. This is an important step for the sector that will open up new fields in applied research into cork. Mapping the cork oak's genetic code will make it possible to identify the genetic markers for cork quality and to develop other markers for identifying pest – and disease-resistant trees.

By this means, it is possible to achieve an ideal selection of cork oaks while retaining genetic variability. For example, the identification of a species that has proven to be extremely drought resistant while producing superior quality cork may, through cross-pollination, yield new specimens that consume





**“Corticeira Amorim’s business activities show that it is possible to grow and, simultaneously, contribute to a carbon neutral economy. The value chain of the forest, the cork oak and other tree species could make a crucial contribution to Portugal fulfilling its commitment to achieve a carbon neutral economy by 2050.”**

ANTÓNIO RIOS DE AMORIM

water more efficiently. Research focused on pest and disease control has progressed, particularly in regard to combatting the flathead oak borer (*coruebus undatus*). A combination of traps and volatile attractants (pheromones) to enable the bio-rational control of this insect, and thus decrease the number of trees affected, is in the final phase of field-testing.

**✦ Support Office for Forestry Producers:**

At the end of 2017, under the theme of “looking after the present, building the future”, Corticeira Amorim decided to sow the seeds for what will become a Support Office for Forestry Producers, with the goal of returning the fruits of forestry research to where they originate – forestry producers. The aim is to extend the use of empirically and scientifically acquired knowledge by making a large part of the research in this area available to producers working on the ground. The project includes the following activities:

- ✦ Field visits;
- ✦ Themed technical sessions;
- ✦ Seminars;
- ✦ Creating a best practice manual for improved irrigation installations;

- ✦ Creating a best practices manual for tree growers;
- ✦ Creating a glossary of terms to standardise communication.

**Biodiversity**

The areas where Corticeira Amorim operates are not located in areas classified by Portugal’s Institute for the Conservation of Nature and Forests (ICNF) as protected, meaning its operations have no significant impact on biodiversity at this level.

The fact that cork extraction has a minimal effect on carbon storage and carbon balance is of great importance in terms of the cork oak ecosystem. In other words, the harvesting of cork (a fundamental activity for the viability of cork oak forests) does not affect the carbon sink function of the cork oak ecosystem. This is largely due to the fact that the process of extracting the cork is a highly specialised process that does not damage the tree. The cork oak lives on average for 200 years, during which time its bark can be harvested between 15 and 18 times. The cork oak is the only species of oak whose bark regenerates itself after each extraction.

Cork oaks forests are important reservoirs of biodiversity. The pan-European conservation network Natura 2000 classifies *montado* as highly important for conserving biodiversity.

In biological terms, cork oak forests are extremely rich and varied, but also extremely vulnerable. They form the basis of an ecological system that is unique in the world and contribute to the survival of many species of native fauna and to safeguarding the environment. In many cases, these areas form mixed agroforestry systems, where cork oaks coexist with livestock breeding and cereal cultivation.

This ecosystem includes various species of ants, bees, butterflies, lizards and snakes, as well as mammals, from the more common, such as deer and wild boar, to the most fascinating and unusual such as the wild horse (*ginete*), the mongoose and the Iberian lynx, the feline species most threatened with extinction.

Cork oak forests are also part of the habitat of a large variety of birds, some of them also endangered, such as the black vulture, the black stork and the imperial eagle.

#### LIFE + SUBER Project, Catalonia

The four-year LIFE + SUBER Project began in 2014. The aim is to promote the conservation of cork oak forests and thus support the value chain associated with them. The project is coordinated by the Consortium Florestal de Catalunya and has as partners, in addition to Amorim Florestal, the Forestry Technological Centre of Catalonia, Forest Catalonia and the Forestry Ownership Centre of Catalonia. The initiative has a total budget of more than €1 million and is being developed with the support of the European Commission as part of the LIFE + program. It is also co-financed by Amorim Florestal Mediterranean, the Barcelona Provincial Council and the Catalan Institute of Soil. It was designed with the goal of adapting forest production to climate change and combating phenomena such as water stress, the increase of pests and the greater frequency of forest fires. Initiatives focus mainly on the region of Catalonia (Spain) and comprise three types of actions:

- × **Implementation:** involving 40 pilot demonstration plantations using a range of innovative forests management techniques, from irregular management with selective cleaning to cork oak planting, the restoration of degraded areas and the large-scale elimination of the flathead oak borer (*coruebus undatus*). In parallel, a set of tools is being developed with the aim of improving the political and normative framework for cork oak plantations with a view to adapting this type of forest to climate change.
- × **Procedures:** to test the effectiveness of actions taken and propose adjustments for improving techniques.
- × **Dissemination:** to help project owners and managers to transfer the techniques and tools developed through the project.

*Cork oak forests are one of 36 world hotspots for biodiversity, on a par with Amazonia and the African Savannah.*

“THE FLORA OF THE MEDITERRANEAN BASIN IS ‘DRAMATIC’. ITS 22,500 ENDEMIC VASCULAR PLANT SPECIES ARE MORE THAN FOUR TIMES THE NUMBER FOUND IN ALL THE REST OF EUROPE.”

CONSERVATION INTERNATIONAL



# 6

## PROMOTING WELL-BEING

More than 96% of the employees represented in this report belong to industrial-based companies. The indicators shown in this chapter are therefore influenced by the predominance of operational management activities and should be considered in this context.

Companies not considered in this analysis and which represent – in terms of number of employees – about 32% of the total, are predominantly engaged in commercial and business support activities, which would have a different impact on some of the indicators.

### 6.1. HUMAN CAPITAL MANAGEMENT

Guaranteeing the commitment and dedication of employees is fundamental to Corticeira Amorim's people management policies and practices.

Ensuring a safe and healthy work environment, encouraging the development of employee skills in a challenging context and supporting their professional and personal evolution are concrete goals for the company's human resources performance and has prompted a growing concern and consequent investment in this area in recent years.

The management of human resources, geared to achieving these strategic objectives, follows people management and motivation policies set out here: <https://www.amorim.com/en/sustainability/integrated-management-system/policies-and-management-system/>. The policies:

- ✦ Adopt and assume the principle of freedom of association;
- ✦ Promote a physically, socially and psychologically safe and healthy work environment and continually seek to evolve by adopting the best techniques and practices in this field;
- ✦ Promote the implementation of the principles and the adoption of the practices set out in the Code of Ethics and Professional Conduct and in public commitments that should characterise internal relations between employees, as well as their interactions with different stakeholders;
- ✦ Implement people management practices in the field of recruitment and skill development that promote non-discrimination and equality of opportunity, building work environments where plurality and difference are a factor for continuous improvement and innovation;
- ✦ Adopt leadership practices by example, which value learning and development, as well as recognition and compensation practices based on merit and exempt from judgments of a discriminatory nature.

