




20
06

sustainability report
CORTICEIRA AMORIM, S.G.P.S., S.A.



AMORIM



A black and white close-up portrait of a young child's face, focusing on the eye and nose. The child has light-colored hair and is looking slightly to the right. The background is a soft, out-of-focus grey.

CORTICEIRA AMORIM's activity
presents unique characteristics
in terms of sustainability, constituting an
unusual example of interdependence between
industry and an ecosystem, generating
wealth and preserving the environment.





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1

chairman's letter



Dear Stakeholders,

Never has so much been said about sustainable development and corporate responsibility. In fact, the squandering of scarce natural resources, climate change and profound social asymmetries call out to society, urging us to reflect on a new development model. This new model should, simultaneously, incorporate crucial economic, social and environmental aspects while actively encouraging every citizen to contribute to the construction of a better world .

As a result, the corporate adoption of encompassing strategic and organisational policies that foster a culture of sustainability is now widely expected. Helping disseminate this culture among suppliers, employees and customers is equally crucial and should be viewed as a continuous, long-term objective.

CORTICEIRA AMORIM, in addition to benefiting from a gift of Nature, has also structured its business activities around the adoption and strengthening of sustainable development practices. This approach is based upon several aspects, including transforming a natural raw material extracted cyclically from trees without harming them, promoting the economic and social sustainability of areas at risk of desertification while making available high value added products that maintain the unique and intrinsic characteristics of natural cork. All this is achieved through an integrated manufacturing process that is practically waste-free.

Aware of its responsibility as the undisputed leader in the industrial cork business, the segment that guarantees the economic viability of the world's cork forests, CORTICEIRA AMORIM has published this first Sustainability Report. It is our aim to initiate, with all our Stakeholders, a regular and structured communication practice focussed on the company's sustainable development policies and related corporate activities.

The latest National Forest Inventory brought important and positive news for both cork and the environment. When compared with previous assessments, the 2005-2006 Inventory reported a 3.4% increase in Portugal's total cork forest area, effectively placing the cork oak as the country's most important forest species.

Despite the intense fires that have affected just about all of the country in the last decade, this growth demonstrates not only the greater resistance of cork forests to fire as compared with other species, but also the investment made by property owners in both new cork oak plantations and in the implementation of increasingly sophisticated forest management systems.

As such, the growing number of properties certified by the Forest Stewardship Council (FSC) represent not only a clear response to market demand, but also the adoption of highly respected, international standards that further ensure the sustainability of natural cork.

Indeed, the CO₂-retention capabilities of cork oak forests play a unique and positive role concerning fundamental issues such as biodiversity, combating desertification, retaining water, and limiting climate change.

Although it does not own any cork forests, CORTICEIRA AMORIM clearly assumes the company's important role in the promotion and economic viability of this natural resource as well as its decisive impact upon the regions and communities where cork is a traditional means of livelihood.

Our purpose is to constantly add value to a natural, environmentally friendly raw material like cork, using best practices that can reinforce the ecological character of the product as a way of enhancing differentiation vis-à-vis alternative products.

**“Sustainable development is the development that satisfies present needs,
without compromising the capacity of future generations to satisfy their own needs.”**

In “Our Common Future” (Brundtland Report), United Nations, 1987.

Regarding social responsibility, ours is a permanent commitment to developing and valuing the competence of our workforce by increasing the number of professional training hours available to our employees. Training in key competency areas such as Prevention, Hygiene and Safety and affording school grade equivalences through a Recognition, Validation and Certification of Skills Programme have registered a strong and enthusiastic response from company employees.

As the biggest direct employer in many of the geographical areas where it operates, CORTICEIRA AMORIM's social responsibility takes in account, on one hand, its significant role as a local driver of development and, on the other, the importance of promoting a culture of efficiency and recognition of merit among its workforce. As a result, several benefits are added to monthly salaries which include attendance bonuses, schoolbook subsidies, hospital insurance, vaccination programmes, free medical checkups and treatments.

It is our expectation that these practices will have a knock-on effect throughout the whole cork industry, thus improving the standard of living of less-privileged sectors of society and increasing general social well-being.

CORTICEIRA AMORIM has also implemented a performance assessment system that is intended to reward the fulfilment of objectives at the Senior Management level. The integration of this system with the Balanced Scorecard methodology in place makes it possible to align the actions of the entire Organisation in the pursuit of both financial and non-financial objectives, further encouraging the day-to-day implementation of the concept of Sustainable Development.

Concerning last year's economic performance, CORTICEIRA AMORIM presented record growth in activity and profitability as explained at length in the 2006 Annual Report.

The publication of this Sustainability Report is the end-result of a project initiated in 2006 and the performance and practices here reported are the direct result of a culture of sustainability that has guided our business activity since the 19th Century.

Adding to decades of practice in planning, control and reporting of economic and financial performances, this document also marks the beginning of a new cycle for CORTICEIRA AMORIM. Going forward, we will also plan, control and report on our performance in matters relating to the promotion of sustainable development. We seek, with the contribution of our Stakeholders, to produce a shared statement on the way we carry out our activity while continuously assessing potential improvements that may reflect on everyone's well-being.

This is our commitment and we count on the contribution of all to this joint effort of creating a better world.

Sincerely,



António Rios de Amorim

Chairman & CEO
CORTICEIRA AMORIM, S.G.P.S., S.A.

list of acronyms

APCOR	Portuguese Cork Association
CEAFA	Centre of Excellence in the Agroforestral and Food Sector
DGRF	Portuguese General Directorate of Forest Resources
FSC	Forest Stewardship Council
GRI	Global Reporting Initiative
HACCP	Hazard Analysis and Critical Control Points
R&D	Research and Development
IFN	National Forest Inventory (Portugal)
IFRS	International Financial Reporting Standards
ISA	Portuguese School of Agronomy
MIT	Massachusetts Institute of Technology
NGO	Non-Governmental Organisation
ELP	Ecosystem's Liquid Production
RSPB	Royal Society for the Protection of Birds
RVCS	Recognition, Validation and Certification of Skills
SPEA	Portuguese Society for the Study of Birds
BU	Business Unit
WIETA	Wine Industry Ethical Trade Association
WWF	World Wide Fund For Nature



2

cork



CERTIFIED CORK by FSC

2.1 characteristics of cork oak

The cork oak (*Quercus Suber* L.) is a tree belonging to the oak family, from which the cork is extracted. Its value is based not only on the products extracted from the tree, but on all of the agricultural, forest, silvopastoral and hunting activities that revolve around the cultivation of the cork oak. Regular extraction of the cork is a fundamental contribution for environmental, economic and social sustainability of the rural areas of the Mediterranean region where the cork oak may be found.

The cork oak tolerates climates with dry summer periods and low rainfall. Its ideal habitat is land with an altitude of between 100 and 300 metres, with between 400 and 800 mm of rain per year, temperatures that never fall below 5°C, wind from the Atlantic and earth rich in nitrogen, sand, phosphorus, potassium and a pH between 5 and 6.

The process of cork extraction is called stripping and is carried out during the period of the cork oak's greatest growth: from mid May until the end of August. The stripping is a highly specialised process that guarantees that the tree is not harmed, otherwise it would die.

The cork oak is a slow growing tree that may live for 200 years, which allows it, on average, to be stripped 16 times during its lifetime.

The first stripping only takes place after 25 years, when the trunk of the tree has a circumference of 70 cm. The bark removed in this first extraction is called virgin cork; nine years later the secondary cork is extracted. After these two extractions, reproduction cork is extracted every nine years, regular in structure, with smooth internal and external surfaces, and the characteristics and qualities that make it suitable for the production of cork stoppers.



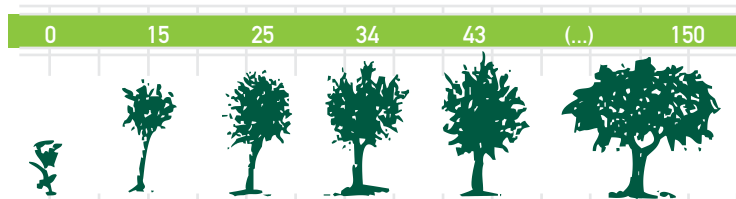
 <p>Fruit (acorn)</p> <ul style="list-style-type: none"> • animal feed • manufacture of food oils and animal feed • seed 	 <p>Bark (cork)</p> <ul style="list-style-type: none"> • main raw material of the cork industry 	 <p>branches (results of pruning)</p> <ul style="list-style-type: none"> • firewood • charcoal • bark 	 <p>leaves</p> <ul style="list-style-type: none"> • animal feed • natural fertilizer
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“ If we knew what 60 million years represents we would understand just how long the cork oak has been around...”

Carlos Oliveira Santos in
“O Livro da Cortiça”

Environmentally, the role of the cork oak forest in fixing CO₂, in preserving biodiversity and in combating desertification is fundamental.

Life cycle of the cork oak (in years)



2.2 characteristics of cork

Cork is the name generally given to the bark or protective covering that acts as a outer layer of skin on the cork oak.

Its lightness and chemical inertness make cork an ideal stopper for wines. It resists humidity and ages without deteriorating.

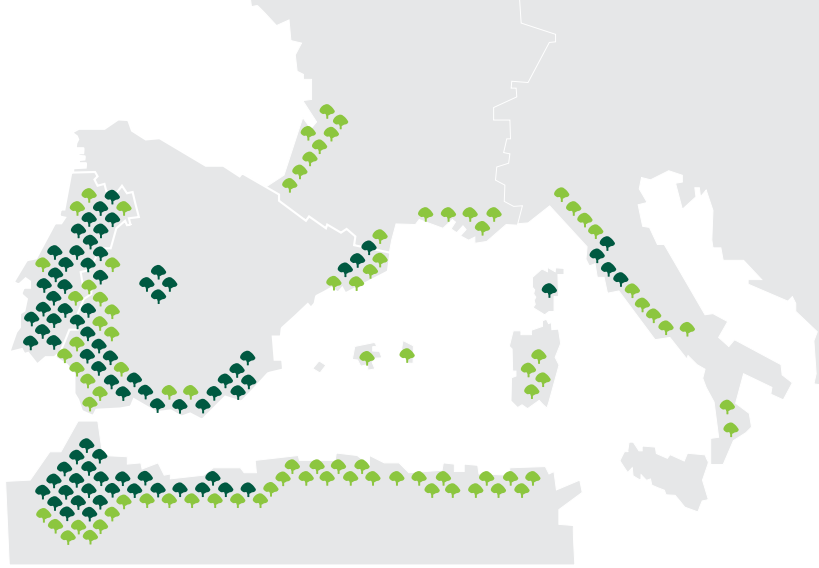
Cork is a unique and surprising material, with truly exceptional characteristics:

- renewable raw material;
- 100 % natural and recyclable product;
- it is made up of:
 - **suberin (45%)**: main component of the cell walls, responsible for the elasticity of the cork;
 - **lignin (27%)**: insulating compound that facilitates the bonding between the different components;
 - **polysaccharides (12%)**: components of the cell walls that define the texture of the cork;
 - **tannins (6%)**: components that determine the colour of the cork;
 - **seroids (5%)**: hydrophobic compounds that guarantee the impermeability of the cork.
 - **various (5%)**: minerals, water, glycerine and other components;
- the interior of the cork is made up of a honeycomb of tiny cells of suberin with 14 sides. On average, each cubic centimetre of cork contains 40 million cells. There are around 800 million cells in a single cork stopper;
- every plank of cork contains around 60% of gaseous elements, which explains its extraordinary lightness. These little cushions give cork a remarkable compressibility; it reverts to its original form after it has been compressed. Because it is resilient, the compression does not convert into expansion in another part of the material, which makes it a material that can be used in closures, gaskets, and thermal, acoustic and anti-vibratic insulation;
- the elasticity gives the cork a higher level of tolerance to changes in temperature and pressure;
- the lightness and chemical inertness make cork an ideal closure for wines. It resists humidity and ages without deteriorating.

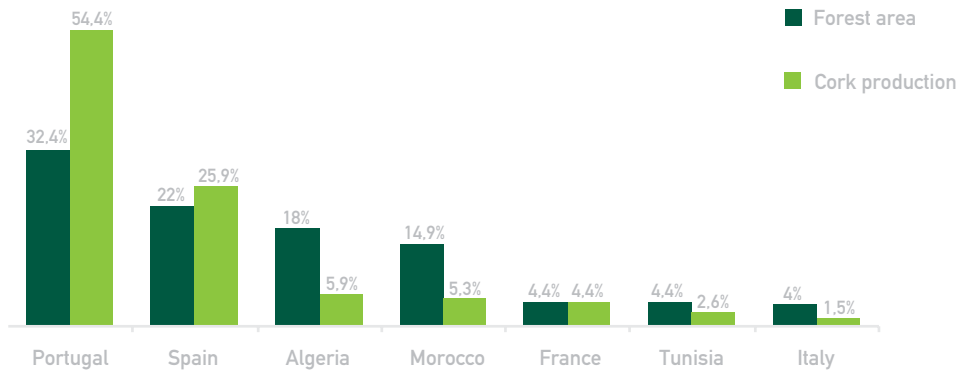


2.3 world production and geographical distribution

World wide, the cork oak forest occupies an area of approximately 2.3 million hectares, from which around 340,000 tons of cork is extracted every year. It only exists in seven countries in the Western Mediterranean Basin Portugal, Spain, France, Italy, Morocco, Algeria, Tunisia. More than 32% of the world area is concentrated in Portugal and that is where around 70% of world production is transformed.

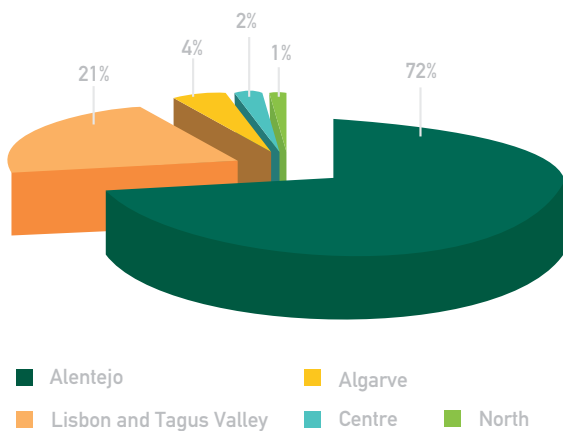


World production and geographical distribution



Source: Portuguese Cork Association [APCOR] and Portuguese General Directorate of Forest Resources [DGRF]

Cork Production in Portugal



Source: DGRF in National Forest Inventory 2005-2006

According to data from the last National Forest Inventory (IFN), carried out in 2005-2006 by the DGRF, the cork oak occupies first place in the ranking of forest species in Portugal and cork represents 28.5% of the exports of forest products.

More than 32% of the world area is concentrated in Portugal, where around 70% of world production is transformed.



With an area of 736,700 hectares of cork oak forest, Portugal has been carrying out important reforestation:

- In the period between the 1997-1998 IFN and the IFN done in 2005-2006, an increase of 23,900 hectares was noted in the cork oak forest area, corresponding to a growth of around 3.4%;
- according to data from the Portuguese Cork Association (APCOR), thanks to the Portuguese reforestation programme, it is estimated that the rate of growth of the cork oak area is currently around 10,000 hectares per year.

With the sustainability of the cork oak forest as their objective, industrialists, non-governmental organisations (NGOs) and government bodies are united in protecting and reforesting the cork oak area.

The cork oak is a species protected by its economic value, of which its slow growth is an intrinsic part. The cork oak forest is subject to specific laws, in all of the main producer countries, which are aimed at protecting it and applying good practice to its exploitation and management. Measures are added to this legal framework to support reforestation and the sustainable growth of the cork oak forest promoted by international organisations, namely by the European Commission.

In Portugal, for example, the cork oak forests are protected and cork oaks may not be cut down, the exceptions being thinning out (an operation intended to maintain adequate dispersion of the trees) and the removal of decrepit trees. Legislation exists to protect the wooded land, the cork oak, the Bark and the cork oak producer.



It is estimated that cork oak forests are responsible for fixing 5% of total CO₂ emissions in Portugal.

2.4 the cork oak forest and climate change

Carbon sink

The exploitation of the cork oak forest, made possible largely by the activity of CORTICEIRA AMORIM, has a positive impact on carbon fixing, thus contributing to mitigate greenhouse gas emissions, the cause of climate change.

The fixing of carbon by the cork oaks derives from the process of photosynthesis, which is behind plant growth and transforms atmospheric CO₂ into O₂ and, in the case of organic matter, into cellulose. This process fixes CO₂ and for this reason the forest is considered to be an important carbon sink. The result of living beings' metabolic activity is the Ecosystem's Liquid Production (ELP), the indicator that measures the capacity to sequester CO₂ in the forest.

A study carried out in Portugal by the Portuguese School of Agronomy (ISA), intended to measure the annual liquid sequestration of carbon, included the analysis of a cork oak forest close to Évora, which presented an ELP of 179 g C/m² in 2006.