### Employment

2 899 – Total Workforce Reported in 2017

25% – Woman

82% – Permanent

98% – Full-Time

85% – Employees in Portugal

In 2016 and 2017, most indicators relating to Corticeira Amorim's employees remained little changed from previous years.

The number of employees recorded in 2017 was the highest for the past three years, reflecting the high level of business activity registered in that year and the continuing growth trend of recent years.

The recruitment structure reflects the predominance of industrial operations, whose growth in 2017 had a direct impact on the turnover rate of employees, which rose from 11% in 2016 to 12% in 2017.

On the other hand, the prevalence of direct contracts, which applied to 82% of the permanent workforce, show Corticeira Amorim's commitment to employment policies that favour stability and medium – and long-term commitment to its employees.

Gender distribution values remain stable. Corticeira Amorim values diversity, supporting it through non-discrimination policies and practices, especially in regard to recruitment and career progression. The recruitment of more skilled employees has translated into an improved gender balance among management support technicians.



## Total number of employees by category, gender and age range

	Age			Gender	
	< 30	30 a 50	> 50	Female	Male
Directors	0	9	13	0	22
Managers	1	39	27	9	58
Heads of Department	0	39	23	16	46
Sales Staff	15	68	32	25	90
Management Support Technicians	78	104	22	84	120
Team Leaders	5	71	60	26	110
Administrative Staff	15	117	60	112	80
Maintenance, Quality and Logistics Technicians	52	169	118	87	252
Production Operators	229	932	601	378	1 384
<b>TOTAL 2015</b>	<b>316</b>	<b>1 611</b>	<b>876</b>	<b>692</b>	<b>2 111</b>
<b>TOTAL 2016</b>	<b>364</b>	<b>1 539</b>	<b>965</b>	<b>716</b>	<b>2 152</b>
<b>TOTAL 2017</b>	<b>395</b>	<b>1 548</b>	<b>956</b>	<b>737</b>	<b>2 162</b>

Corticeira Amorim has been giving priority to hiring younger employees on permanent contracts, a practice adopted in most areas of the company. For skilled jobs such as management support technicians and maintenance, quality and logistics technicians, hiring workers on permanent contracts is also important for retaining critical business skills.

As a result, the trend towards rejuvenating the workforce was maintained in 2017 to prepare the organisation for future challenges. One of the company's objectives is to lower the average age of its employees over the medium term. At the end of 2017, most Corticeira Amorim employees were aged 30-50.

There has been a high volume of new entrants over the past three years, due to changes in the company's industrial activities, training objectives for new skills and the renovation of some structures. The employee turnover rate has remained stable as a consequence. The company, however, has shown a greater capacity to maintain female employees (number of entries against the number of exits).

## Number and rate of turnover and new hires by age group, gender and region

	2017	2016	2015
<b>Number of hires</b>	<b>362</b>	<b>339</b>	<b>382</b>
<b>Rate of new hires</b>	<b>12%</b>	<b>12%</b>	<b>14%</b>
<30	6%	5%	6%
30 a 50	6%	6%	7%
>50	1%	1%	1%
Female	3%	3%	2%
Male	10%	9%	11%
Portugal	9%	9%	12%
Rest of the World	3%	3%	2%
<b>Number of exits</b>	<b>344</b>	<b>323</b>	<b>309</b>
<b>Turnover rate</b>	<b>12%</b>	<b>11%</b>	<b>11%</b>
<30	4%	3%	2%
30 a 50	5%	5%	5%
>50	3%	3%	4%
Female	2%	2%	3%
Male	10%	9%	8%
Portugal	9%	8%	8%
Rest of the World	3%	3%	3%

### Labour Relations

Freedom of association is a right of all Corticeira Amorim employees and is actively exercised by 25% of those covered by this report. To regulate working conditions in Portugal, collective labour contracts that cover 100% of employees are agreed on by APCOR, representing the cork industry, and the trade unions that represent the sector's workers.

The different Group companies also have internal bodies that represent employees (trade union commissions, workers' commissions, occupational health and safety commissions) and participate in various aspects of the day-to-day life of the companies.

In terms of labour relations, internal communication is fundamental to the involvement and commitment of employees in day-to-day operations and company projects. Communication, which takes different forms, seeks to promote clarification, to encourage an alignment with and focus on goals, to facilitate the implementation of decisions related to restructuring and to enhance and strengthen positive skills, attitudes and behaviour consistent with the company's culture.

*25% – Employees exercise the right to freedom of association*

*100% – Collective Work Contracts established between APCOR and the sector's trades unions (Portugal)*

### Training and Education

The need to adjust qualifications and develop skills is a constant in all Corticeira Amorim's companies and structures.

The implementation of new technologies, new forms of work organisation and the consequent need for skilled employees in industrial units, the normal demands of markets and customers in the commercial areas and the challenges posed by innovation all require the training and development of human resources. Despite the peaks and successive records registered in terms of business activity in 2016 and 2017, training has been maintained at the same level in recent years.

In 2017, the skill recognition, development and certification project (RVCC) was resumed, enabling employees to complete their school education in a business context and proceed to higher levels of study. While not professional training in the true sense of the term, the academic and personal progress of employees provides added value. Investing in the academic qualifications of its workforce is a critical success factor for Corticeira Amorim.

The development of professional skills is another important area in which the company invests. This is reflected in the more than 37 thousand hours of training in various areas, from job adaptation to behavioural, management, continuous improvement, innovation and technology skills that Corticeira Amorim provides annually.

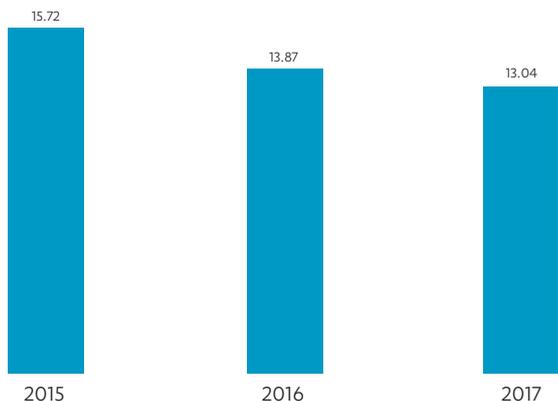
Training has been identified as an area that would clearly benefit from evolution. Investment in training will tend to increase further over the next three years, particularly in production areas.



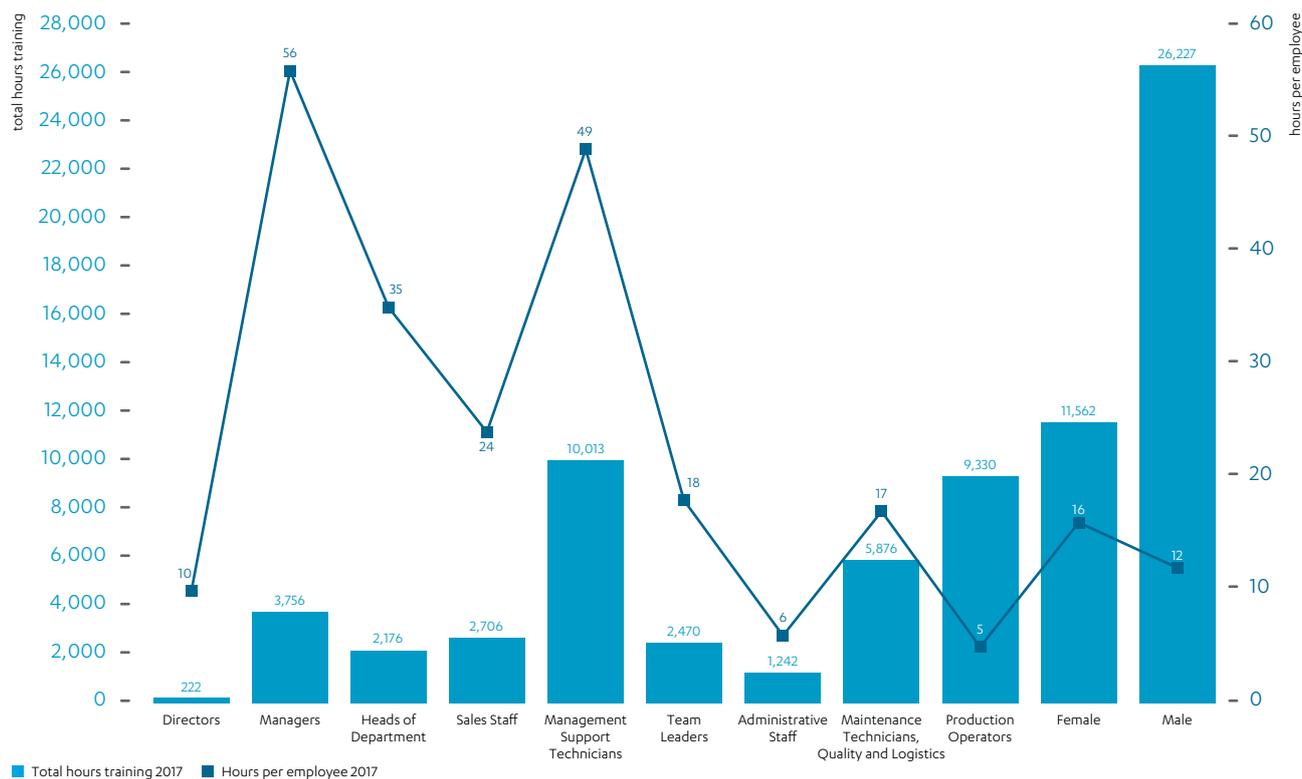
37 789 – Hours of training

13,04 – Average number of training hours per employee

Average number of training hours



Average number of training hours per employee, by gender and professional category



### Diversity, Equal Opportunities and Non-discrimination

As referred to in subchapter 6.1. Human Capital Management, Corticeira Amorim advocates people management and motivation policies that promote non-discrimination and equal opportunity in the recruitment, promotion and training of its employees, as well as in their remuneration and working conditions. The criteria of equity and promoting merit govern decisions in every situation, never factors based on gender, age, race or religion.

Social realities and the gender imbalance found in certain roles and positions in different organisations and institutions is obviously transposed into the organisational reality of Corticeira Amorim, which was founded more than a century ago and is not detached from the context in which it operates.

### Equal Remuneration for Women and Men

Corticeira Amorim bases its people management practices on evaluating merit and rewarding performance. The company does not restrict the access of women to any professional positions or categories, nor are increases in remuneration affected by factors that are not based on skills and real performance.

The ratios shown represent a positive change in gender equity. Change in this area, affected by the past, takes some time to be perceived. Over the past three years, however, positive changes can be observed. The only exception to this trend is the commercial category where the change has been negative. This is explained by the geographical distribution of employees. This occurs mostly in Portugal, where female employees are still under-represented. Male employees have a much greater weight in several Western Europe countries and in the US, where average wage levels are much higher than in Portugal. This distorts the remuneration ratio, which looked at country-by-country would be much more balanced.

### Salary ratio between woman and men, by employee category

	2017	2016	2015
Managers	0.7	0.8	0.7
Heads of Department	0.8	0.7	0.7
Sales Staff	0.5	0.6	0.6
Management Support Technicians	0.9	0.8	0.8
Team Leaders	1.1	1.0	0.9
Administrative Staff	1.1	1.1	1.1
Maintenance, Quality and Logistics Technicians	0.9	0.9	0.8
Production Operators	1.0	1.0	1.0

### Remuneration ratio between woman and men, by employee category

	2017	2016	2015
Managers	0.7	0.8	0.7
Heads of Department	0.7	0.7	0.7
Sales Staff	0.7	0.7	0.6
Management Support Technicians	0.8	0.8	0.8
Team Leaders	1.0	0.9	0.9
Administrative Staff	1.1	1.0	1.1
Maintenance, Quality and Logistics Technicians	0.8	0.8	0.8
Production Operators	0.9	0.9	0.9

## 6.2. HEALTH, HYGIENE AND SAFETY

Corticeira Amorim's commitment to health, hygiene and safety (HHS) at work is evident from the investments it makes, its continuous review of safety plans, its monitoring of their effectiveness and suitability in relation to potential risks, and its efforts to train and raise the awareness of employees in relation to these risks. These initiatives are key to improving the company's performance in this regard.

The BUs have implemented structured plans aimed at continuous improvements and sustained practices, preventing risk, reducing occurrences and mitigating consequences. This has had a positive impact on indicators in these areas. Of note, one unit – that accounts for 16% of the company's total workforce – validated and received external certification according to international standard OHSAS 18001.

Corticeira Amorim's health and safety goal is for the physical, social and psychological well-being of employees to be a constant in all its companies. Its objectives in this area include:

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

21,1 – Accident frequency index 2017

1,62 – Work-related illness rate

547 – Lost working days rate

3,4% – Absenteeism rate

1\* – Fatal accidents

\*Accident in itinere



No fatal accidents were recorded at Corticeira Amorim's facilities in 2016 and 2017. However, a death occurred as a result of a road accident during a journey outside the company's installations.

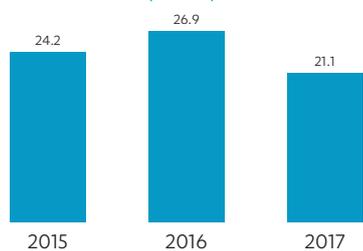
Although the number of occupational accidents declined last year and had remained stable in previous years, the improvement has not been sufficient to achieve the company's medium-term objective: to reduce the number of accidents by more than 50% by 2020.

Achieving this goal requires long-term intervention on several fronts. Corticeira Amorim took the first steps in this direction in the last quarter of 2017.