It should be emphasised that this is merely a preliminary study, and further research is therefore necessary.

Using this value, it is estimated that in 2006 the Portuguese cork oak forest represented a carbon sink of around 4.8 million tons of CO₂, corresponding to the 736,700 ha of cork oak forest that exist in Portugal. Bearing in mind that total emissions in Portugal amount to around 85 million tons, it is calculated that cork oak forests are responsible for fixing 5% of total CO₂ emissions.

CORTICEIRA AMORIM's products as carbon sinks

The carbon fixed by the cork oaks is stored in the cork and the products produced by CORTICEIRA AMORIM, and it remains there throughout the useful life of the product. It is only released if the product is burned or through organic decomposition. Recycling delays emitting this carbon back into the atmosphere.

In the specific case of cork stoppers, each cork (considering an average weight of 4.8 g) is responsible for fixing 8.8 g of CO₂, which means that the total number of cork stoppers placed in the market in 2006 by CORTICEIRA AMORIM, around 2.9 billion stoppers, corresponds to the total fixing of over 25,000 tons of CO₂.

Fires

Another relevant fact is the impact of the cork oak in mitigating the problem of forest fires. In 2003, the CO₂ emissions associated with the fires represented around 50% of the transport emissions in Portugal, that is to say, the equivalent of 12% of the total emissions of the country. In 2006, the area of eucalyptus and pine trees that burned amounted to 84% of the total burned area, while the cork oak represented only 9%, despite having the largest share of the national forested area.

The cork oak forest plays an important part in minimising the risk of fire, due to:

- characteristics of the species;
- agricultural undertakings with sparse woodland cover;
- adequate maintenance.

Thanks to its unique characteristics, cork acts as a natural barrier to fire, actively protecting the cork oak. After extraction of any cork damaged by fire, the cork oak begins a new cycle of cork production.



The total number of cork stoppers placed on the market by CORTICEIRA AMORIM in 2006 corresponds to a total of more than 25,000 tons of CO₂ being fixed.

Despite the great number of fires that have occurred in Portugal in recent years, the cork oak has not been significantly affected.



2.6 role of the cork oak forest in combating desertification

The cork oak forest plays a fundamental role in combating desertification insofar as it contributes to fixing the soil and organic matter, reducing erosion and increasing water retention. The importance of the cork oak forest as a barrier to the advancing desert in North African countries like Algeria also deserves highlight.

In terms of social desertification, the exploitation of cork allows the creation and maintenance of a significant volume of employment in zones that are especially deprived. According to a report published in 2006 for the World Wide Fund for Nature (WWF), more than 100,000 people, in the seven producer countries, depend directly or indirectly on cork production and the cork oak forest.

More than 100,000 people depend directly or indirectly on cork production.

2.5 biodiversity

The cork oak is the basis of an ecosystem unique in the world, contributing to the survival of many native species of fauna and preservation of the environment. In many cases, the forests are mixed agroforestral systems where the cork oak trees co-exist with animal and cereal farming.

The cork oak is the basis of an ecosystem unique in the world.

This ecosystem includes various species of ants, bees, butterflies, lizards and snakes, the more common mammals like the deer and the wild boar, as well as rarer species like the jennet, Egyptian mongoose or Iberian lynx, the species of feline most seriously threatened with extinction on the planet. The high variety of birds should also be highlighted, some of which are equally as threatened, such as black vulture, black stork or imperial eagle.

2.7 promotion of cork

Various environmental organisations have recognised the threat that using materials other than cork poses to the cork oak forest and run campaigns to raise awareness, drawing attention to the main advantages of using cork. The activities carried out by the WWF, Royal Society for the Protection of Birds (RSPB) and the Portuguese Society for the Study of Birds (SPEA) are especially noteworthy.

In July 2004, the WWF launched the “WWF Cork Oak Landscapes Programme”, a specific initiative to preserve and conserve cork oak forests in the Mediterranean. The programme is intended to influence policies, practices and markets, through the development of various activities which include the dissemination of FSC certification, the biodiversity values associated with cork oak forests and encouraging responsible behaviour in the supply chain, from forest to industry, through to the end consumers.

The Overall Vision of WWF: in 30-50 years time cork oak forest landscapes are maintained and restored, supporting economically viable and culturally and socially beneficial multi-purpose management systems. This leads to sustainable livelihoods, increased perceptions of the whole range of values, goods and services of cork oak landscapes and improved biodiversity.



 *Quercus suber L.*
Família: Fagaceae
Joana Mesquita

'Don't settle for less'

José Mourinho



"The Big Five" Wines ... Amorim cork stoppers were chosen because their chain of custody is certified by the FSC.

Another initiative to be highlighted is the use of Amorim cork stoppers in "The Big Five" range of wines, launched by the South African winery Africa Dawn Wines, in collaboration with the WWF, with the aim of supporting five species of endangered African animals: buffalo, lion, elephant, leopard and rhinoceros.

These wines are produced in vineyards that obey the South African wine-producing industry guidelines on biodiversity, with the purpose of minimising the loss of natural habitat and contributing to the sustainable development of wine production. The closure of choice was cork and Amorim cork stoppers were selected because the company has its chain of custody certified by the Forest Stewardship Council (FSC).

Due to the great diversity of birds sheltered by this habitat, the protection of the cork oak forest is promoted by prestigious bird protection associations, such as the RSPB and SPEA.

Among other activities, the RSPB, which has more than a million members, has launched a brochure entitled "Cork - Good for People, Good for Life", intended to inform the English wine consumer about the benefits of using cork stoppers.



Mention should also be made of the activity carried out by APCOR, highlighting the collaboration agreement signed with the SPEA and the International Cork Campaign that is intended to promote the use of cork in markets such as the United Kingdom, Australia and the United States.



3

CORTICEIRA AMORIM



3.1 mission, vision and values

CORTICEIRA AMORIM is the biggest producer of cork products in the world, making available innumerable products and generating a turnover of more than 440 million euros in more than 100 countries. CORTICEIRA AMORIM transforms and commercialises 30% of world cork production, and has been leader in this industrial sector for more than 130 years.

Tradition, quality and innovation - sum up the Group's effort to conserve and preserve the millions of cork oaks spread out across the Western Mediterranean basin.

CORTICEIRA AMORIM's activity is an essential contribution to the correct exploitation of this important forest which is the habitat of many endangered species and which supports deprived areas.

MISSION

To add value to the raw material - cork - in an integrated, global manner, supporting current applications through competitiveness and differentiation, and developing new products which are in perfect harmony with Nature.

VISION/STRATEGIC CHALLENGE

To remunerate the Invested Capital in an appropriate and sustained manner, with differentiation factors at the level of product and service, and with a workforce that wants to succeed.

VALUES

- market oriented, promoting customer satisfaction and loyalty;
- creation of value, continuously improving performance, namely through research and innovation;
- responsibility, respecting the principles of sustainable - economic, social and environmental - development;
- motivating the workforce, creating conditions for the success of the Organisation.



MAJOR CHALLENGES

The main challenges identified by CORTICEIRA AMORIM, in terms of sustainability, are:

- the development of the cork oak forest as a pillar of the ecosystem;
- the affirmation and promotion of the advantages of using cork;
- Research and Innovation;
- training and qualification of Human Resources;
- integrating sustainability into operating activities.

Note: A brief summary of the main historical landmarks of the company may be found on the back cover of this report.

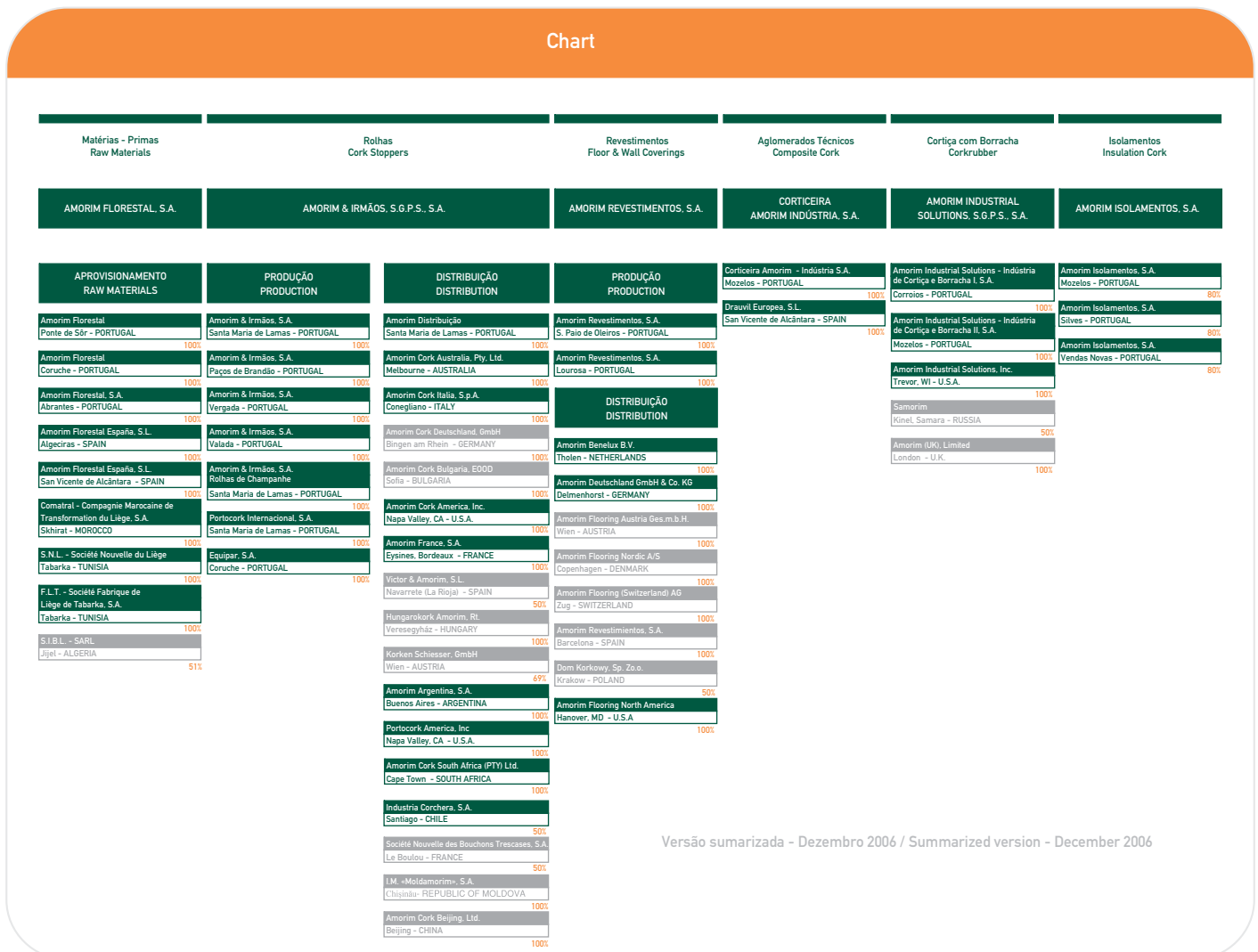
3.2 presentation and profile of CORTICEIRA AMORIM

CORTICEIRA AMORIM, S.G.P.S., S.A. is a holding company with its registered headquarters in Mozelos, Santa Maria da Feira. Currently the shares that represent its share capital amount to 133,000,000 euros, quoted on Euronext Lisbon.

For more than a century CORTICEIRA AMORIM has been a presence in this business sector, making a decisive contribution to the dissemination of cork throughout the world.

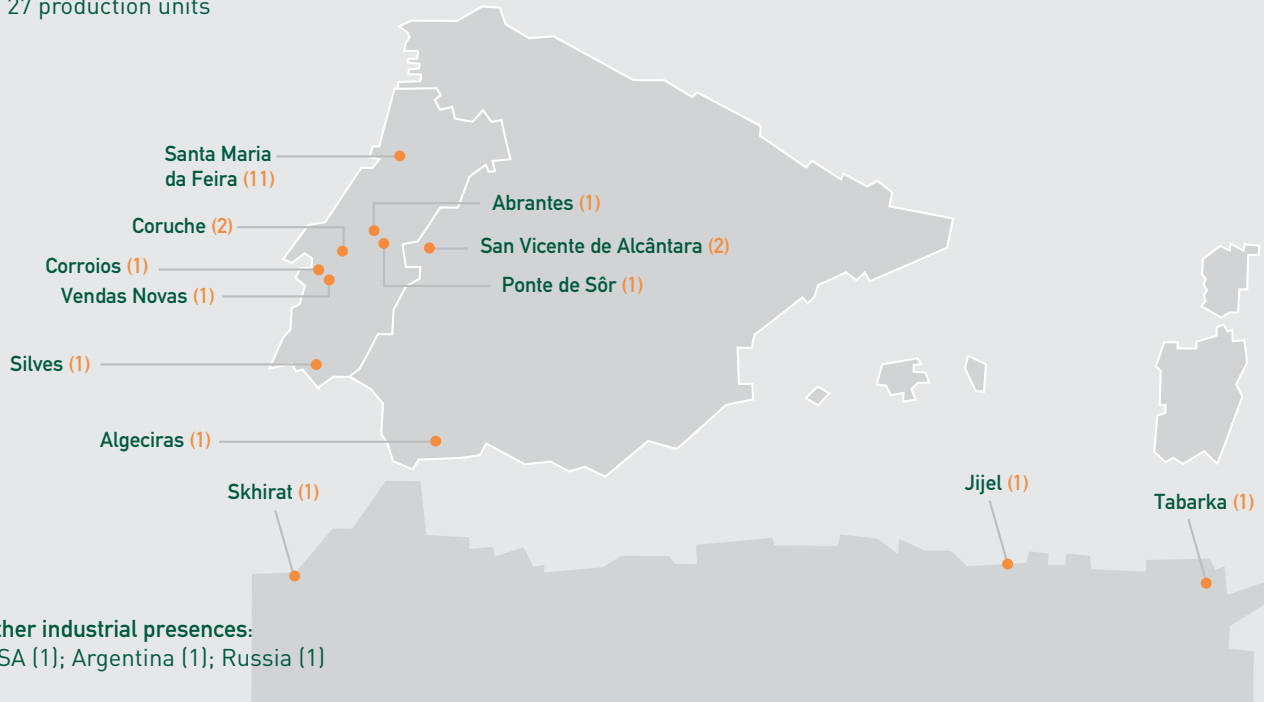
At the present time, cork applications include not only traditional high added value products such as the cork stopper, but also products that incorporate advanced manufacturing technology and high standards of R&D. CORTICEIRA AMORIM therefore has a vast portfolio of high quality products, for incorporation into such diversified and demanding industries as the automotive, aeronautical, construction and wine-producing industries.

Given the great diversity of cork applications, CORTICEIRA AMORIM is organised in Business Units (BU), as can be seen in the organisational chart below:



“Amorim is number one, two, three, four and five in the cork industry.”

Industrial Presence
27 production units



CORTICEIRA AMORIM's
presence in the world
Companies outside Portugal (40)

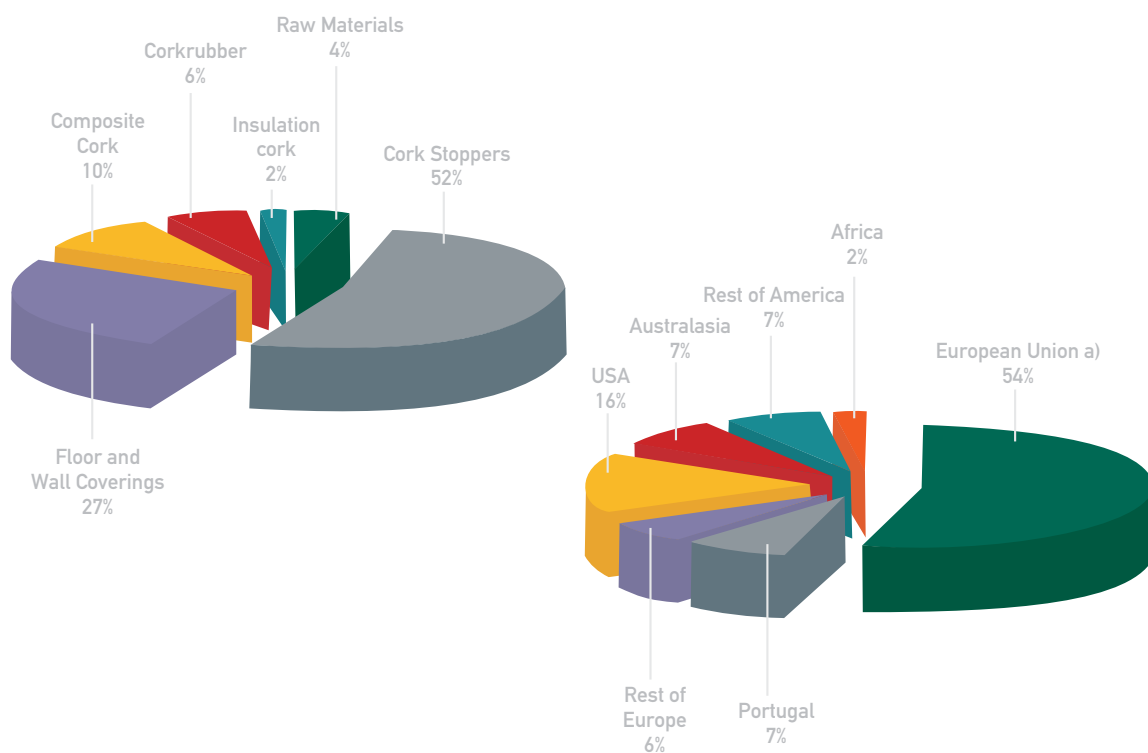


CORTICEIRA AMORIM in numbers:

Indicators	2004	2005	2006
Sales	426,809	428,010	442,552
EBITDA	47,069	49,510	55,949
Net Profit	15,160	15,747	20,105
Total Assets	533,136	549,899	561,588
Net Debt	219,529	218,683	225,331
Equity / Total Assets (%)	38.2	40.0	41.1
Share Capital	133,000	133,000	133,000
Market Capitalisation (at 31-12)	140,980	196,840	260,680
Companies outside Portugal	39	39	40
Industrial Units	31	30	27
Cork purchased (thousands of tons)*	100	104	112
Number of employees (at 31-12)	4,059	3,880	3,847

* includes winter virgin cork and cork waste

Sales by Business Unit and geographical area
Financial year 2006:



a) excludes Portugal





Raw Materials

The Raw Materials BU brings together management of purchasing, storage and the preparation of the sole variable common to all of CORTICEIRA AMORIM'S activities - the cork.