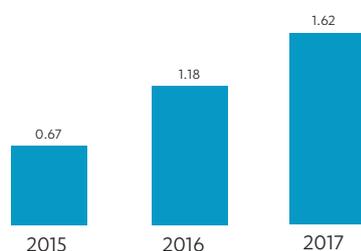
The company is also aware that excellent performance in this field implies much more than investment in equipment and other material means. It requires, above all, a culture geared to protecting the physical integrity and well-being of its employees, exemplary practices on the part of management and continuous investment in training employees to adopt a responsible attitude to safety at work.

Absenteeism has remained relatively stable at 3%-3.5%. This figure has been decreasing and is below the average for industrial companies in Portugal.

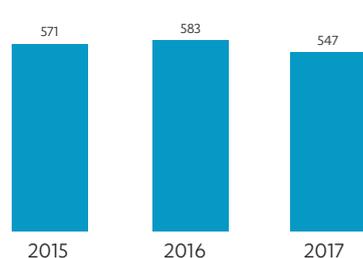
#### Accident frequency index



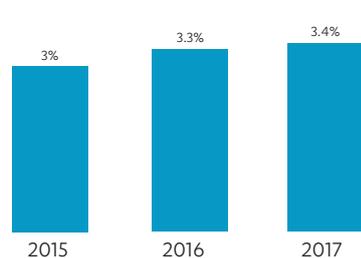
#### Work-related illness rate



#### Lost working days rate



#### Absenteeism rate



#### Ratios of accidents, professional illnesses, lost days, and absenteeism, and number of work-related fatalities, by gender

	2017	2016	2015
<b>Number of accidents in the workplace</b>	<b>130</b>	<b>159</b>	<b>145</b>
Female	21	32	24
Male	109	127	121
<b>Nº of fatalities</b>	<b>1*</b>	<b>0</b>	<b>0</b>
<b>Accident frequency index</b>	<b>21.1</b>	<b>26.9</b>	<b>24.2</b>
Female	14.3	22.1	15.7
Male	23.2	28.4	27.1
<b>Work-related illness rate</b>	<b>1.62</b>	<b>1.18</b>	<b>0.67</b>
Female	0.00	0.69	1.97
Male	2.13	1.34	0.22
<b>Lost working days rate</b>	<b>547</b>	<b>583</b>	<b>571</b>
Female	304	486	439
Male	623	614	616
<b>Absenteeism rate</b>	<b>3.4%</b>	<b>3.3%</b>	<b>3.0%</b>
Female	4.3%	3.9%	4.3%
Male	3.1%	3.1%	2.5%

\* Accident in itinere  
2015, for comparative purposes, recalculated as methodological notes



### 6.3. EMPLOYEE WELL-BEING

Corticeira Amorim offers benefits to employees who seek to improve their well-being outside working hours and who make efforts to conciliate work with their personal and family life, namely:

- ✦ Besides work-related medicine, most Corticeira Amorim's companies in Portugal offer general medical services with the possibility of consultations at least twice a week. There is also an influenza vaccination plan for employees and various health screenings (ophthalmological, cardiac and respiratory, among others). The BUs also have protocols with clinical analysis laboratories that take blood and other samples at the companies and with pharmacies that deliver medicines to the workplace.
- ✦ In education, annual subsidies are available for the children of employees and student workers to help them purchase school supplies. The children of all employees in Portugal who obtain better school grades at middle and secondary school are also rewarded;
- ✦ The company canteens are accessible to direct family of the employee; also employees are allowed to purchase meals to take home, thus, in some cases, facilitating family life.

### 6.4. COMMUNITY ENGAGEMENT

Corticeira Amorim has shown a concern for social balance since it was founded almost 150 years ago. It was one of the first companies to make a canteen and a doctor available to all employees in the distant year of 1938. Its concept of social responsibility is not limited to its employees, but also extends to the surrounding community, where it seeks to engage with people in the same way.

#### Natural Choice Programme

The Natural Choice Program, launched by Corticeira Amorim in 2008, with initiatives that are renewed annually, has as its main objectives:

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

#### Main Initiatives – 2016-2017

- ✦ **The "hand in hand" project**  
Annual initiative for exchanging school textbooks covering all the Group's companies in Portugal.
- ✦ **Environmental education initiatives**  
Collaboration with between basic education schools and business schools in Portugal and abroad; sessions sponsored by employees at schools; school visits to the company's facilities, with more than 1,000 students participating in 2017 – 300 in school environments and 700 in company environments.
- ✦ **Porto Futuro programme**  
Protocol with the Porto Municipal Council that supports the collaboration of Corticeira Amorim with a group of schools in the Portuguese city on transposing business practices to the schools:

- "Junior Achievement" volunteers – entrepreneurship and financial education – participation of more than 100 volunteers since 2005;
- Presence at the General Councils of the School Group;
- Diverse Projects;
- Donation of computer equipment, floor and wall coverings and insulation. Sponsorship of merit awards.

#### ✦ Sustainability Week

Repeated every year close to June 1st – National Cork Day – and aimed at raising awareness of sustainability among employees and civil society. It involves sports events held in close collaboration with local communities that seek to promote healthy lifestyles, as well as workshops and various competitions related to sustainability aimed at involving local communities and drawing attention to the sustainable practices that Corticeira Amorim embraces daily.

#### ✦ Sustainability Forum 2017

The Sustainability Forum was held as part of Corticeira Amorim's Sustainability Week. The aim was to raise awareness of the main aspects of sustainability today and to provide an opportunity for discussing new trends. Some benchmarking against other companies was also carried out.

#### ✦ APCOR solidarity walk

More than 400 people participated in the APCOR solidarity walk in 2017, the event's second consecutive year. The amount raised through walker registrations was donated to the Voluntary Firefighters of Santa Maria da Feira (Portugal).

#### ✦ Reforestation

Every year in a joint Amorim-Quercus initiative that forms part of the Common Forest program dozens of volunteers from Corticeira Amorim mobilise to plant trees native to Portugal.

Corticeira Amorim has been a partner of the program since its launch through the cork stopper-recycling programme Green Cork, all the proceeds of which are used to finance the conservation of native Portuguese forests.

In 2016 and 2017, about 4,500 cork oaks were planted in the Alentejo region, a part of Portugal where there is a large area of cork oak forests and a potential re-ordering forested land.

Since 2011, volunteers from Corticeira Amorim have planted about 18,500 trees, most of them cork oaks.

#### ✦ Other initiatives

Evidence of the engagement of the company and its employees is reflected in many initiatives, ranging from the voluntary rehabilitation of school spaces to participation in humanitarian associations, internal campaigns for collecting food and clothing for donation to social institutions and donations in kind to a number of causes and projects of merit. Group companies also encourage the involvement of employees in the "Biological Gardens" project, providing spaces within their premises for the cultivation of vegetable gardens.

## 6.5. PATRONAGE AND DONATIONS

### Donations

Over the years Corticeira Amorim has continually pursued a policy of donating materials to institutions of recognised merit with a capacity for social intervention, a practice with an evident social value that helps improve the quality of the services provided by those institutions.

In 2016 and 2017, several institutions – public, private and associative – benefited from donations of a wide range materials (Corticeira Amorim products, office supplies, computer equipment and other items).

### The Albertina Ferreira de Amorim Foundation

Corticeira Amorim is a leading donor to the Albertina Ferreira de Amorim Foundation, which was created in 2008 and granted public utility status at the end of 2017. The aim of the Foundation is to promote solidarity and to foster the ethical, religious, cultural and civilizational aspects of human advancement. The Foundation acts in two primary areas: support for scientific research in the field of cork raw materials, and humanitarian and social support for causes and projects in the communities surrounding Corticeira Amorim companies.

In 2016 and 2017, it was active in making social, humanitarian and life-supporting interventions through financial support or donations in kind to about 30 institutions in the areas of social insertion, foster care, support for the elderly, fire-fighting corporations, hospital units and the Portuguese League Against Cancer, among others.

### Other assistance

Since Corticeira Amorim was founded, it has been a partner of the Bagos D'Ouro Association, an institution dedicated to supporting children and young people in need in the Douro region of Portugal. The Association provides assistance by supporting children's school careers and creating opportunities for developing successful lives. The company is also a founding partner of the Terras de Santa Maria Foundation. Corticeira Amorim is represented on the board of directors of this Foundation and annually awards a prize to the best management student at Portugal's Instituto Superior Entre Douro e Vouga (ISVOUGA).



# 7

## METHODOLOGICAL NOTES

### 7.1. PERIMETER OF THE SUSTAINABILITY REPORT

As there were no material changes in the universe of companies that make up the perimeter considered in the Sustainability Report, the indicators for 2016 and 2017 are comparable with those of 2015.

In chapter 4. Promoting Research, Development and Innovation and Leveraging Economic Performance, the values presented are those for the consolidated Corticeira Amorim Group (100% of companies included). In the remaining chapters, the companies included cover 87% of industrial units and 68% of the employees of the Corticeira Amorim Group at the end of 2017, as shown in the table below:

Company	Location	Country	%
<b>Raw Materials</b>			
Amorim Florestal, S.A.	Ponte de Sôr	Portugal	100%
Amorim Florestal España, SL	San Vicente Alcántara	Spain	100%
Amorim Florestal Mediterrâneo, SL	Cádiz	Spain	100%
Augusta Cork, S.L.	San Vicente Alcántara	Spain	100%
Amorim Tunisie, S.A.R.L.	Tabarka	Tunisia	100%
Société Nouvelle du Liège, S.A. (SNL)	Tabarka	Tunisia	100%
Société Tunisienne d'Industrie Bouchonnière	Tabarka	Tunisia	55%
Comatral – C. de Maroc. de Transf. du Liège, S.A.	Skhirat	Morocco	100%
<b>Cork Stoppers</b>			
Amorim & Irmãos, S.A.	Santa Maria Lamas	Portugal	100%
Amorim Top Series, S.A.	Vergada	Portugal	75%
Francisco Oller, S.A.	Girona	Spain	92%
<b>Floor and Wall Coverings</b>			
Amorim Revestimentos, S.A.	S. Paio de Oleiros	Portugal	100%
Amorim Benelux, BV	Tholen	Netherlands	100%
Amorim Deutschland, GmbH – AR	Delmenhorts	Germany	100%
Amorim Flooring (Switzerland) AG	Zug	Switzerland	100%
Amorim Flooring North America Inc.	Hanover – Maryland	U.S.A.	100%
Amorim Flooring, SA	S. Paio de Oleiros	Portugal	100%
<b>Composite Cork</b>			
Amorim Cork Composites, S.A.	Mozelos	Portugal	100%
Amorim Comp Cork, Lda	Mozelos	Portugal	100%
Amorim Cork Composites Inc.	Trevor – Wisconsin	U.S.A.	100%
Amorim Industrial Solutions – Imobiliária, S.A.	Corroios	Portugal	100%
<b>Insulation Cork</b>			
Amorim Isolamentos, S.A.	Vendas Novas	Portugal	100%
<b>Holding Company and Others</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. SUBCHAPTER 4.1. ECONOMIC PERFORMANCE

The amounts presented refer to the consolidated Amorim Group (100% of the companies included).

Revenues correspond to the sum of the following items: sales; supplementary income; operating subsidies; own works; other operating income; financial income; capital gains from property, plant and equipment (deducted from capital losses).

Operating costs do not include depreciation.

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

## 7.3. CHAPTER 5. PROMOTING ENVIRONMENTAL RESPONSIBILITY

### Energy Efficiency and Climate Change – Energy and Emissions

The conversion factors published by the Portuguese Environmental Agency (APA) were used for 2016 and 2017, except for the conversion factor for cork powder, which is an internal value used in Energy Intensive Consumption Management System (SGCIE) audits:

Natural Gas (GJ/1000m <sup>3</sup> )	38.44
Propane (GJ/t)	48.45
Diesel (GJ/t)	43.07
Gasoline (GJ/t)	44
Biomass – Cork Powder (GJ/t)	15.7
Biomass – Other (GJ/t)	15.6
Electricity (GJ/kWh)	0.0036

In 2016 and 2017 the emission factors published by the Portuguese Environmental Agency (APA) were used. In the case of emissions associated with electricity consumption (market-based method), the information made available at the time of the report by the supplier Endesa was used. In the case of emissions associated with electricity consumption (location-based method), the Energy Intensive Consumption Management System (SGCIE), official dispatch 17313/2008 reference was used. Emissions outside Portugal were considered of little material importance (about 7%):

Natural Gas (kg CO <sub>2</sub> /GJ)	56.6
Propane (kg CO <sub>2</sub> /GJ)	63.1
Diesel (kg CO <sub>2</sub> /GJ)	74.1
Gasoline (kg CO <sub>2</sub> /GJ)	73.7
Biomass (Cork Powder)	0
Biomass (Other)	0
Electricity – 2015 supplier (g CO <sub>2</sub> /kWh)	511.70
Electricity – 2016 supplier (g CO <sub>2</sub> /kWh)	381.58
Electricity – 2017 supplier (g CO <sub>2</sub> /kWh)	480.24
Electricity – Location: Portugal (g CO <sub>2</sub> /kWh)	470.00

The diversity of Corticeira Amorim's applications and businesses makes it difficult to define an indicator that clearly shows the evolution of CO<sub>2</sub> emissions in relation to activity levels. Over time, efforts have been made to respond to this need by analysing different indicators and in recent years the company has opted for the ratio of emissions to the value of total sales. This indicator involves some limitations, namely those related to the differences between the perimeter considered in

the numerator (more restricted) and the perimeter considered in the (broader) denominator. These become more evident in years when there have been material changes in the perimeter of companies under consideration. In 2017, Corticeira Amorim announced the acquisition of 60% of the Bourrassé Group and 100% of S.A.S. Sodiliège. To maintain the comparability of the indicator, the effect of these acquisitions was excluded in the calculation of the energy intensity and carbon intensity of activities in 2017, with the consolidated sales value considered for that year being €676 million.