Through its subsidiaries, it has a direct presence in the countries which produce the raw material - Portugal, Spain, Italy, Morocco, Algeria and Tunisia - which allows diversification of sources, supply in the quantities and of the quality desired, and efficient management of the flow of raw material throughout the production process. The Business Unit's activity in procuring the raw material also extends to other cork producing countries, where CORTICEIRA AMORIM engages in industrial or merely commercial activity.

This BU also has integrated production centres for the acquisition, selection, classification and standardisation of the raw material before its manufacture. The activities carried out in these centres, essentially selection and preparation, are intended to optimise the use of the raw material, according to its characteristics and qualities, and ensure logistical co-ordination between this phase of the production line and the transforming units downstream.

Cork Stoppers

The mission of the Cork Stoppers BU is to conceive, develop, produce and commercialise cork stoppers, promoting their use as the closure of excellence, serving all segments of the market.

As the biggest producer of cork stoppers worldwide, this BU registers annual production of three billion units, corresponding to a 25% share of the world cork stoppers market.

Investing in the advantages of a direct relationship with the main world wine producers, today there are subsidiaries located in the main wine-producing countries, from the old European continent to the new markets of South Africa, Australia and South America.

The BU's offer is segmented into different kinds of stopper: Natural, Colmated, Twin Top®, Agglomerated, Spark®, T-Cork®, Neutrocork® e Advantec®, which satisfy the most demanding international quality and food safety standards, including FDA (Food and Drug Administration) standards.

The diversified product portfolio and their own distribution network grant them an unparalleled position for supplying the ideal cork in any wine segment and any part of the world.

For more information about the Cork Stoppers BU, visit www.amorimcork.com.

Floor and Wall Coverings

The Floor and Wall Coverings BU, with a market share of approximately 65%, is world leader in producing and distributing floor coverings in cork.

Equipped with exclusive manufacturing technology and a multinational distribution network, its actions to promote the use of cork coverings and develop new solutions have underpinned the success of the activity and the high penetration of this product into the most discerning markets.



The BU is famous for the quality, innovation and unique characteristics of its solutions for interior decoration (technical performance, design and comfort).

This BU provides a wide range of coverings (floor and decoration for walls) aimed at domestic use (distributed to wholesalers, retailers, DIY segment) and professional use (prescribed).

For more information about the Floor and Wall Coverings BU, visit www.wicanders.com.

Composite Cork

The Composite Cork BU concentrates its activities on producing cork granulates and agglomerates, as well as semi-finished and finished cork products, holding a market share of 55% in the world market of this segment.

The natural properties of cork allow its use in different products applied in business sectors such as construction, the footwear industry, the production of decorative articles for home and office and innumerable industrial applications. The evolution of its main markets gave rise to the specialisation of the BU's production, which currently divides into the following segments:

- Construction: high performance technical Underlayments and expansion gaskets for concrete structures;
- Industry: solutions for the aeronautical industry, granulates and agglomerates for incorporation in different production processes, agglomerates for decorative applications;
- Footwear: footwear components for manufacturing wedges, soles and insoles;
- Memoboards: cork boards and writing boards for private, educational and office use.

For more information about the Composite Cork BU, visit www.cai.amorim.com.

Corkrubber

The Corkrubber BU is world leader in developing, producing and distributing corkrubber products and solutions, holding a market share of around 60%.

Corkrubber is a material that combines the properties of cork (compressibility and recovery capacity) with those of rubber (flexibility and durability) thus providing an excellent material for closing, sealing and insulating, aimed at applications in countless industrial sectors. The main market is the USA.

Historically, the main application of corkrubber is in closing and sealing (gaskets) used in engines and transmissions in the automotive industry. This material is present in the vehicles produced by the biggest world brands in the sector, such as Volkswagen, Renault, Peugeot, GM, Ford, Mercedes, Volvo and BMW. Over the last ten years, this BU has been diversifying its offer and developing products aimed at new segments, such as gas, electricity, the petrochemical industry, anti-vibratic insulation, the aerospace industry, the railway industry and construction.

”Cork insulates better, lasts longer and is environmentally friendly...”

Nuno Graça Moura, Architect

At the present time, the BU provides solutions for technically and environmentally demanding applications, such as:

- sealing of small petrol and diesel engines, electrical transformers and respective components, and different automotive and heavy-duty systems;
- acoustic core materials, applicable to the production of composite panels, with the purpose of reducing structural vibration, and acoustic insulation;
- products in recycled rubber in rolls or sheets, intended for application in transport and sports pitches, among others.

For more information about the Corkrubber BU, visit www.amorimsolutions.com.

Insulation Cork

The Insulation Cork BU is dedicated to the production of insulation materials based on natural raw materials such as cork and coconut. It develops and produces thermal and acoustic insulation solutions in expanded corkboards, regranulates and boards/rolls of coconut fibre, environmentally friendly, 100% natural materials with excellent technical performance.

The unique characteristics of the product grant it a high degree of thermal, acoustic and anti-vibratic insulation. For this reason it is used in the construction of oil pipelines, airports, buildings, wine cellars and the refrigeration industry, as well as spaces dedicated to leisure activities.

The BU is the outstanding leader in the world market for expanded insulation corkboards, with a quota of 80%.

Currently, the Insulation Cork BU segments its offer by product:

- Expanded insulation corkboards: thermal; acoustic and anti-vibratic insulating material for application in walls, overlays, floating paving slabs, partitions, prefabricated wooden houses, and expansion/dilatation gaskets;
- Cork Regranulate applied in light concrete, filling, wooden underfloors and double walls;
- Coconut fibre boards and rolls applied in suspended pavement slabs, partitions, interior walls;
- Corkoco (cork and coconut fibre) applied in interior walls, ceilings and partitions.

In the principal markets of the BU, the products display well known own brands, as is the case of the Corkpan brand (Italy), Corktherm 040 (Austria, Germany and

Awards and Public Recognition in 2006

Innovation Prize from Néctar Magazine awarded to Amorim & Irmãos in 2006 for work done to resolve the TCA question.

Honourable Mention awarded to Corticeira Amorim - Indústria, S.A. in the context of the "Prevent More Live Better in the Workplace 2005" prize, from the Institute for Safety, Hygiene and Health in the Workplace (Portugal).

Special Distinction awarded to Wicanders Acousticork NRT flooring by ALT: Architektur, Innenarchitektur, Technischer, a leading German magazine in the field of architecture, interior design and technical construction. The prize was awarded for Acousticork NRT's performance in significantly reducing impact and step noise.

Honourable Mention for Wicanders Xtreme WRT - Mele varnish, for its high performance, in the International Fair of Construction and Public Works, Lisbon, Portugal.





3.3 ecological characteristics of the product

Cork stoppers

Since the time of the Phoenicians, cork has been used as a closure for wine amphoras. The properties of this material are indeed exceptional and at the present time we cannot disassociate the wine bottle and the cork stopper.

Cork is probably one of the few cases in which a natural product persistently holds on to its leadership of the market. In addition to its ecological characteristics, which distinguish it from alternative products, this raw material, cork, retains and distributes wealth at its point of origin, as opposed to what occurs with mining or the extraction of oil.

CORK VERSUS ALTERNATIVE MATERIALS:

	Cork	Aluminium	Plastic
Origin	Forestry product, non polluting, extracted every 9 years without damaging the tree	Mineral Non-renewable resource	Oil Non renewable resource
Energy consumption	Low	High	High
Climate change	Cork is a carbon sink A significant part of the energy needs for the production process is satisfied by using biomass	Primary production of a ton of aluminium emits, on average, 12 tons of CO ₂ * The industrial process of transforming aluminium into a final product (Screwcap) gives rise to additional CO ₂ emissions	Petrochemical processes have a strong impact in terms of greenhouse gas emissions
Recyclability	100% recyclable with low energy consumption	100% recyclable with high energy consumption	Lower recycling rates
Biodiversity	The cork industry promotes and sustains the cork oak ecosystem on which many animal species depend	The bauxite mines have a very significant potential negative impact on ecosystems	Extracting and transporting oil and refining the respective products has a very significant potential negative impact on ecosystems

*source: www.world-aluminium.org

Cork products for the construction segment

General Characteristics

- obtained from natural products;
- natural thermal insulation that provides important energy savings;
- reduction of transmission of sound between and inside compartments (impact noise and step noise);

Floor Coverings

- surface treatment that do not retain dirt, and therefore do not favour the proliferation of germs and fungi;
- non-glued products with the corkloc fitting system;
- durable and easy to maintain, therefore low impact on environment;
- re-usable (with corkloc system) or recyclable.

“ the most
ecological insulation
system in the world ”

Expanded insulation corkboard

- 100% natural industrial process (without additives);
- thermal conductivity coefficient of 0.038 / 0.040 W/mk;
- excellent acoustic insulation;
- unlimited durability, without loss of its characteristics;
- totally recyclable.

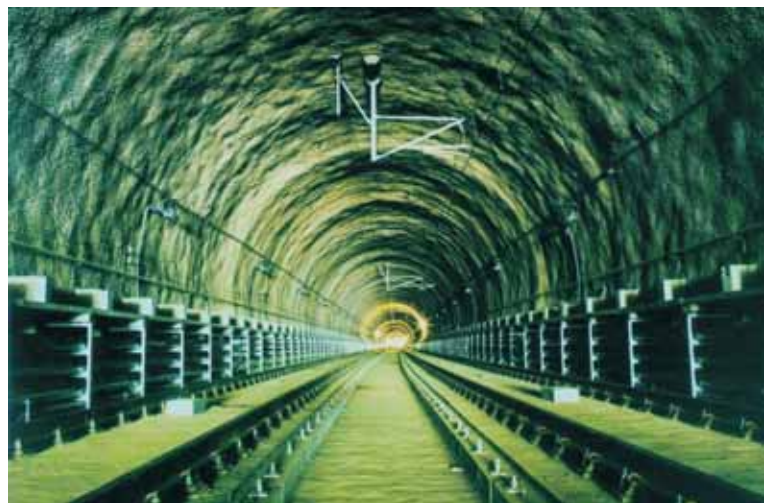
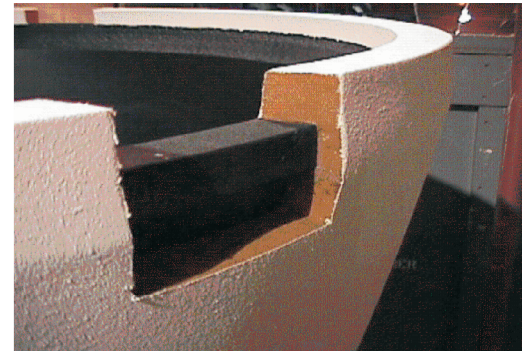
Cork products for the transport segment

The acoustic core materials applicable to the production of the composite panels for reducing structural vibration and acoustic insulation, in comparison with other materials, reduce the total weight of the vehicles or motorised equipment, contributing to the saving of energy and reduction of CO₂ emissions.

The gaskets that have been developed are already responding to the new environmental challenges:

- sealing of small petrol and diesel engines that increases reduction of emissions;
- sealing of different automotive and heavy duty systems, suited to the new flex-fuels and new generation of coolants (less aggressive towards the environment).

In 2006, CORTICEIRA AMORIM took part in a project technically led by AIRBUS, with objective of developing an anti-vibratic and thermo-phonic insulation for aeroplanes, based on cork. If implemented, the use of a light product like cork will contribute substantially to the reduction of greenhouse gas emissions.



S. Paulo Subway

3.4 structure, governance and relationship with Stakeholders

Structure and governance

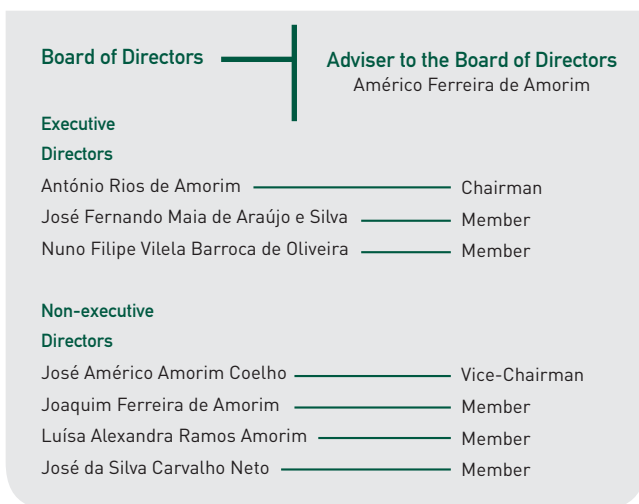
Good practices in corporate governance are a pillar of CORTICEIRA AMORIM's sustainable development and, as such, are described as follows, in the issues considered complementary and relevant for inclusion in this report.

Additional information on the company's governance may be consulted in the Company's Annual Report for 2006, in the chapter "Information about Corporate Governance Structure and Practices", as well as at the site www.corticeiraamorim.com.

Governing bodies, strategy and planning

The Board of Directors, made up of three executive members and four non-executive members, is responsible for controlling and directing the company's activity, being the body competent to take decisions of a strategic nature. Additional information on the qualifications and professional careers of the CORTICEIRA AMORIM Board of Directors is available in the Annual Report for 2006.

In its meetings the Board of Directors oversee the most important aspects of the company's activity, including those relevant matters which are decided or scrutinised in the Executive Board.



Adopting a management model based on the concept of Strategic-Operational Holding, the six Business Units are co-ordinated by the Executive Board of CORTICEIRA AMORIM, which has wide-ranging powers of management, with the exception of those powers which for legal or statutory reasons are reserved for the Board of Directors.

The Executive Board is made up of three members, being constituted, at 31 December 2006, by:

- António Rios de Amorim (Chairman);
- José Fernando Maia de Araújo e Silva;
- Jorge Viriato de Freitas Barros Diniz Santos.

The strategic alignment of the whole organisation is strengthened by the use of the balanced scorecard methodology. CORTICEIRA AMORIM's Board of Directors must approve the strategic objectives, strategic initiatives and priority actions of each BU.

Each BU has a Board of Directors made up of non-executive and executive members including the Managing Director of the BU. This is the competent body for decisions concerning all relevant matters.

The Executive Board meets on average twice a month and the Board of Directors of the Company meets once a month. The Boards of Directors of the respective BU also meet on a monthly basis. The sharing of information and experiences in the different levels of the Organisation is considered fundamental, as is bringing together the different management and support competencies in each of the BU.

At the end of each quarter the Executive Board and General Directors of each BU meet to analyse results and measures to be implemented. Experts from outside are invited to take part in these meetings, bringing complementary analyses to the Organisation's strategy,



In this organisational model, the following stand out:

- the Structure and Practices of Corporate Governance Committee which promotes the business activities necessary to review or improve internal standards and corporate governance procedures, guaranteeing their efficacy in safeguarding the respective interests and thus responding to the best international standards of corporate governance;
- two independent corporate bodies the External Auditor and Remunerations Committee (whose mission is to define the policies and criteria that rule the remuneration of the directors);
- the representative for market relations (investors, shareholders and other agents with an interest in the activity carried out).