In regard to energy consumption outside the organisation, for which the bibliography has no conversion factors for accurately determining, Corticeira Amorim estimated energy consumption based on emission values and the emission factors of the fuels in questions. To do this, some special considerations had to be made. For this reason, the calculation shown is an estimate. Corticeira Amorim will continue working to consolidate the methodology used.

Thus, the following activities and assumptions were considered:

- ✦ Transport and upstream distribution and transport and downstream distribution: the quantity of product bought and sold was considered, which corresponds to 95% of the total; emission factors associated with the transportation of products by sea, air and/or road;
- ✦ Waste generated by operations: the total waste produced and the waste sent to the respective recipients was considered; emission factors associated with road transport per ton transported;
- ✦ Business trips: emission values calculated by the travel agency;
- ✦ Transport of employees: an assessment was made of the distance travelled by employees; emission factors associated with road transport according to the distance employees travelled to and from work.

The information sources for all the emission factors considered were published by the GHG Protocol, the Portuguese Environmental Agency (APA) and the Department for Environment, Food & Rural Affairs (Defra-UK).

## 7.4. CHAPTER 6. PROMOTING WELL-BEING

### Health, Hygiene and Safety

The procedure for calculating the frequency index, the rate of occupational illnesses and the rate of lost days was changed according to the International Labour Organisation (ILO) Code of Practice. The formulas considered are as follows:

- ✦ Frequency index = No accidents/Potential hours of work x 1,000,000.
- ✦ Occupational illness rate = No. of cases of occupational diseases/Potential hours of work x 1,000,000.
- ✦ Lost Days Rate = Number of days lost/Potential work hours x 1,000,000.
- ✦ Absenteeism rate = Days of absence/Potential days of work.

For the calculation of the frequency index, only the accidents that give rise to lost days are considered.

To determine the number of days lost, the number of workdays is considered. Counting begins the day after the accident occurs and stops when the employee returns to work.

## 8

## GRI TABLE

GRI ref.	Description	Value/ Location																																
<b>GRI 102 – GENERAL DISCLOSURES</b>																																		
<b>Organisational Profile</b>																																		
102-1	Name of the organization	2. Corticeira Amorim – 2.1. Organisational Profile																																
102-2	Activities, brands, products, and services	2. Corticeira Amorim – 2.1. Organisational Profile																																
102-3	Location of headquarters	2. Corticeira Amorim – 2.1. Organisational Profile																																
102-4	Location of operations	2. Corticeira Amorim – 2.1. Organisational Profile   Consolidated Annual Report 2017 – Worldwide Presence																																
102-5	Ownership and legal form	2. Corticeira Amorim – 2.1. Organisational Profile																																
102-6	Markets served	2. Corticeira Amorim – 2.1. Organisational Profile																																
102-7	Scale of the organization	2. Corticeira Amorim – 2.1. Organisational Profile   6. Promoting Well-Being – 6.1. Human Capital Management   Consolidated Annual Report 2017 – Organizational Chart   Consolidated Management Report – 9. Consolidated Demonstration of the Financial Position and 10. Main Consolidated Figures																																
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GRI ref.	Description	Value/ Location
102-9	Supply chain	2. Corticeira Amorim – 2.3. Supply Chain
102-10	Significant changes to the organization and its supply chain	In 2017, Corticeira Amorim announced the acquisition of 60% of the Bourrassé Group and 100% of S.A.S. Sodiliège.
102-11	Precautionary Principle approach	Corporate Governance Report – C. Internal Organisation
102-12	External initiatives	2. Corticeira Amorim – 2.2. People and Culture
102-13	Membership of associations	2. Corticeira Amorim – 2.1. Organisational Profile, Participation in Associations
<b>Strategy and Analysis</b>		
102-14	Statement from senior decision-maker	Consolidated Annual Report 2017 – Chairman’s Letter
102-15	Key impacts, risks, and opportunities	Consolidated Annual Report 2017 – 13. Business Risks and Uncertainties
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behavior	2. Corticeira Amorim – 2.2. People and Culture
102-17	Mechanisms for advice and concerns about ethics	2. Corticeira Amorim – 2.2. People and Culture
<b>Governance</b>		
102-18	Governance structure	"3. Sustainability Management and Strategy – 3.1. Sustainability Management Structure   Corporate Governance Report – B. Corporate Boards and Committees, II. Management and Supervision, a) Composition
102-24	Nominating and selecting the highest governance body	Corporate Governance Report – B. Corporate Boards and Committees
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	3. Sustainability Management and Strategy – 3.2. Engagement with Stakeholders
102-41	Collective bargaining agreements	6. Promoting Well-Being – 6.1. Human Capital Management, Labour Relations
102-42	Identifying and selecting stakeholders	3. Sustainability Management and Strategy – 3.2. Engagement with Stakeholders, Corticeira Amorim’s Stakeholders
102-43	Approach to stakeholder engagement	3. Sustainability Management and Strategy – 3.2. Engagement with Stakeholders, Main Means of Communication with Stakeholders
102-44	Key topics and concerns raised	3. Sustainability Management and Strategy – 3.2. Engagement with Stakeholders, Stakeholder Consultation   3.3. Sustainable Development Priorities
<b>Report Profile</b>		
102-45	Entities included in the consolidated financial statements	1. About the Sustainability Report   7. Methodological Notes – 7.1. Perimeter of the Sustainability Report
102-46	Defining report content and topic Boundaries	1. About the Sustainability Report
102-47	List of material topics	1. About the Sustainability Report
102-48	Restatements of information	1. About the Sustainability Report   7. Methodological Notes – 7.3. Chapter 5. Promoting Environmental Responsibility and 7.4. Chapter 6. Promoting Well-Being
102-49	Changes in reporting	1. About the Sustainability Report   7. Methodological Notes – 7.1. Perimeter of the Sustainability Report
102-50	Reporting period	1. About the Sustainability Report
102-51	Date of most recent report	Sustainability Report 2015, covering the years 2014 and 2015.
102-52	Reporting cycle	Message from the Director of Sustainability   1. About the Sustainability Report
102-53	Contact point for questions regarding the report	1. About the Sustainability Report

GRI ref.	Description	Value/ Location
102-54	Claims of reporting in accordance with the GRI Standards	1. About the Sustainability Report
102-55	GRI content index	Present table.
102-56	External assurance	1. About the Sustainability Report

## GRI 200 – ECONOMIC STANDARDS

### Material Aspect: 201 – Economic Performance

103 – Mana- gement Approach	Generic Management Approach:	<p>a – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholder consultation with the company’s internal perspective. In direct relation to economic performance, the topic “Economic Performance” was considered a topic with a high materiality index (materiality matrix – 1. About the Sustainability Report).</p> <p>b – Corticeira Amorim has over the years promoted several initiatives relating to economic performance (4. Promoting Research, Development and Innovation and Leveraging Economic Performance – 4.1. Economic Performance).</p> <p>c – Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and reports them in this report (4. Promoting Research, Development and Innovation and Leveraging Economic Performance – 4.1. Economic Performance).</p>
201-1	Direct economic value generated and distributed	4. Promoting Research, Development and Innovation and Leveraging Economic Performance – 4.1. Economic Performance
201-2	Financial implications and other risks and opportunities due to climate change	"Consolidated Management Report – 13. Business Risks and Uncertainties   Corporate Governance Report – C. Internal Organisation, Internal Control and Risk Management   4. Promoting Research, Development and Innovation and Leveraging Economic Performance   5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change – 5.2. Sustainable Management of the Cork Oak and Biodiversity
201-3	Defined benefit plan obligations and other retirement plans	4. 4. Promoting Research, Development and Innovation and Leveraging Economic Performance – 4.1. Economic Performance
201-4	Financial assistance received from government	4. 4. Promoting Research, Development and Innovation and Leveraging Economic Performance – 4.1. Economic Performance, Financial Incentives

### Aspect: GRI 202 Market Presence

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4. 4. Promoting Research, Development and Innovation and Leveraging Economic Performance – 4.1. Economic Performance , Ratio of the lowest wage to the Portuguese minimum salary
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### Aspect: GRI 204 – Procurement Practices

204-1	Proportion of spending on local suppliers	2. Corticeira Amorim – 2.3. Supply Chain, Cork purchases (thousands of euros)
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### Aspect: GRI 205 – Anti-Corruption

205-1	Operations assessed for risks related to corruption	2. Corticeira Amorim – 2.2. People and Culture, Corruption and Bribery
205-3	Confirmed incidents of corruption and actions taken	2. Corticeira Amorim – 2.2. People and Culture, Corruption and Bribery

## GRI 300 – ENVIRONMENTAL STANDARDS

### Material Aspect: GRI 302 – Energy

103– Mana- gement Approach	Generic Management Approach:	<p>a – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholder consultation with the company’s internal perspective. In direct relation to energy, the topic “Energy Efficiency and Climate Change” was considered a topic with a high materiality index (materiality matrix – 1. About the Sustainability Report).</p> <p>b – Corticeira Amorim has over the years promoted several initiatives relating to energy consumption (5. Promoting Environmental Responsibility).</p> <p>c – Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and reports them in this report (5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change).</p>
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GRI ref.	Description	Value/ Location																
302-1	Energy consumption within the organization	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Energy																
302-2	Energy consumption outside of the organization	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Upstream and Downstream Activity in the Value Chain																
302-3	Energy intensity	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Energy Intensity																
302-4	Reduction of energy consumption	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Energy Intensity																
302-5	Reduction in energy requirements of products and services	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Energy																
<b>Aspect: GRI 303 – Water</b>																		
		<table border="1"> <thead> <tr> <th>Water Consumption (m<sup>3</sup>)</th> <th>2017</th> <th>2016</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td>Public Network</td> <td>30,259</td> <td>31,073</td> <td>31,022</td> </tr> <tr> <td>Groundwater</td> <td>453,863</td> <td>440,664</td> <td>442,692</td> </tr> <tr> <td><b>Total</b></td> <td><b>484,122</b></td> <td><b>471,737</b></td> <td><b>473,714</b></td> </tr> </tbody> </table>	Water Consumption (m <sup>3</sup> )	2017	2016	2015	Public Network	30,259	31,073	31,022	Groundwater	453,863	440,664	442,692	<b>Total</b>	<b>484,122</b>	<b>471,737</b>	<b>473,714</b>
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303-1	Water withdrawal by source																	
<b>Aspect: GRI 304 – Biodiversity</b>																		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5. Promoting Environmental Responsibility – 5.2. Sustainable Management of the Cork Oak and Biodiversity, Biodiversity																
304-2	Significant impacts of activities, products, and services on biodiversity	5. Promoting Environmental Responsibility – 5.2. Sustainable Management of the Cork Oak and Biodiversity, Biodiversity																
<b>Material Aspect: GRI 305 – Emissions</b>																		
103 – Management Approach	Generic Management Approach:	<p>a – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholder consultation with the company's internal perspective. In direct relation to emissions, the topic "Energy Efficiency and Climate Change" was considered a topic with a high materiality index (materiality matrix – 1. About the Sustainability Report).</p> <p>b – Corticeira Amorim has over the years promoted several initiatives relating to energy consumption and emissions (5. Promoting Environmental Responsibility).</p> <p>c – Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and reports them in this report (5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change).</p>																
	Specific Management Approach:	Some Corticeira Amorim units are covered by the regulations of the Intensive Energy Consumption Management System (SGGIE).																
305-1	Direct (Scope 1) GHG emissions	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Emissions																
305-2	Energy indirect (Scope 2) GHG emissions	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Emissions																
305-3	Other indirect (Scope 3) GHG emissions	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Upstream and Downstream Activity in the Value Chain																
305-4	GHG emissions intensity	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Carbon Intensity																
305-5	Reduction of GHG emissions	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Energy, Emissions																