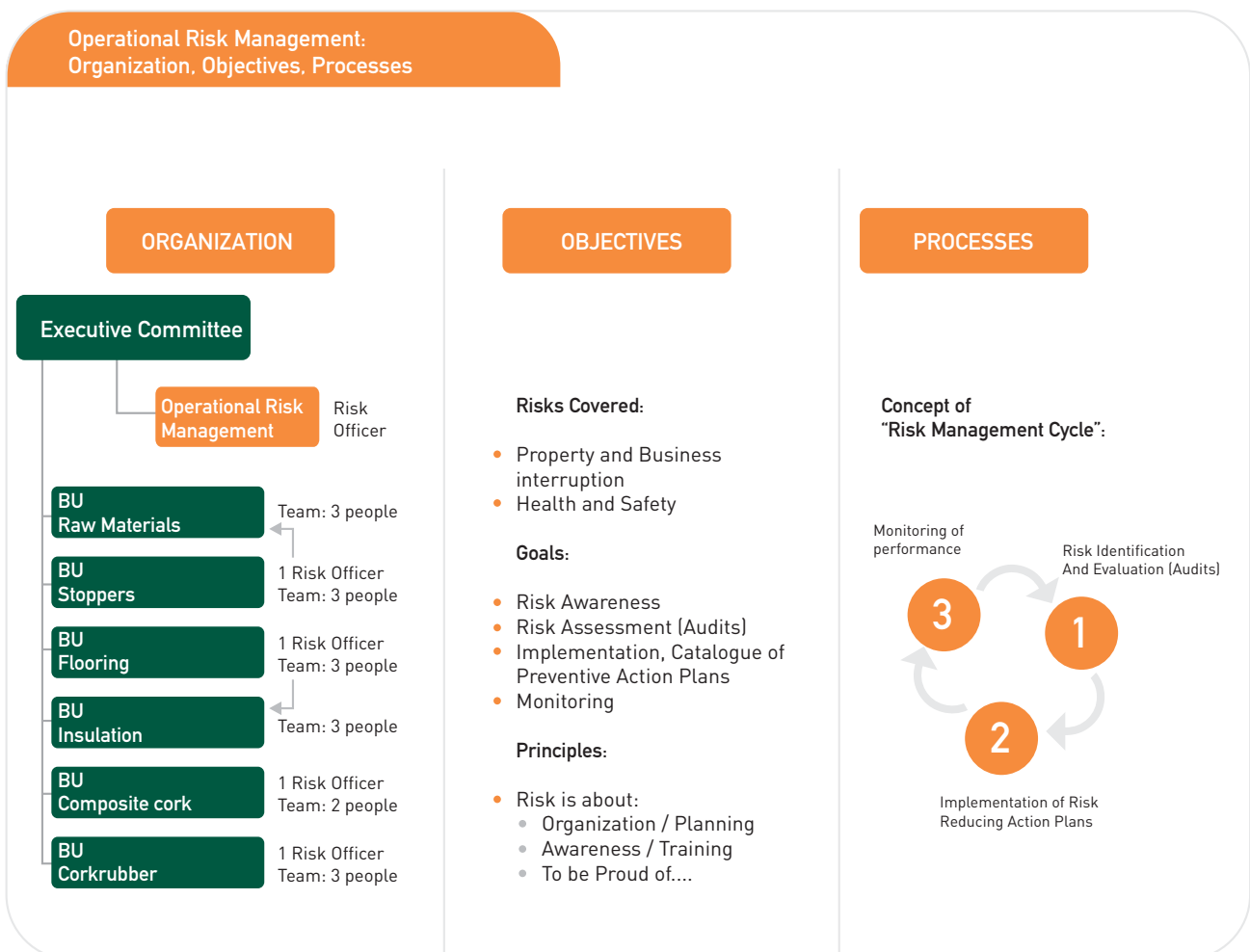
Risk management

Risk management is present in all management process and is the responsibility of all managers and workers, with the aim of identifying and managing the uncertainties which the Organisation faces in pursuing its business objectives and creating value.

At the level of the Board of Directors and the Executive Board, the main objective is an integrated vision of those factors considered to be critical, because of the possible profitability and/or associated risks, for the sustained creation of value for the Company and the shareholder.

In operational and strategic management, policies of internal auditing and risk managements are actively adopted in the different strands of the business. In the operating plan, the management risks of the business objectives are identified and evaluated and actions to manage these risks are planned, which are then included and monitored in the context of plans and daily operations in the different business and functional units.

To deal with the risks of a more transversal nature, namely in the large-scale projects for organisational change and in drawing up contingency plans and business recovery plans, structured programmes for managing risk are developed with the participation of those responsible in the units involved.



CORTICEIRA AMORIM's business culture

There is a Group culture that emanates from the highest levels and which is transmitted to all levels of the Organisation. It is based on integrity, ethical values, transparency and freedom of expression, and access to all levels and functions. Reception, in-house training and the way that supervision is carried out are always destined to promote these values and challenges throughout the workforce.

Recruitment and selection processes, follow-up and evaluation of workers ensure the maintenance of competencies appropriate to each of the functions, maintaining registers of performance consistent with the culture, strengthening observance of practices in line with the behaviour desired.

The members of the Executive Board are in regular contact with the workforce, clients, suppliers among other Stakeholders, conveying the values the company stands by.

Further information about communication between the different Stakeholders and CORTICEIRA AMORIM is available in the 2006 Annual Report.

Evaluation and monitoring of performance

In addition to analysing the performance of the workers, considered to be fundamental to the sustainable development in the different areas of economic, social and environmental performance, CORTICEIRA AMORIM also carries out periodic evaluations that allow an understanding of the general level of performance as well as the main obstacles to productivity gains and internal satisfaction.

The process of defining objectives and the responsibilities inherent to each function of the senior staff is carefully analysed and set out at the beginning of each year, to be evaluated at the end in order to determine variable remunerations and performance-related bonuses. Clearly understood and achievable quantifiable criteria are taken into account in the evaluation processes. Thus a set of integrating principles is established to motivate each and every one of the workers in the permanent challenge of continuous improvement, boosting their professional and personal growth.

Evaluation of management and remuneration

The remuneration of the Board of Directors is structured in order to promote the alignment of the board members' interests with the company's interests, on a fixed basis, with a variable component which derives from the results of the activity carried out and the economic and financial situation of the Company. Non-executive members of this body are not remunerated.

As already stated, the strategic alignment of the whole organisation is strengthened by the use of the balanced scorecard methodology, in CORTICEIRA AMORIM and in its BUs.

Thus, the variable component of the remuneration of the executive members of the Board of Directors corresponds to a performance-related bonus that derives from the verifiable extent to which those goals, objectives, strategic initiatives and priority actions set out have been fulfilled. This allows a sharing of value created by the direct intervention in the definition of the business strategy and management by the directors whose intervention has the greatest impact on the performance of the business

The adoption of the abovementioned methodology, which weighs up financial and non-financial indicators in evaluating performance, permits the Remunerations Committee to assess objectively in each financial year the extent to which these goals have been met, and decide on this basis whether to attribute the abovementioned bonus.

Structure of support for sustainability

CORTICEIRA AMORIM's objective for 2007 is to define structures and responsibilities in the different strands of sustainability, including training, definition of procedures, monitoring of performance and fulfilment of the objectives set out.

Management systems

The year 2006 was marked by the consolidation of the integration of processes into the strategic perspectives of the balanced scorecard, reinforcing sustained development through the alignment of the different subsystems of management that promote efficiency.

Summary of certification of companies and management subsystems

company (country)

CORK STOPPERS BU

- Amorim & Irmãos (Portugal)
- Amorim Cork Italia (Italy)
- Amorim France (France)
- Amorim South Africa (South Africa)

RAW MATERIALS BU

- Amorim & Irmãos (Portugal)

FLOOR AND WALL COVERINGS BU

- Amorim Revestimentos (Portugal)

CORKRUBBER BU

- Amorim Industrial Solutions I (Portugal)
- Amorim Industrial Solutions II (Portugal)
- Amorim Industrial Solutions Inc (USA)

COMPOSITE CORK BU

- Corticeira Amorim - Indústria (Portugal)
- Drauvil Europea (Spain)

	ISO 9001:2000	HACCP / ISO 22000	WIETA / ETI	ISO 14001	FSC	SYSTECODE	OHSAS ISO 18001:1999
CORK STOPPERS BU							
Amorim & Irmãos (Portugal)	✓	✓		✓	✓	✓	
Amorim Cork Italia (Italy)		✓				✓	
Amorim France (France)	✓	✓				✓	
Amorim South Africa (South Africa)	✓	✓	✓				
RAW MATERIALS BU							
Amorim & Irmãos (Portugal)	✓				✓	✓	
FLOOR AND WALL COVERINGS BU							
Amorim Revestimentos (Portugal)	✓						
CORKRUBBER BU							
Amorim Industrial Solutions I (Portugal)	✓						
Amorim Industrial Solutions II (Portugal)	✓						
Amorim Industrial Solutions Inc (USA)	✓						
COMPOSITE CORK BU							
Corticeira Amorim - Indústria (Portugal)	✓				✓	✓	✓
Drauvil Europea (Spain)						✓	



Amorim Industrial Solutions Corroios (Portugal)

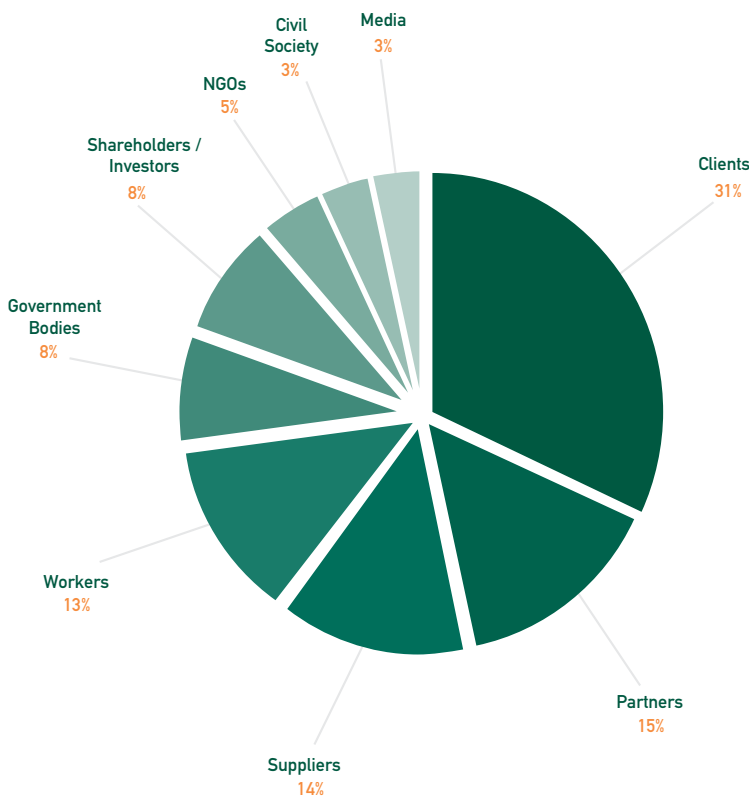
Relationship with Stakeholders

Because of its size and the large number of countries in which it operates, CORTICEIRA AMORIM has a high number of Stakeholders, from the most diverse interest groups: Clients, Suppliers, Workers, Partners, Shareholders, Investors, Government Bodies, Civil Society, NGOs and Media.

At the beginning of 2007 a survey of 74 Stakeholders from different interest groups was carried out with the purpose of identifying the expectations of the different Stakeholders in respect of sustainability and related matters.

The results obtained were analysed and dealt with in such a way as to allow CORTICEIRA AMORIM to manage its activity and communication on the subject of sustainability.

With regard to the priorities identified by each group of Stakeholders, in the following table the questions raised by more than 25% of those interviewed in each group of Stakeholders are indicated. The list of the Organisation's main channels of communication with its Stakeholders is also provided.



Stakeholders interviewed (74)



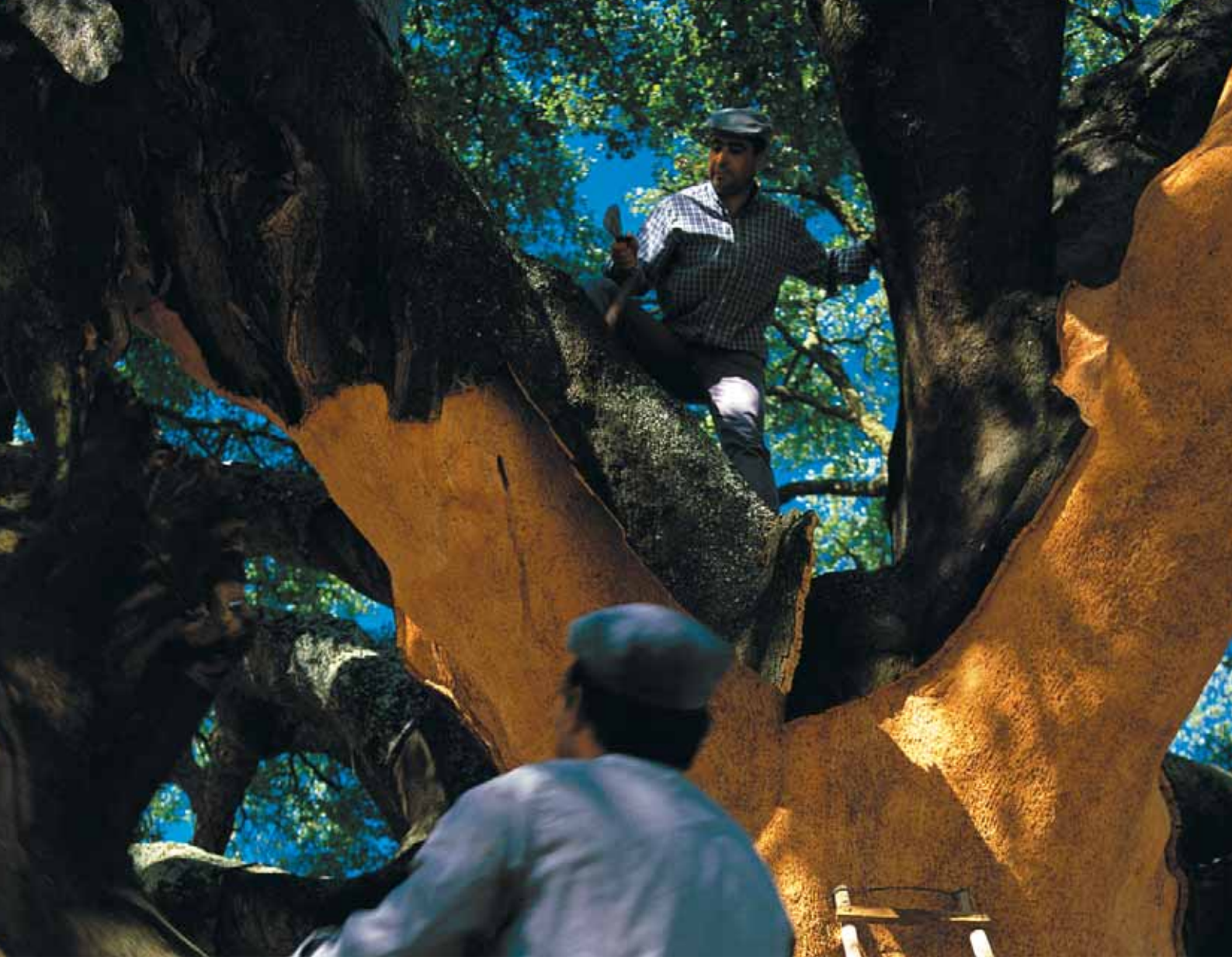


Membership of associations and affiliations

With a view to promoting its active participation in society, CORTICEIRA AMORIM belongs to various national and international associations that represent the most varied kinds of Stakeholder, namely commercial and business associations, research centres and other organisations in civil society.

Stakeholders: Priorities identified and communication channels

	CLIENTS	WORKERS	GOVERNMENT BODIES	SUPPLIERS	SHAREHOLDERS / INVESTORS	MEDIA	NGOs	PARTNERS	CIVIL SOCIETY
PRIORITIES IDENTIFIED									
Safety and ecological characteristics of the products	✓	✓		✓		✓	✓	✓	✓
Life cycle analysis of Cork versus Alternatives	✓	✓		✓	✓	✓		✓	✓
Innovation / New Applications			✓	✓	✓	✓		✓	✓
Certification of Forest Management Systems	✓	✓	✓	✓	✓			✓	✓
Climate Changes	✓			✓		✓			✓
Image, promotion and dissemination of the product and its characteristics				✓		✓	✓		
Biodiversity / Landscape				✓	✓		✓		✓
Waste recycling		✓				✓			✓
Safety in the Workplace									✓
Certification of Environmental Management Systems		✓							✓
Implementation of sustainability policy		✓							✓
TCA / Quality						✓	✓		
Environment and Pollution				✓		✓			
COMMUNICATION CHANNELS									
Information leaflets	✓								
Website	✓		✓		✓	✓	✓		✓
Intranet		✓							
Participation in trade fairs / Sponsorship of events in the sector	✓								
Programme of visits to commercial departments	✓								
Visits to CORTICEIRA AMORIM's facilities	✓			✓	✓		✓	✓	✓
Satisfaction surveys	✓	✓							
Protocols for collaboration in R&D	✓							✓	
Quarterly newsletter	✓	✓							
Periodic meetings								✓	
Consultation for selection and evaluation of suppliers				✓					
Information panels in the companies' buildings		✓							
Seminars		✓							
Staff meetings		✓			✓				
Performance Management System		✓							
Organisation of themed weeks		✓							
Annual Report			✓		✓	✓			
Periodic dissemination of analysis of the evolution of the Company's activity		✓	✓		✓	✓			
Collaboration in initiatives to protect the cork oak forest and environmental quality							✓		
Personalised attention to enquiries from shareholders, investors, journalists, researchers and students					✓	✓			✓
General Meeting of Shareholders					✓				



4

performance



4.1 framework of the report

This first Sustainability Report produced by CORTICEIRA AMORIM reports information referring to 2006, including, wherever possible, appropriate and relevant, information concerning the main indicators for the years 2004 and 2005, thus granting Stakeholders a perspective on recent developments. The Company undertakes to produce a new edition of this document every year to communicate their performance in the sphere of sustainability and the level of compliance with the undertakings made here.

In drawing up this report, the G3 Global Reporting Guidelines (GRI) were followed, according to which level B is attributed, in respect of the GRI Report Structure. The GRI index, giving the location of each element in the report, is presented in chapter 6.



This document is available at www.corticeiraamorim.com. Any clarification may be requested from the Company through the email corticeira.amorim@amorim.com.

The objectives that CORTICEIRA AMORIM sets out to achieve are presented in chapter 5.

To define the range of companies comprised in this first report a criteria has been adopted that contemplates the inclusion of all the companies that generate significant impacts in terms of sustainability. All of the production units, national and international, have been included, except for the Algerian unit, whose sustainability information systems does not provide the necessary data. In relation to the distribution companies, those which may have significant impacts because of their size (turnover and number of workers) have been selected. The companies comprised in this report, marked in green in the organisational chart presented in Chapter 3, correspond to 83.2% of CORTICEIRA AMORIM's sales and 88% of workers.

CORTICEIRA AMORIM intends to include all of its companies in the scope of the Sustainability Report within a period of five years and in a progressive manner,

The themes broached were chosen with a view to their relevance in the current context of sustainability, its materiality, and the expectations and opinions of the Stakeholders expressed in the consultation process that preceded the writing of the present document.

This report explains the methodology used in order to calculate the presented indicators, as a complement to GRI G3 guidelines.

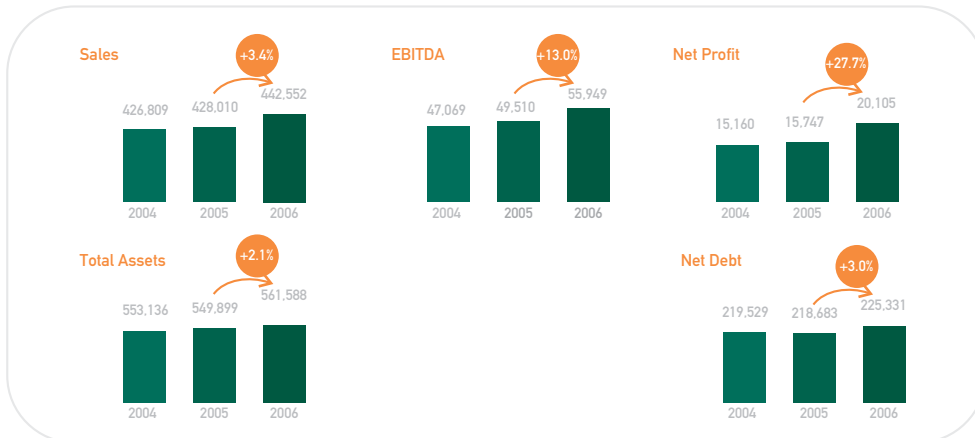
Whenever the data presented does not refer to all of the companies covered, the missing information will be indicated. In the same way, whenever the data presented derives from estimates, the basis on which they have been calculated will be made explicit.

Application level		B+
G3 Standard Disclosure	Profile	Report on: 1.1-1.2 2.1-2.10 3.1-3.13 4.1-4.17
	Management approach	Management approach disclosures for each indicator category
	Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility
		Report externally assured by PwC

CORTICEIRA AMORIM undertakes to promote the independent verification of its Sustainability Report.

4.2 economy

i. Economic performance - Evolution of the main consolidated indicators



The excellent results achieved in the 2006 financial year were the culmination of intense work carried out by the management team in recent years.

This trend already noted in previous financial years is due, among other reasons, to the greater weight that the Floor and Wall Coverings BU have presented in sales, and consequently, consolidated net results. Given that the sales of the BU are distributed through different quarters in a more homogenous manner, its growing weight in the total sales makes it possible to compensate for the known variation between sales in the first half and the second half of the year that traditionally occurs in the Cork Stopper BU. As is well known, the bottling season in the wine-producing countries of the Northern Hemisphere, still the most important, takes place during the first six months. It should be noted that these two BUs represent together around 80% of CORTICEIRA AMORIM's consolidated sales.

At the end of July, the industrial restructuring of Cork Stoppers BU was completed. All the planned benefits of this very important project, which started during 2005 and underwent full industrial start-up in September 2006, will be fully impacting on this BU's activity by the year's end.

Still to be registered the acquisition, as properly disclosed, of the remaining 50% of Trescases, of which 18.75% was materialized during January 2007. These acquisitions represent a reinforcement of CORTICEIRA AMORIM presence close to forest production (Coruche) and in the most important world cork stoppers market (France).

After the excellent performance registered in 2006, the challenge posed for 2007 becomes all the more demanding.

Equipar
The world biggest
cork stoppers
factory

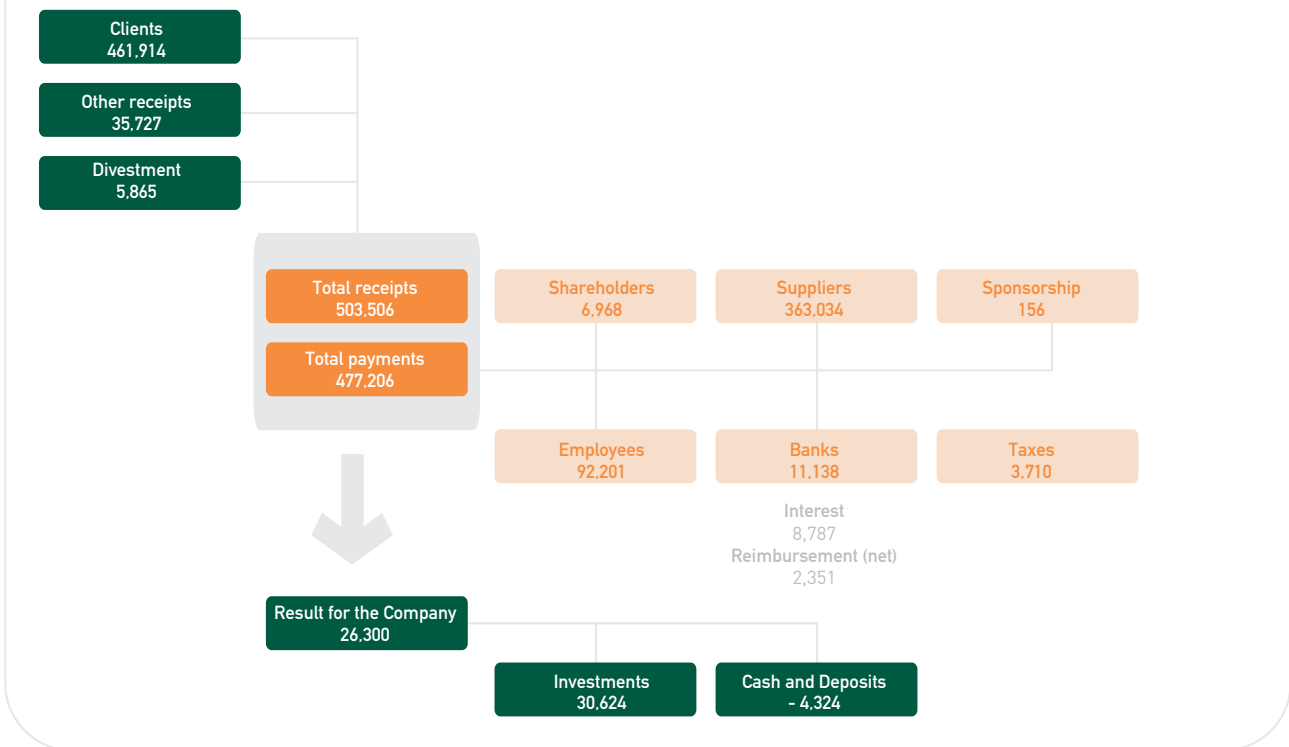


On the positive side, the industrial restructuring of the Cork Stoppers BU should be highlighted. The effects of this should be felt in full during 2007. In this BU, and in Amorim & Irmãos in particular, the effect of including Trescases will be felt in the twelve months of 2007. This will have a positive impact vis-à-vis the effect of just half a year of sales during 2006. The benefits resulting from the reduction in operating costs in the Corkrubber BU and the awaited continuation of the good performance of the Floor and Wall Coverings and Insulation Cork BUs should also be noted.

In counterpoint, is the manifestly adverse exogenous effects arising out of the devaluation of the US dollar and prices of incorporation raw materials (cork and cork waste). These increases, along with pressure existing at the level of energy costs and transport, will remove a significant part of the positive effects mentioned. The continuing rise in interest rates should also be highlighted, because of their negative effects.

In summary, the growth in activity and industrial efficiency gains may be sufficient to offset the different negative effects indicated above, allowing moderate growth, when compared with those presented in 2006, in CORTICEIRA AMORIM's consolidated results.

Financial Flow with main Stakeholders



Source: Consolidated Annual Report 2006 (complete version available at www.corticeiraamorim.com)

Risks and opportunities arising out of climate change

There are various connections between CORTICEIRA AMORIM's activities and climate changes, as explained in the sections of this report entitled "The cork oak forest and climate change" and "Ecological characteristics of the product".

On the one hand, climate changes represent a risk for CORTICEIRA AMORIM, insofar as it may lead to imbalances in the ecosystem that shelters the cork oak, due to the occurrence of severe droughts, making it difficult for the cork oak to grow and propagate.

On the other hand, climate change becomes an opportunity to differentiate cork, namely by considering:

- the positive impact of the cork oak forest in fixing CO₂;
- the possible increase in its use as a thermal insulation as a result of the probable rise in temperatures and the growing concern of the main markets with buildings' energy efficiency.

Climate changes represent an opportunity to differentiate cork.

Contributions to social security regimes and pension plans

CORTICEIRA AMORIM contributes, in all of the countries in which it operates, and in terms of the specific legislation applicable, to the local social security regimes that cover all its workers. The total of contributions made in the 2006 financial year rises to 13.9 million euros, of which 9.7 million euros pertain to contributions to the Portuguese social security system.

Moreover, workers in Portuguese companies are covered by a pension plan with a defined contribution, complementary to the general social security regime in force in Portugal.

Workers employed in foreign subsidiaries (around 25% of the total) are either covered solely by local social security regimes, or benefit from complementary regimes, either through defined contribution or defined benefit.

Financial incentives

In 2006, Portuguese companies received 901,000 euros of incentives to support R&D projects, professional training, bringing the industry closer to forest production and the introduction of new technologies into the processes. Only those sums effectively received and not reimbursable have been considered as benefits in 2006.

ii. Presence in the national and international market

Purchasing policy

CORTICEIRA AMORIM's main suppliers are the suppliers of raw materials, essentially cork, and the suppliers of transport services.



Thousand Euros

Region	Cork purchases in 2006	
	Value	%
Portugal	120,121	83%
North Africa	8,126	6%
Other origins	16,532	11%
Total Purchases	144,779	100%



By guaranteeing the economic viability of the cork oak forest CORTICEIRA AMORIM's activity has a significant economic and social impact on these areas. The company has been encouraging forest producers to implement forest management systems with FSC certification, because of the added guarantees that derive from the sustainable development of the forest.



As already stated, the exploitation of cork allows the creation and maintenance of a significant volume of employment in particularly deprived zones. Purchases of cork are mainly made in Portugal, therefore it is in this country, namely in the Alentejo region, that the greatest economic impact is felt. The purchases made in North Africa also reveal a significant economic contribution in those countries, along with an equally important social and environmental contribution.

Service suppliers are generally local, because this is the best option from an operational and economic point of view.

Suppliers are continuously evaluated, through the analysis of the supplies (quantities, quality, delivery time) on the basis of annual surveys carried out to classify/qualify the suppliers.



Local contracting of staff

There is a practice of contracting local staff in external companies. More than 90% of the members of the Management and Direction come from local communities.

While this is general practice, there are situations in which Portuguese workers are seconded to take on management roles in external companies, while equally foreign workers are brought in to take up management positions.

” We learn through cultural diversity and difference.”

Américo Ferreira de Amorim.

iii. Indirect economic impacts

The initiatives undertaken by CORTICEIRA AMORIM usually include making donations to schools, social solidarity organisations and NGOs, among others, which take the form, in some cases, of the donation of goods (computer equipment, building materials). The bulk of the donations made are destined for communities of which the Organisation becomes a part. In 2005 and 2006 the sum rose to 454,000 euros, of which more than 90% was granted in Portugal.

iv. Wealth generated

The following table sums up the main indicators of economic performance:

Values in thousands of euros

Indicator	CORTICEIRA AMORIM	
	Total*	Portugal
Direct economic value generated	448,880	357,215
Revenues	448,880	357,215
Economic value distributed	424,459	345,220
Operating costs	305,956	258,262
Employee wages and benefits	91,627	64,182
Payments to providers of capital	16,028	14,301
Payments to government	10,692	8,332
Community investments	156	142
Economic value retained	24,422	11,996

* Note: values correspond to all of CORTICEIRA AMORIM's companies.

v. Jobs generated

In Portugal, according to data from the National Statistical Institute (INE), the cork industry employs 16,800 people.

CORTICEIRA AMORIM has a significant direct impact on the places where it engages in industrial activity, as shown by the following table:

Data	Municipality (Portugal)		
	Santa Maria da Feira	Coruche	Ponte de Sôr
Population (dwellers, according to 2001 Census)	135,964	21,332	18,140
Rate of unemployment (%)	10.1	9.3	11.2
Total number of employees	41,998	4,141	4,107
Number of employees in the industry	25,361	1,005	1,293
Total number of CORTICEIRA AMORIM employees in the municipality	1,970	326	185
Rate of employees in CORTICEIRA AMORIM as compared with employees in the industry (%)	7.8	32.4	14.3

Source: <http://where-to-invest-in-portugal.com/>



4.3 environment

CORTICEIRA AMORIM controls the environmental impacts arising out of its industrial activity, guaranteeing compliance with the legislation in force.

The same activities present positive environmental impacts of great significance for the viability of the cork oak forest. The impact of the cork industry make it positively different from any other industry at world level, making it an excellent case study in sustainable development.

i. Certifications

Environmental management systems

CORTICEIRA AMORIM recognises the importance of implementing and certifying Environmental Management Systems (EMS) according to international standard ISO 14001:2004, whereby it has proceeded to implement it, as explained in chapter 3.4 of the present report.



100% FSC Cork
Cert no. SW-COC-2008

Forest management systems and certification of the chain of custody

Although it does not own any forests, CORTICEIRA AMORIM is one of the main promoters of certification of forest management systems in Portugal, and has certified the main industrial units in the cork line, presented in chapter 3.4 of the present report.

This certification is extremely important, since it makes it possible to offer the clients guarantees of ethical business practice throughout the chain of custody: from forest to end product, preserving the cork oak forest.

ICEA ecological certification, Nature Plus and certificate R

With reference to the ecological certification of companies and products, the following should be highlighted:

- certification by the ICEA - Istituto per la Certificazione Etica e Ambientale (Italy) of Amorim Isolamentos;
- certification by Nature Plus (Germany) of Amorim Isolamentos;
- certificate R granted to Amorim Isolamentos expanded insulation corkboard, giving the classification of ecological product with 0% chemicals, 0% metals and 100% natural.



ii. Materials

Raw materials consumed

The following table presents a summary of the main raw materials used in production in 2006:

Type of Material	Quantity (t)
Raw Materials*	120,756
Chemical Products	13,155
Packaging Material	4,970
TOTAL	138,881

* Includes cork (117,827 t) Coconut fibre (159 t) and Rubber (1,698 t).