GRI ref.	Description	Value/ Location
<b>Aspect: GRI 306 – Effluents and Waste</b>		
306-2	Waste by type and disposal method	5. Promoting Environmental Responsibility – 5.1. Energy Efficiency and Climate Change, Waste
<b>Aspect: GRI 307 – Environmental Compliance</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</b>		
308-2	Negative environmental impacts in the supply chain and actions taken	2. Corticeira Amorim – 2.3. Supply Chain, Procurement and Provisioning   2. Corticeira Amorim – 2.2. People and Culture, Charter of Principles of the Business Council for Sustainable Development (BCSD) and Human Rights
<b>GRI 400 – SOCIAL STANDARDS</b>		
<b>Material Topic: GRI 401 – Employment</b>		
103 – Management Approach	Generic Management Approach:	<p>As Human Capital Management involves the following aspects “Employment”, “Labour Relations”, “Training and Education”, “Diversity, Equal Opportunities and Non-discrimination”, “Equal Remuneration for Women and Men” and “Health, Hygiene and Safety”, all these aspects are considered material in following GRI Standards. For purposes of responding to Generic Management Types, this paragraph must be considered.</p> <p>a – The material topics of Corticeira Amorim were based on the comparison of the results from stakeholder consultation with the company’s internal perspective. In direct relation to employment, the topic “Human Capital Management” was considered a topic with a high materiality index (materiality matrix – 1. About the Sustainability Report).</p> <p>b – Corticeira Amorim has over the years promoted several initiatives relating to human capital management (6. Promoting Well-Being – 6.1. Human Capital Management and 6.2. Health, Hygiene and Safety).</p> <p>c – Corticeira Amorim performs the measurement and monitoring of indicators associated with this aspect and reports them in this report (6. Promoting Well-Being – 6.1. Human Capital Management and 6.2. Health, Hygiene and Safety).</p>
	Specific Management Approach:	<p>The work performed in Corticeira Amorim’s supply chain takes place in compliance with institutional and legal structures.</p> <p>The working conditions in Corticeira Amorim’s supply chain meet the labour legislation in each geography where the activity is developed.</p>
401-1	New employee hires and employee turnover	6. Promoting Well-Being – 6.1. Human Capital Management, Employment
<b>Material Topic: GRI 402 – Labour / Management Relations</b>		
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.
<b>Material Aspect: GRI 403 – Occupational Health and Safety</b>		
103 – Management Approach	Specific Management Approach:	<p>The work performed in Corticeira Amorim’s supply chain takes place in compliance with institutional and legal structures.</p> <p>The working conditions in Corticeira Amorim’s supply chain meet the labor legislation in each geography where the activity is developed.</p>

GRI ref.	Description	Value/ Location																																																								
		6. Promoting Well-Being – 6.2. Health, Hygiene and Safety																																																								
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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	<table border="1"> <thead> <tr> <th colspan="2">Number of injury and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organization, by gender</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Number of accidents in the workplace</b></td> <td><b>13</b></td> </tr> <tr> <td>Female</td> <td></td> <td>0</td> </tr> <tr> <td>Male</td> <td></td> <td>13</td> </tr> <tr> <td colspan="2"><b>Nº of fatalities</b></td> <td><b>0</b></td> </tr> <tr> <td>Female</td> <td></td> <td>0</td> </tr> <tr> <td>Male</td> <td></td> <td>0</td> </tr> </tbody> </table>	Number of injury and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organization, by gender		2017	<b>Number of accidents in the workplace</b>		<b>13</b>	Female		0	Male		13	<b>Nº of fatalities</b>		<b>0</b>	Female		0	Male		0																																			
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<b>Material Aspect: Gri 404 – Training and Education</b>																																																										
404-1	Average hours of training per year per employee	6. Promoting Well-Being – 6.1. Human Capital Management, Training and Education																																																								
<b>Material Aspect: Gri 405 – Diversity and Equal Opportunity</b>																																																										
103 – Management Approach	<b>Specific Management Approach:</b>	Corticeira Amorim advocates a policy of management and motivation of people that promotes non-discrimination of any kind, equal opportunities in recruitment, promotion and training of employees, remuneration and working conditions.																																																								
405-1	Diversity of governance bodies and employees	6. Promoting Well-Being – 6.1. Human Capital Management, Employment																																																								
405-2	Ratio of basic salary and remuneration of women to men	6. Promoting Well-Being – 6.1. Human Capital Management, Equal Remuneration for Women and Men																																																								
<b>Aspect: Gri 413 – Local Communities</b>																																																										
413-1	Operations with local community engagement, impact assessments, and development programs	6. Promoting Well-Being – 6.3. Employee Well-Being and 6.4. Community Engagement and 6.5. Patronage and donations																																																								
<b>Aspect: Gri 414 – Supplier Social Assessment</b>																																																										
414-2	Negative social impacts in the supply chain and actions taken	2. Corticeira Amorim – 2.3. Supply Chain, Procurement and Provisioning   2. Corticeira Amorim – 2.2. People and Culture, Charter of Principles of the Business Council for Sustainable Development (BCSD) and Human Rights																																																								



Mozelos, 19 February 2018

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

**António Rios de Amorim**  
Chairman

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

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

**Cristina Rios de Amorim Baptista**  
Member

**Luísa Alexandra Ramos Amorim**  
Member

**Juan Ginesta Viñas**  
Member



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### Independent Limited Assurance Report of the Sustainability Report

(Free translation from the Original Independent Limited Assurance Report in Portuguese dated March 16, 2018. In case of any discrepancy, the Portuguese version always prevails.)

To the Board of Directors of  
Corticeira Amorim S.G.P.S., S.A.

#### Introduction

1. We were contracted by the Board of Directors of Corticeira Amorim S.G.P.S., SA to proceed with the Independent review of the 2017 Sustainability Report (hereinafter the "Sustainability Report") included in the "Report and Accounts 2017", relating to the sustainability activities carried out from 1 January 2016 to 31 December 2017.

#### Responsibilities

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

#### Scope

4. Our review procedures have been planned and executed in accordance with the International Standard on Assurance Engagements (ISAE 3000, Revised) - "Assurance engagements other than Audits and Reviews of Historical Financial Information", for a limited level of assurance.
5. A limited assurance engagement consists mainly in the formulation of questions to those in charge of the organization and in analytical procedures, including review tests on a sample basis. Therefore, the assurance provided by these procedures is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our independent review procedures comprised the following:
  - ▶ Conducting interviews with Management, in order to understand how the information system is structured and assess their level of knowledge of the topics addressed in the report;
  - ▶ Review of the processes, criteria and systems adopted to collect, consolidate, report and validate the data for the years 2016 and 2017;
  - ▶ Analytical review, on a sample basis, of the data calculated by Management, and verification of quantitative and qualitative information disclosed in the report;

Sociedade Anónima - Capital Social 1.335.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários  
Contribuinte N.º 905 988 283 - C. R. Comercial de Lisboa sob o mesmo número - Sede: Av. da República, 90 - 6.º - 1600-206 Lisboa  
A member firm of Ernst & Young Global Limited

- ▶ Confirmation on how collection, consolidation, validation and report procedures are being implemented in selected operating units;
  - ▶ Verification of the conformity of the information included in the non-financial information statements with the results of our work.
6. Regarding sustainability reporting standards of the Global Reporting Initiative - GRI Standards 2016, we performed a review of the self-evaluation made by Management of the adopted option to apply the GRI Standards 2016 and conformity with Article 508º G of the Portuguese Companies Act (*Código das Sociedades Comerciais*) and 245ºA, paragraph r) of the Securities Market Code (*Código do Mercado dos Valores Mobiliários*) with respect to non-financial and diversity disclosures.

#### Quality and independence

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

#### Conclusion

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

Lisboa, March 16, 2018

Ernst & Young Audit & Associados - SROC, S.A.  
Sociedade de Revisores Oficiais de Contas (nº 178)

Represented by:

(signed)

Rui Manuel da Cunha Vieira - ROC nº 1154  
Registado na CMVM com o nº 20160766