In addition to presenting a verticalised and integral use (without residues) of its main raw material, CORTICEIRA AMORIM constantly seeks to optimise consumption of the remaining materials, thus gaining advantages at both the environmental and economic levels. The following initiatives stand out:

- optimisation of the washing processes with a view to reducing consumption of chemical products;
- implementation of transportation of granulates in re-usable big bags for reduction of consumption of packaging material;
- use of e-business platforms with an impact on efficiency of processes and reduction of paper;
- installation of a new generation of multifunctional equipment (printers/photocopiers/scanner) to reduce paper consumption;
- introduction of new forms of packaging to reduce consumption of paper;
- replacement of solvents by water-based materials for cleaning equipment.

The development of the following projects with the objective of reducing environmental impact is planned for 2007:

- study of ecological glues;
- workflow and electronic billing project;
- different measures to reduce use and consumption of paper.



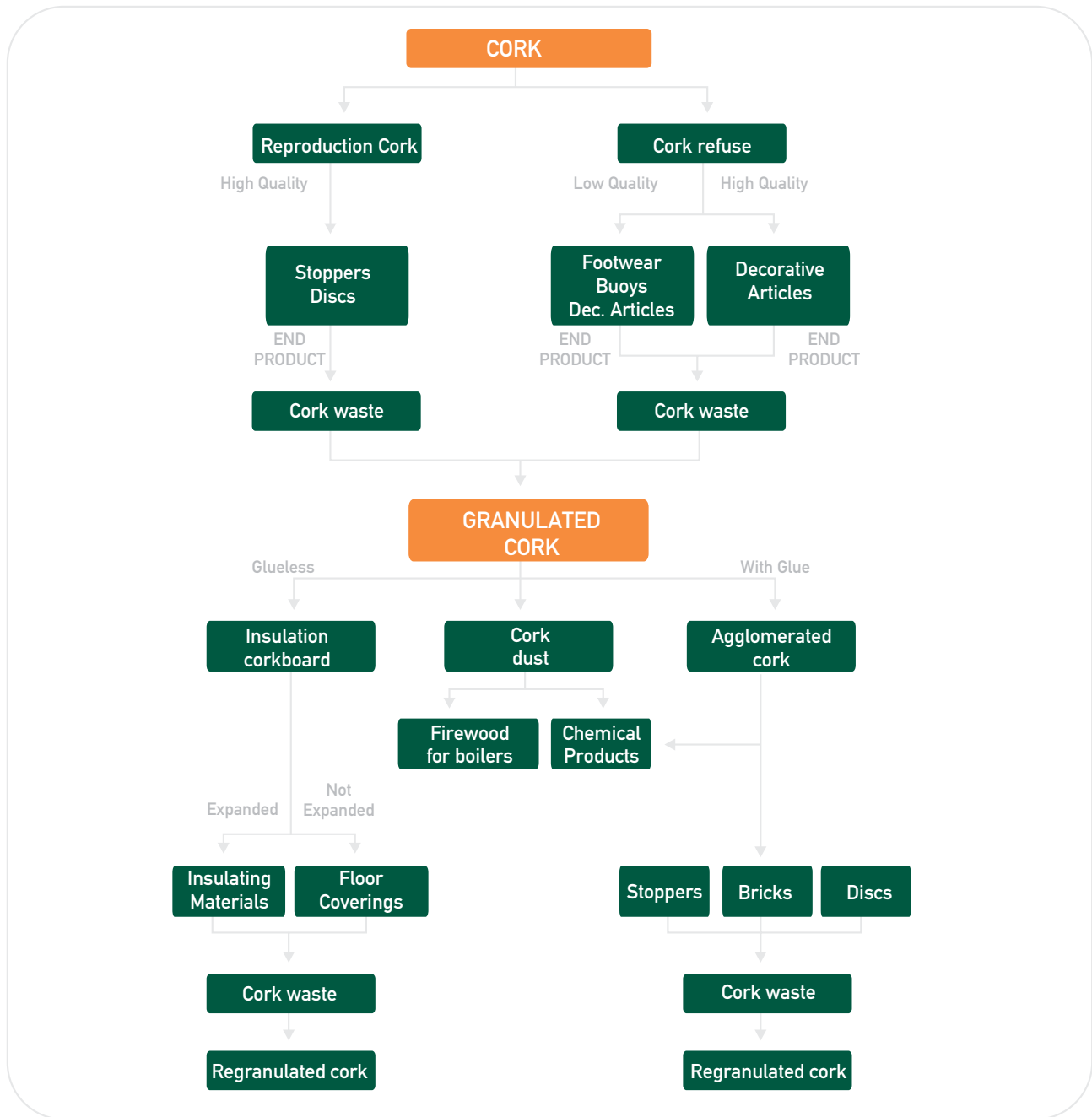
The main raw material, cork, represents 85% of total consumption.

Industrial verticalisation: maximising the use of cork

The optimisation of the quantity of cork throughout the production cycle is one of the sustainability strategies that has been identified.

The cork waste produced during the cork stopper production process or the cork that is not of a suitable standard for their production, are incorporated into other high value applications. The part that cannot be incorporated into products is valorized as an energy source (biomass). Therefore there is no waste and no cork residues - **nothing is discarded, everything is transformed**. Today as always, CORTICEIRA AMORIM makes a continuous effort, namely in the R&D sphere, to optimise the added value of every kilo of cork.

The following diagram illustrates some of the applications that arise out of the integral use of cork:



Use of recyclable materials

One of CORTICEIRA AMORIM's distinctive characteristics lies in the integral verticalisation of the business, which allows total use of the cork. In addition to the total use of the cork, whenever viable, recycled materials are chosen, like tyre granulate, which represented 94% of the recycled materials in 2006.

In 2006 around 293 tons of recycled materials were used.



Recycling cork makes it possible to fix CO₂ for longer.

Collection and recycling of cork stoppers
 Since cork stoppers are 100% recyclable, and there are only a few occasional initiatives to collect and recycle them, one of the strategic priorities for 2007 is to develop and implement a structured plan to increase the recycling of cork stoppers, allowing the resulting raw material to be incorporated into different agglomerated products. It should be emphasised that because cork is a carbon sink, recycling cork makes it possible to fix CO₂ for even longer.

International initiatives are already taking place in this sphere.
 For instance:

- **Australia:** since 1992 cork stoppers have been collected and recycled by Girl Guides, who bring in more than 30 tons of cork every year;
- **Belgium:** between 1997 and 2004, around 56 million cork stoppers were collected by the organisation "Le petit liège", the equivalent of around 240.6 tons of cork;
- **Canada:** "Bag-a-Cork" is the name of the initiative undertaken in Toronto, by Iron Gate Cellarage Inc. and the Girl Guides of Canada (Ontario Council), who promote the collection of cork stoppers to be recycled later. It is calculated that this initiative makes it possible to collect more than 100 million cork stoppers every year;
- **Portugal:** some pilot initiatives exist, such as that of the S. Brás de Alportel Town Council or Primary School 2/3 in Valadares, which promote the collection of used cork stoppers that are then sent off for recycling.

iii. Energy

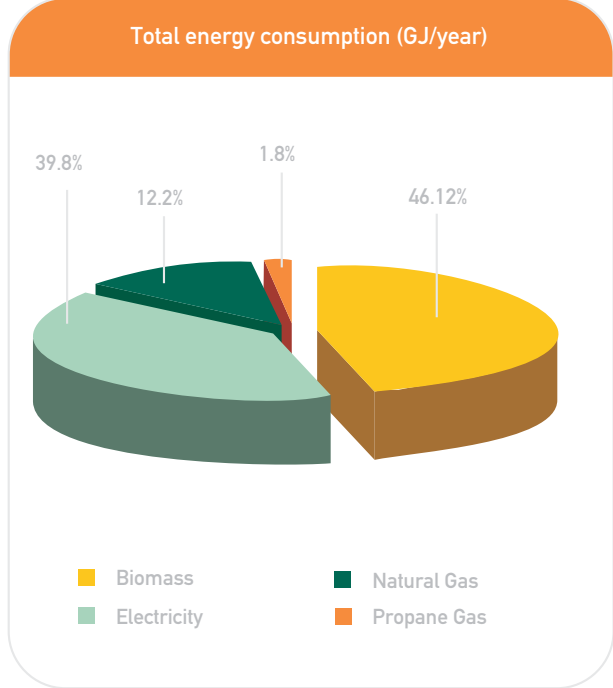
Use of biomass in boilers and cogeneration

The sustainability policy that governs management is also clear in the efficient energy consumption and use of endogenous resources. In this respect, one of the strategies adopted was the use of cork that could not be incorporated into products for energy production. In this way, whenever possible and viable, the industrial units use biomass in their boilers. There is even a cogeneration plant in one of the Floor and Wall Coverings BU manufacturing units, one of the first biomass cogeneration units installed in Portugal.

This cogeneration installation produces, on average, 2.5 Gwh (9,000 GJ) per year and contributes to the decrease of greenhouse gas emissions, representing an annual reduction of around 1,400 tons of CO₂.

Energy consumption

The following chart presents global energy consumption in 2006, identifying consumption of primary energy sources (direct consumption) and produced sources of energy (indirect consumption), in this case, electricity. The total energy consumed in 2006 was around 890,000 GJ.





After carrying out an exhaustive diagnosis of energy use, a project to rationalise energy was defined. This will be implemented in phases, beginning in 2006. Among the initiatives identified, the following stand out:

- optimisation of the production and consumption of compressed air;
- installation of biomass boilers;
- installation of economisers in boilers and use of hot air;
- installation of solar panels.

iv. Water consumption

One of the characteristics of CORTICEIRA AMORIM's activity is reduced water consumption, given that boiling the cork, washing the cork stoppers and the cooling systems are responsible for the greatest consumption. In 2006 a total of 397 thousand m³ of water was consumed, mainly subterranean in origin.

Despite the reduced water consumption, it is sought to use this very scarce resource efficiently, promoting:

- monitoring and registering consumption, by installing meters;
- optimising water consumption processes;
- introduction of timers or sensors;
- campaigns to raise awareness for reducing consumption.

In 2007, there will be a move to re-use water treated in the Industrial Residual Water Treatment Station in the production process and for irrigation. There will also be a study of new processes for boiling the raw material.

v. Biodiversity

The areas where CORTICEIRA AMORIM carries out its activity are not located in zones classified by the Portuguese Institute for Preserving Nature (ICN) as protected areas, and therefore there is not, directly, a significant impact on biodiversity.

As described in Chapter 3, cork exploitation has an indirect strong positive impact on maintaining the cork oak forest and, consequently, preserving the biodiversity of this ecosystem. This impact should be highlighted.

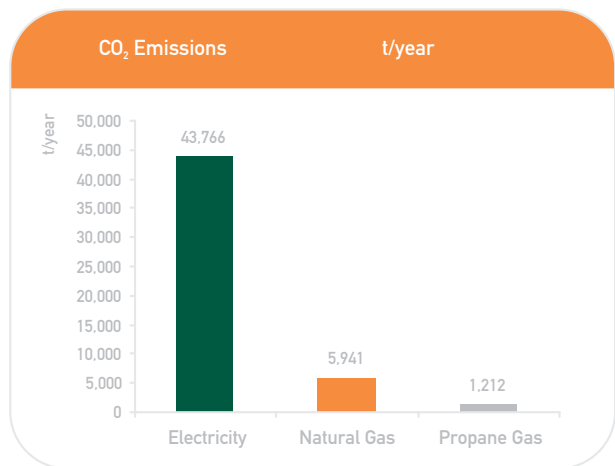
vi. Emissions

Emissions from industrial processes

One of the characteristics of the industrial activities carried out in the different units is that they do not lead to significant emissions of pollutants, the most relevant of these being CO₂. The main operation responsible for gas emissions is the incineration of fossil fuels used in processes to produce heat.

One important contribution to the reduction of CO₂ emissions associated with the consumption of fossil fuels is the use of vegetable biomass waste that derives from their activities to produce energy, through their use in boilers or through cogeneration, since emissions from the incineration of biomass are considered to be neutral.

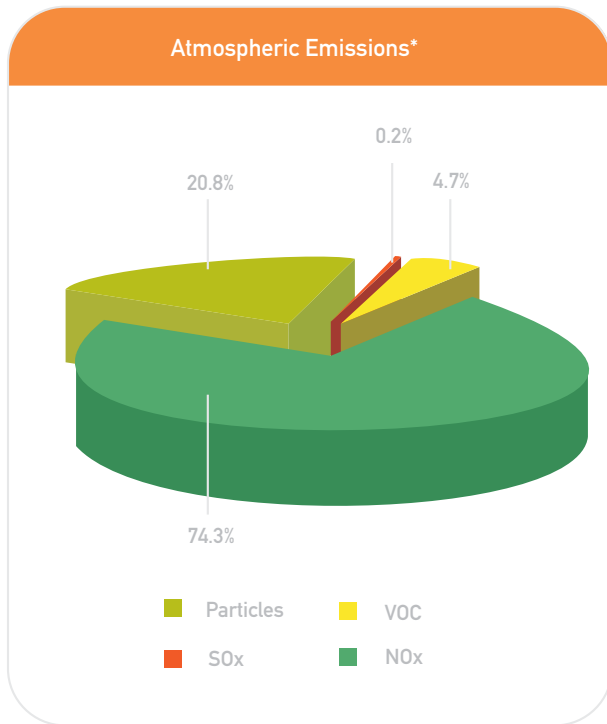
In 2006 around 410,000 GJ of biomass were used to produce energy.



Note: To calculate the CO₂ emissions associated with consumption of Natural Gas, Propane Gas and Electricity, the following factors were used: Natural Gas - 56.1 kg CO₂/GJ (source: Instituto do Ambiente); Propane Gas - 63.1 kg CO₂/GJ (source: Instituto do Ambiente); Electricity - 445g CO₂/Kwh net (source: EDP).

Total greenhouse gas emissions associated to activities were around 51,000 tons of CO₂.

Following CO₂, nitrous oxides (NOx) are the most emitted pollutant (around 232 tons in 2006). The adjacent diagram shows the main emissions in Portugal.



* Excluding CO₂. Emissions were calculated based on 2006 gas emission monitorings.

In respect of gas emissions that diminish the ozone layer, the processes involved in the transformation of cork do not use these kinds of substances. Gas escapes in air conditioning equipment are not registered.

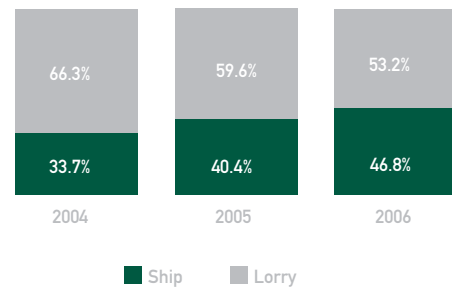
Transport

The most significant part of the emissions associated with transport is that resulting from the transportation of products, carried out by contracted companies. The forms of transport used are above all road and maritime.

The direct emissions from transport owned by CORTICEIRA AMORIM are the result of using fork-lift trucks and vehicles, but are considered minor.

With respect to the measures adopted with an impact on reducing CO₂ emissions, the following stand out:

- protocol with Portuguese Railways (Comboios de Portugal) for the transportation of workers;
- favouring of transport of merchandise by sea, in preference to road transportation. As shown in the following graph, the quantity transported by ship has increased gradually and significantly. In 2006, around 47% of the quantities of merchandise and products leaving Portugal were transported by ship.



CORTICEIRA AMORIM privileges maritime transport over road transport.

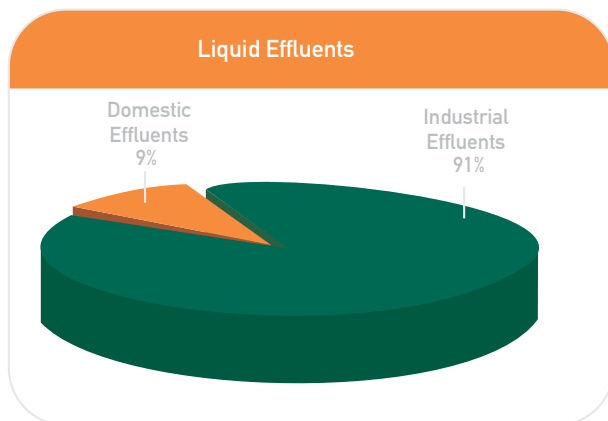




vii. Effluents

Characterisation of the effluents produced

Industrial and domestic effluents, around 266,000 m³/year, are treated in private water treatment stations or municipal systems.



Note: volumes of domestic effluent produced in the Raw Materials, Cork Stoppers and Corkrubber BU are not included, since their sustainability information systems do not provide the elements needed.

viii. Waste

Waste Management

The majority of the waste produced is not dangerous, and includes, in addition to urban types of waste, packaging, metals, sludge, solvents and ash.

Waste management is done through adopting reduction, recycling and recovery practices, including delivery to an appropriate final destination and filling out charts to control industrial waste where the produced quantities are counted every year. The specific measures adopted in each company scrupulously obey the legal requisites in force in the country in which the company is installed.

Under this heading, it should be emphasised that as a result of the policy of maximising the use of cork, the quantities of industrial waste is reduced.

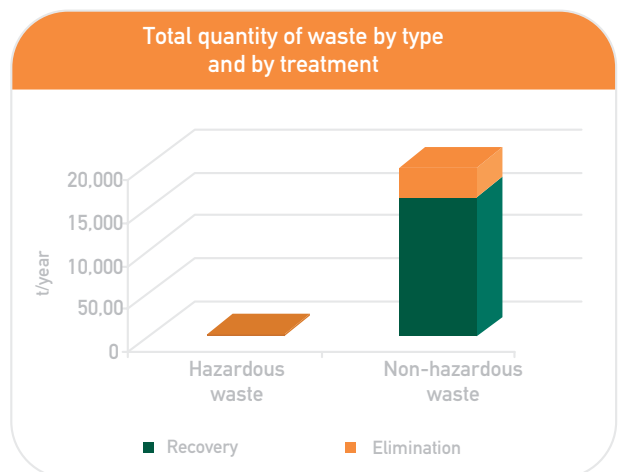
The waste management policies that have been adopted, which prioritise recycling and are associated with the implementation of selective collection systems, result in a high percentage recovery of waste, reaching 82%.

In 2006, in the context of CORTICEIRA AMORIM's practices to optimise the added value of each kilo of cork, the following initiatives should be highlighted:

- recycling of black cork agglomerate;
- reprocessing of materials rejected in the course of the process.



In the context of waste management, the acquisition of boxes for internal transportation of re-usable materials should be highlighted. This has made it possible to replace the use of cardboard boxes and reduce the quantity of packaging waste produced.



82% of waste recovered.

Environmental incidents

Because the storage of chemical products and hazardous substances is the activity that carries most risks in terms of the occurrence of environmental accidents, CORTICEIRA AMORIM carries out systematic risk analysis with internal and external audits and ensures that the products that it uses and the residues produced are stored in suitable conditions, bearing in mind any storage incompatibilities.

In the storage locations which are considered critical, the existence of detention basins and availability of material to contain spillages is guaranteed. Those actions to be taken in the event that a spillage occurs, including definition of responsibilities and means to be used, are described in emergency plans and procedures.

ix. Products and services

Mitigation of environmental impacts of products and services

CORTICEIRA AMORIM gives its full consideration to the impact of its products on the environment or on public health. Among the mitigation initiatives which have been implemented, the following stand out:

- varnishes treated with UV and Benzophenone replaced by alternatives with reduced toxicity photo-initiators;
- production of agglomerates using resins without phenol, formaldehyde and isocyanate;
- use of ecological resins in production of composite cork;
- implementation of water-based colmating system that has allowed a reduction in the use of solvents in the order of 40 tons per year.

4.4 social

i. Human resources

Employment

CORTICEIRA AMORIM has identified its workers as the main Stakeholders, recognising the essential role that they play in the Organisation.

In this context, and in the belief that adequate communication practices represent a key element for involving and motivating the workers, strategic orientations were defined for the development of internal communication, as the tool to drive the sharing of good practice and transversal strengthening of the values and culture that characterise it.

Annual surveys of the organisational climate are carried out and the action plans arising out of these are then put into effect.

Increasing importance is taken on by the different ways of informing and raising the awareness of the whole workforce concerning the objectives and results of CORTICEIRA AMORIM and their BUs: from the quarterly meetings with senior managers, to the investment in information posted in different parts of the workplace, to personalised letters sent to all the workers, different modes are used with a view to allowing the informing and aligning of everyone's actions in pursuit of the Organisation's strategy.

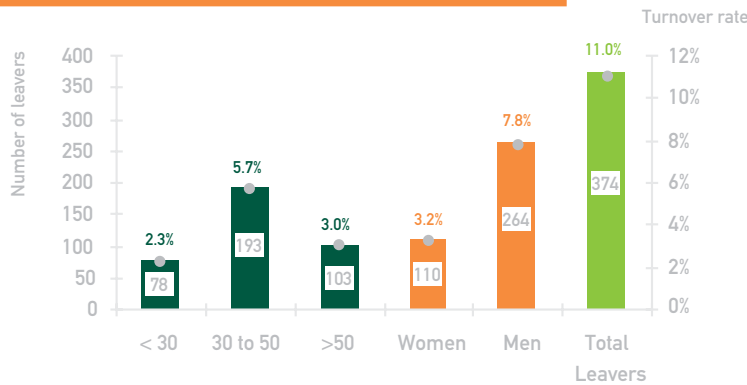
There follows a description of the universe of CORTICEIRA AMORIM's workforce, with a total of 3,390 workers, of whom 351 have fixed term contracts.

Workforce of CORTICEIRA AMORIM

	Age			Gender		Total
	<30	30 to 50	>50	Male	Female	
Directors	5	26	12	42	1	43
Senior Management	7	94	19	105	15	120
Middle Management	34	109	31	117	57	174
People in charge/Chiefs	8	142	74	203	21	224
Highly qualified professionals	64	404	122	464	126	590
Qualified professionals	70	264	102	339	97	436
Semi-qualified professionals	174	664	408	743	503	1246
Non qualified professionals	74	307	76	357	100	457
Total	436	2010	844	2370	920	3290

Note: information referring to 31 December 2006. It was not possible to present the description of workers from the Morocco and the Australia units, whose sustainability information systems do not provide the necessary elements.

Number of leavers and turnover rate



Note: As defined by the GRI, only the number of leavers in 2006, and not the number of entries, is included in the turnover rate.

Freedom of association

CORTICEIRA AMORIM recognises freedom of association as a right of all the workers, namely in associations to defend and promote their interests. This right is exercised by 35% of the workers covered by this report, who openly declare their union membership. In CORTICEIRA AMORIM's national companies, the percentage of union members rises to 34%. With the purpose of regulating the workforce's working conditions, collective work contracts that include 100% of the national workers were established between APCOR and the unions in the sector.

Professional training

CORTICEIRA AMORIM invests in developing their workers competences, motivating them and creating conditions for the success of the Organization.

The purpose of the RVCS actions is to recognise, validate and certify the competencies that professionals have acquired through their experience of work and life, by awarding a Certificate of Professional Training that grants the equivalence of 4, 6 and 9 years of schooling. This is intended to increase the level of qualification of active adults and encourage life-long learning by valuing all of the learning experiences undergone by professionals.

**Invests in the Recognition,
Validation and Certification of Skills.**



During 2006 various activities and training actions were undertaken. Among these stands out the establishment of an agreement with the Entrepreneurial Association of Portugal (AEP) and the Cork Industry Training Centre (CINCORK) for training within the scope of the programme of Recognition, Validation and Certification of Skills (RVCS), with the aim of carrying out two training cycles, in the Floor and Wall Coverings and Cork Stoppers BUs.

Still in the sphere of qualification of human resources, another crucial priority training area (4,209 hours in 2006) is hygiene and safety in the workplace.

In addition to their formal training activities, in 2006 CORTICEIRA AMORIM promoted other initiatives in this area:

- award of education grants to children of workers or working students;
- development of knowledge, competencies and exchange of experiences between workers from the different companies; the first edition of a General Management Course was held in collaboration with the Portuguese Catholic University, tailored to the specific needs of CORTICEIRA AMORIM's workers.

In general terms, both in the technical and behavioural spheres, the focus on education continues to be intense. In 2006, this involved around 38,168 training hours, which represents a growth of more than 19%, as compared with 2005.

The definition of a model of transversal management and behavioural competencies should also be highlighted. This model will, in future, support the training processes and analysis of the performance of CORTICEIRA AMORIM's staff.

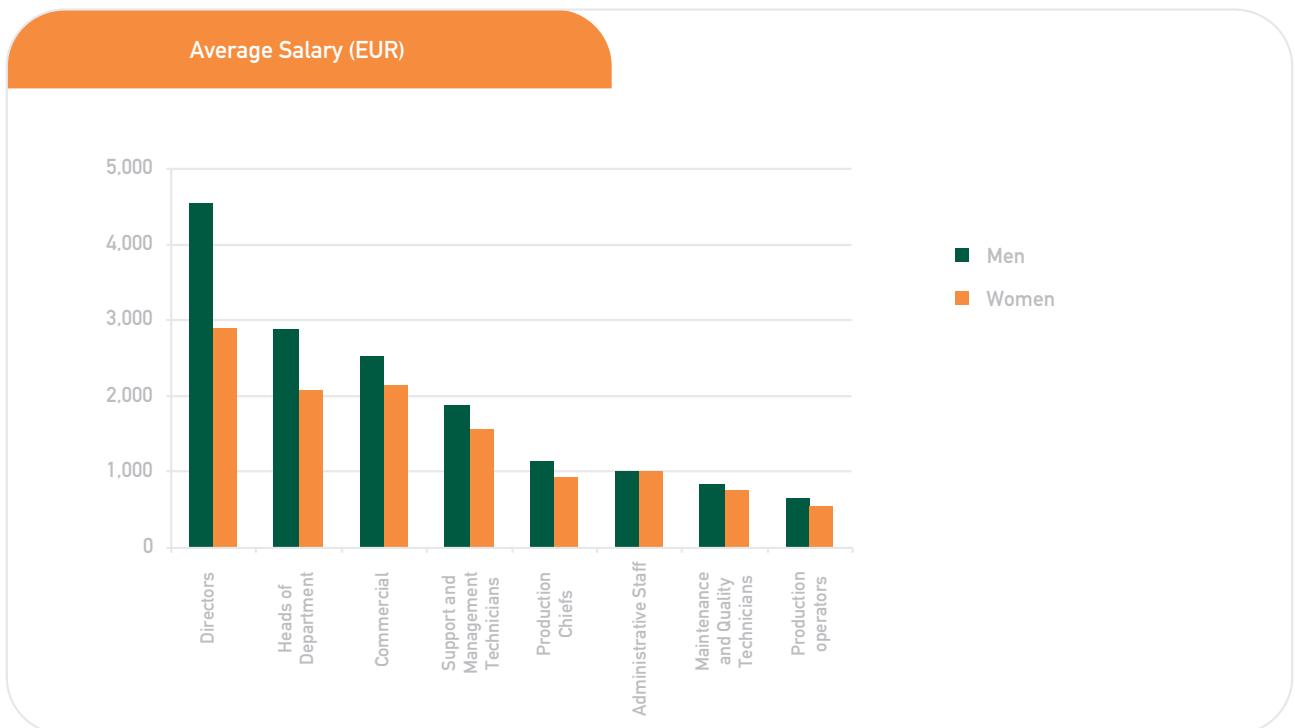
Non discrimination

CORTICEIRA AMORIM practises a policy of non-discrimination in regard to creed, gender and ethnic group, and it has a modern structure based on evaluating merit and rewarding performance.

However, there is evidence that in the industrial level, certain tasks are performed better by women than by men, and vice-versa. For example, woman are better at choosing the cork stoppers, while men are more efficient in the punching process.



The cork sector is one of the most traditional sectors in Portugal. To date, there has been some discussion about differentiation in remuneration for functions that are different but considered equally demanding. CORTICEIRA AMORIM will endeavour to see this situation fairly evaluated bearing in mind that collective work agreements are negotiated with the unions.



ii. Health and safety

Various services related to the health are made available to the workforce, which are carried out by various structures of medical services, including preventative medicine, curative medicine and nursing:

- influenza vaccination campaign;
- programmes of screening for eye disease, tuberculosis, cholesterol and oncological diseases;
- identification of risk of occupational illness by work station and control of work by medicine;
- lung function tests, micro X-rays, X-rays, audiograms and ultrasounds.

In addition to the health services, activities carried out include actions to raise awareness and carry out training in different areas:

- health, hygiene and safety;
- raising of awareness in order to prevent high blood pressure;
- distribution of leaflets and mailings about the use of antibiotics, prevention of influenza and checking for breast cancer;
- anti-smoking programme.

CORTICEIRA AMORIM also offers each of its workers health insurance (cover: hospitalisation).

The area of Prevention, Hygiene and Safety (PHS) in the workplace is another of the priorities, in which the development of the following activities stands out:

- risk analysis by work placement;
- PHS conferences held twice a year, aimed at all workers with responsibility in the area of health and safety, with the purpose of informing and motivating in issues related to this area;
- use of equipment for individual protection;
- checking for alcohol and drug abuse, ensuring the respective medical attention whenever required.

Prevention and an appropriate response to emergencies are assured through internal plans, which define responsibilities in cases of contingencies. Drills are carried out regularly.

The investment made in the area of safety was recognised by the Institute for Safety, Hygiene and Health in the Workplace through the awarding of the “Prevent More Live Better in the Workplace 2005” Prize to Corticeira Amorim - Indústria, S.A., singling out their action in matters of improvement and innovation in preventing accidents in the workplace and occupational illness.

To be highlighted: certification by OHSAS 18001 of Corticeira Amorim - Indústria, S.A. (Safety and Hygiene in the Workplace Management System).

Health and Safety Indicators

Occurrences associated with accidents, illnesses and absences are registered.

Whenever an accident occurs, a process to investigate the causes is initiated, with a view to identifying and defining the corrective and preventative actions to be implemented.

→ Main indicators relating to safety:



External recognition in questions of innovation and improving prevention of accidents in the workplace.

Rate / Index	Value
No. of deaths	0
Index of attendance	10
Rate of occupational illness	13
Rate of days lost	110.1
Rate of absenteeism	4.5%

The overall index of absenteeism is around 4.5%, showing a reduction of around 0.5% as compared with 2005. It should be pointed out that this recovery occurred, fundamentally, in the Cork Stoppers and Floor and Wall Coverings BUs, which achieved the best levels of previous years. In comparison with their past performance, CorkRubber and Insulation Cork BUs reached outstanding levels.

In the areas of hygiene and safety, investment has been made in training and development/adaptation of the equipment. The results of the actions that have been implemented translate into a decrease in the number of days lost through workplace accidents.

Certification of Amorim Cork South Africa by the Wine Industry Ethical Trade Association (WIETA)



iii. Human Rights

Defence and respect for Human Rights is a fundamental practice in CORTICEIRA AMORIM. No risk of occurrence of child labour, forced or compulsory labour or restrictions on freedom of association and unionisation has been identified in any of the activities and operations carried out.

As an objective for 2007, CORTICEIRA AMORIM has defined the inclusion of clauses in the purchasing section of the internal control procedures manual, in order to formalise a code of conduct that promotes and preserves the defence of Human Rights throughout the chain of supply.

iv. Society

Policy, strategy and practices

CORTICEIRA AMORIM, fully aware of the important role it plays in society, particularly in underprivileged populations in local communities, supports humanitarian and social causes. In 2006, support for external initiatives in social responsibility amounted to 156 thousand euros.

Various causes were sponsored, in greatly differing areas, such as social action and support for the child, the physically impaired and elderly, education, the environment and cultural activities, among many others.

CORTICEIRA AMORIM does not take a set position on public policies nor does it take part in lobbies, except in respect of protection of the cork oak, preservation of the cork oak forest, promotion of the cork sector and certification of forest management systems, seeking directly or through APCOR to define public policies that safeguard these matters. Participation in the development of public policies is also carried out through membership of technical committees and the expression of opinions, whenever these are requested or are relevant.

Analysis of the risks associated with corruption in the different BUs is carried out in CORTICEIRA AMORIM through audits of the process of internal control and external audits, which evaluate the compliance of the processes and identify inefficiencies that may result from corruption.

v. Products

Supply to sectors which are extremely demanding in terms of performance of materials and components, such as the food, automotive, electrical and electronic industries, involves a very strict control of information and fulfilment of different requisites.

CORTICEIRA AMORIM has made significant efforts to implement HACCP methodology in those companies where this issue is pertinent, as acknowledged in chapter 3.4 of this report.



In the particular case of cork stoppers production, an indispensable tool for assuring and demonstrating the quality of the corks is certification by SYSTECODE, which ensures compliance with the International Code of Good Bottle Closure Practices (CIPR). The production units which have this certificate are named in chapter 3.4 of this report.





In addition to these, CORTICEIRA AMORIM also has specific certificates for certain products:

- certification of corkrubber material for the gas sector (Germany, USA and Japan);
- certification of products from the Insulation Cork BU by ACERMI - Association pour la Certification de Matériaux Isolants (France), by SITAC - Swedish Institute for Technical Approval in Construction (Sweden) and by FIW MÜNCHEN (Germany);
- CE marking according to European standard EN 13170 of products from the Insulation Cork BU and according to European standard EN 14041 for products made by the Floor and Wall Coverings BU;
- certification by the CSTB (Centre Scientifique Technique du Bâtiment) according to the UPEC classification of two series of products (series 2000 and 4000) made by the Floor and Wall Coverings BU;
- certificates of compliance with ECAIAQ - European Collaborative Action, Indoor Air Quality & Its Impact on Man, issued by the Interior Air Quality Laboratory of the University of Oporto for the Floor and Wall Coverings BU products.

Impact of products on health and safety

In addition to other aspects, such as legal and environmental questions, issues related to impacts on health and safety are systematically considered in the different phases of the lifecycle of the products.

LIFE CYCLE STAGE	ANALYSIS CARRIED OUT
Conception and development of product	File for each product/application, containing a list of aspects to be observed, such as evaluation of dangerous components, qualification of raw materials and relevant aspects to be satisfied in terms of health and safety.
Research and development	Identification of the way to satisfy the safety and health requirements defined, through the use of recyclable specific raw materials, with low or zero emissions, without solvents or operations in the production process.
Certification	Prior to the mass production phase the products are tested in laboratories outside the Organisation so certificates of compliance with the requirements defined may be issued.
Production	Check-list for analysing qualitative risks by work station. The technical characteristics of the product are controlled according to the quality plan established for the product.
Marketing and promotion	Aspects relating to safety and health are valued in terms of communication.
Warehousing, distribution and supply	Adequate storage of products, respecting possible incompatibilities. Control of environmental conditions of the warehouses and evaluation of transporters.
Utilisation	Observation of the safety data files of the products.
End of life (depositing, re-use, recycling)	Provision, in the case of the Corkrubber BU, of information on the danger, handling and landfill of the products, through the Safety Data Files of the IMDS - International Management Data Sheet, and other specific labelling established by the client or by CORTICEIRA AMORIM. In product development aspects relating to the waste generated throughout the process are evaluated; their treatment is defined and the impact is quantified. CORTICEIRA AMORIM promotes with clients the recycling of used corks for re-use in other products.



4.5 research & development and innovation

CORTICEIRA AMORIM's permanent strategic commitment to Innovation has been reaffirmed in recent years, with the strengthening of the resources channelled to Research & Development (R&D) and the obtention of results that clearly differentiate their products, reinforcing their leadership in Innovation and Technological Development.

a. Development of New Applications and Products in and/or with Cork (DNAPC)

This research group was set up in 2004 with the strategic purpose of coming up with and developing new applications and new products for cork, in addition to those which are currently manufactured by the cork industry. This department has a team of researchers who carry out activities in partnership with the 3B's Group of the Department of Polymer Engineering of the University of Minho, under a collaboration protocol established with this institution.

Of the projects developed so far by the DNAPC, the following should be highlighted:

- absorption project: the studies carried out to date have revealed the potential of cork for use as a material to absorb different kinds of oils;
- valuing of components extracted from cork;
- European project STREP WaCheUp: involving eight European partners, this project, under the concept of BIOREFINERY, is intended to transform residues (and by-products) from the cork and wood pulp industries into high added value chemical products;
- study of glues and adhesives obtained from cork;
- increased resistance of cork to heat and ultraviolet rays.

- internal network of knowledge;
- 23 workers;
- annual investment of 4.7 million euros.

b. Raw Materials

The R&D activities of the BU centre above all on the industrial processes and forest production, in particular:

- the agreement signed with the ISA, through INOVISA, for the creation of a Centre of Excellence in the Agroforestry and Food Sector (CEAFA), which will constitute a platform connecting the university and the business world, promoting technological innovation in the agroforestry and food sector;
- support for the VIABio Project, carried out by the Centre for Studies in Innovation, Technologies and Development Policies of the Instituto Superior Técnico, whose purpose is to analyse the potential of biotechnology in a series of industrial activities, including forest exploitation.

c. Cork Stoppers

The R&D activities in the Cork Stoppers BU are framed within the following strategic orientations:

- solving the TCA question;
- improving the performance of the product;
- increasing knowledge of the product;
- optimising production processes;
- developing new types of cork stopper

Resolving the TCA question

In the past, the presence of musty taints in some wines sealed with cork stoppers made it possible for the alternative stoppers to reach the closures market, namely plastic and aluminium closures.

In CORTICEIRA AMORIM the problem of TCA in cork stoppers has been largely overcome due to a range of measures consistently taken at the different levels of production throughout recent years. These have led to a merely residual, even negligible level of TCA contamination.

Some of the actions taken were:

- major verticalisation, with integration of the production - from the cork to the bottle - making it possible to increase control of the process and traceability of the products;
- installation of modern industrial units, such as those of Coruche and Ponte de Sôr, that own extensive areas for storing cork, which substantially reduces the quantity of raw material stored in stacks in the forest, allowing greater control and reduction of the risk of TCA contamination;
- implementation of technologically advanced cork boiling systems: the two units mentioned above are equipped with stainless steel boiling systems with complete renewal of water at the end of 24 hours, coupled to filtering systems and systems to extract volatile trace compounds from the water, in a process that avoids cross contamination of cork planks from the water in which they are boiled;
- chromatographical analysis of TCA in all batches of corks, discs and granulates: after the presentation made by ETS Laboratories, in 2000, of the results of an R&D project to apply GC-MS SPME (Gas Chromatography Mass Spectrometry Solid Phase Microextraction) to quality control of batches of stoppers, discs and granulates, the Cork Stoppers BU has changed the quality control system for those batches, proceeding to use this methodology, having consistently increased the Amount of equipment. Currently it has the capacity to analyse all batches in production. For this purpose it has nine chromatographs that make it possible to carry out around 12,000 analyses per month;
- studies of cork in the forest that aim to get to know the problem of TCA contamination in the forest and its origin;

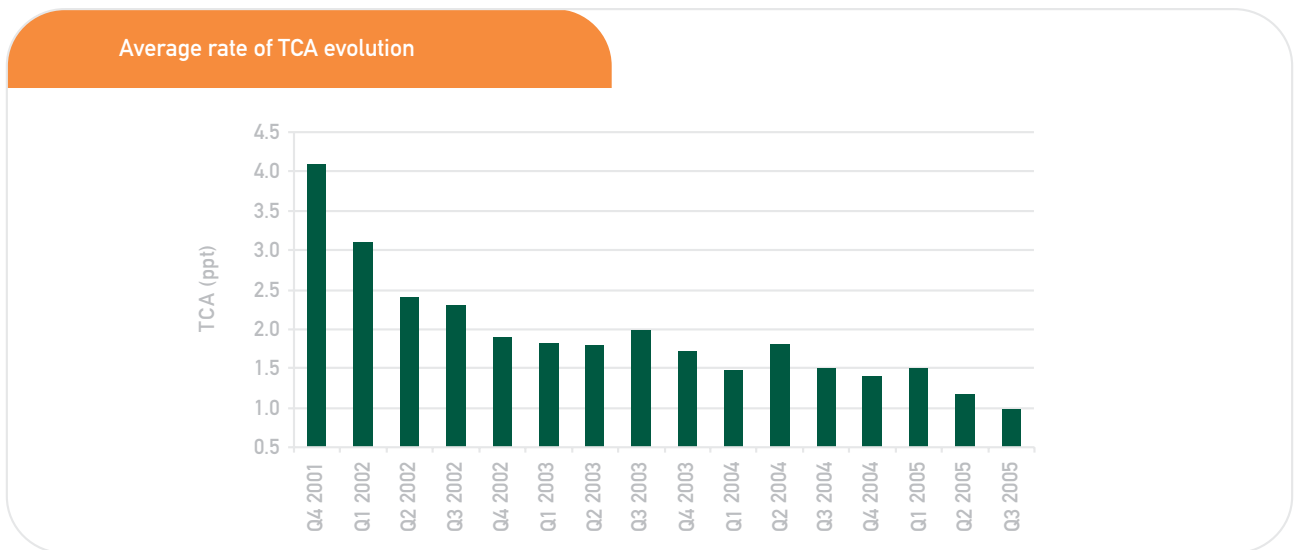
The Rosa system has been externally validated by various independent laboratories, confirming a reduction of TCA of 70% to 80%.

Especially noteworthy is the introduction of the new technologies such as:

- INOS II: this is a system to disinfect discs and small natural cork stoppers, for use in T-Cork® stoppers. This system, patented by Amorim & Irmãos, is based on the elastic properties of cork. Through cycles of pressure and depressure the water enters the lenticels of the pieces of cork, cleansing them of various compounds, among them TCA;
- ROSA: the ROSA® system, Rate of Optimal Steam Application, was developed internally and patented by Amorim & Irmãos in 2004. It is a system where the different pieces of cork are distilled in steam, thus eliminating volatile trace compounds, and in particular TCA. This system was externally validated by independent laboratories in the United Kingdom (Campden & Chorleywood Food Research Association), Germany (Forschungsanstalt Geisenheim Research), Australia (Australian Wine Research Institute) and France (Laboratoires Excell), and a reduction of TCA in the order of 70-80% was confirmed;
- ROSA Evolution: this is a system in the implementation phase, after the excellent results achieved with the prototype. This evolution of the ROSA® system for application in natural cork stoppers makes it possible not only to improve the rate of performance, but, above all, to not deform the cork stoppers, thus avoiding the later correction phase. The importance of this process for the top-of-the-range wine segment should therefore be emphasised.

TCA [2,4,6-Trichloroanisole] is an organic compound that derives from the microbial metabolism, especially of fungi, which is responsible for a very characteristic musty aroma, wrongly designated "cork taint". This compound may be found in the most varied places, not only in cork but also in the air, paper, wood, in the earth, in foods such as coffee, water, papaya, apples, etc.

The practical results obtained by the application in the field of this and other measures to prevent TCA contamination are clearly shown in the following graph, where a reduction of TCA contamination of 76% in four years is evident.



Source: Cork Quality Council

Improving the performance of the product

- development of alternative agglomerated glues for gluing discs, important component of technical corks, contributing significantly to their performance;
- Ecobinders project, begun in 2005, which involves collaboration with 22 European partners, aimed at obtaining an ecological agglomerate, using cork's own components as an agglomerating agent.

Increasing knowledge of the product

- permeability of cork stoppers: the permeability of the different kinds of cork stopper to oxygen was studied and compared with that of alternative stoppers, namely synthetic closures and screwcaps. The results characterise the kinetics of the oxygen entering the bottle and demonstrate that this kinetics changes in the presence of cork stoppers, technical corks, screwcaps or synthetic closures, and they favour the use of natural cork stoppers;
- one area of work where much greater knowledge is needed is that of the effect of the closure in absorbing wine compounds responsible for odour problems such as those related to reduction. To get these studies underway, in 2007 the Business Unit will sponsor a new Masters and PhD in France, in the Faculty of Oenology at Bordeaux;
- search for causes of loss of gas in sparkling wines: the loss of gas is the main problem affecting sparkling wines, when in the bottle, and is generally attributed to the poor performance of cork stoppers.



Extensive bottling tests were carried out in order to clarify the problem. The results made it possible to increase knowledge about the importance of the mix of granulates in the performance of cork stoppers and the importance of regularity in the bottle necks.

Optimising the production processes

Optimising the boiling of the cork through a process different from the current one. The project began in the laboratory and at this point in time the semi-industrial phase is under scrutiny. The objective is to find a new form of boiling that simultaneously makes it possible to eliminate TCA and other compounds with unpleasant odours, decrease the actual boiling time and obtain a higher yield from the cork.

Development of new kinds of cork stopper

Conclusion of the second phase - identification of viable formulations - of a project developed in partnership with a research centre in the United Kingdom. Testing of the formulas that have been developed will follow in 2007.

Académie Amorim

The mission of the Académie Amorim is to support the work of researchers who are dedicated to oenological research, awarding them, annually, a scholarship that will fund scientific research, especially research that centres on the fight against gustatory alterations and the contamination of wine.

In June 2006 meetings of specialist were organised in order to debate three fundamental questions related to the different kinds of wine closure:

- environment and sustainable development; discussion of the impact that different kinds of closure have on the preservation of the planet;
- the role of closures as a tool in marketing and communication;
- impact of closures on the evolution of the wine.

In November 2006, two works that contributed to advancing knowledge about wine were awarded prizes:

1. Thesis by Paulo Lopes

“Oxidative phenomena during the bottle aging of wines: the role of the closure”.



2. Study by Gilles Masson

“Nuancier des Vins Roses”.



d. Floor and Wall Coverings

The R&D activities and projects developed by this BU have taken account of global trends in the coverings market, as well as the specificities of particular geographical areas.

Thus, among the activities and projects developed, the following stand out:

- development of products with innovative characteristics such as the reduction of step noise, high resistance to wear and tear and surfaces with ecological finishes;
- finalisation of the project to increase resistance to ultraviolet rays;
- project to increase resistance of products to heat and fire;
- development of a new HPS (High Performance Surface) varnish, which increases resistance to scratching and stains;
- development of new agglomerant glues and use of fibre agglomerates;
- development of suspended corkrubber floors.

The new applications of cork products are ecological construction and bioclimatic architecture where priority is given to using the means and materials that Nature has provided in order to create comfort at the thermal, acoustic and lighting levels. Cork is a material with high potential in this architectural concept.

e. Composite Cork

The R&D activities of the Composite Cork BU are essentially directed at the segments in which it acts. There are also some projects that are broader in scope, among which the following should be singled out for attention:

- development of new products: fire retardants (classified as fire resistant); with fragrances and inhibit the development of fungi;
- development of an innovative process to colour the agglomerate which allows great flexibility in introducing designs and colour;
- introduction of natural resins into the glues which are now at the base of polyurethanes. Substances with formaldehydes have been completely replaced. Also with reference to glues, activation of these is effected by microwaves that have replaced heaters, with significant reductions in energy consumption.

With regard to the R&D activities specifically aimed at this BU market segments, the following should be highlighted:

Construction:

- development of backing and underlay products (ProfileCORK®) with innovative characteristics such as the reduction of impact and step noise;
- waterproof cork membrane that simultaneously makes it possible to deaden vibrations caused by the movement of tectonic plates and prevent fissures in floors;

Industry:

- characterisation of cork, according to the specifications of the European Space Agency (ESA). An industrial partner for developing a new cork application/system has been identified;
- ATPI project - High Performance Damping Technology for Aircraft Vibration Attenuation and Thermo-Phonic Insulation, technically directed by AIRBUS, with the aim of developing anti-vibratic and thermo-phonic insulation for aeroplanes;
- project to use agglomerated cork in compound materials, in partnership with the Instituto Superior Técnico.

f. Corkrubber

Of the activity developed by the R&D team of the Corkrubber BU, what stands out most is the development and homologation of new products, namely:

- development of solutions for outdoor furniture;
- development and approval of moulded gasket for heavy duty diesel engines;
- extension of the range of acoustic insulation products to means of transportation by land and by sea with fire resistant characteristics;
- development of the CPGC (Cork Pu Gel Composite) range of products for use in medical applications;
- development of components for integration into the "Seats" module: under development by the Complementary Grouping of Companies ACECIA: this project has demonstrated that cork can make it possible to reduce the volume of seats to less than half, offering the same comfort, with relevant ecological and environmental advantages since, in addition to being recyclable, it contributes to reducing automobile consumption and emissions;

- development of component for the new Mitsubishi Concept X: with a technological solution developed from cork, applied in the seats of this model of automobile. It is a compound material with cork which can be applied in different sectors, such as the automotive, aeronautical and construction sectors. This project arose out of a partnership between Amorim Industrial Solutions, the Centre of Excellence and Innovation for the Automotive Industry (CEIIA-CE) and Salt & Turinmodel;
- development of ergonomic and anti-fatigue CorkRubber mats (SOLMAT), in cooperation with the Ergonomics Laboratory of the Faculty of Human Movement Studies in Portugal and with the University of Siegen in Germany. This involves the first scientifically tested ergonomic industrial mat, capable of minimising physical fatigue and stress in workers whose activity requires them to remain standing for long periods of time.

Amorim Industrial Solutions is one of the 10 Portuguese companies that takes part in the agreement of understanding that the Portuguese government has signed with the MIT (Massachusetts Institute of Technology).

g. Insulation Cork

The R&D activity of this BU is intended as a response to markets which, as well as demanding a high performance thermal and acoustic insulation, give priority to its ecological performance. Among the projects that have been developed, the following are especially noteworthy:

- development of a new application for coverings made of cork agglomerates and other materials that guarantee excellent performance in thermal and acoustic insulation, waterproofing and fire resistance;
- the development of a new system of insulating panels for exterior walls made of expanded insulation corkboard and other materials. In addition to its excellent thermal and acoustic performance, this new system presents important advantages regarding ease of installation.



5

objectives



MAJOR CHALLENGES

OBJECTIVES AND ACTIONS FOR 2007

- | | |
|---|--|
| <ul style="list-style-type: none">• The development of the cork oak forest as pillar of the ecosystem | <ul style="list-style-type: none">• Encourage further R&D into the forest sector• Increase in number of areas with FSC certification |
| <ul style="list-style-type: none">• Research and Innovation | <ul style="list-style-type: none">• Increase number of patents |
| <ul style="list-style-type: none">• Training and qualification of Human Resources | <ul style="list-style-type: none">• Increase in average number of training hours per employee |
| <ul style="list-style-type: none">• The affirmation and promotion of the advantages of using cork | <ul style="list-style-type: none">• Evaluation of environmental impact of cork stoppers vs. alternatives• Launch of programme to recycle corks |
| <ul style="list-style-type: none">• Integrating sustainability into operating activities | <ul style="list-style-type: none">• Increased consumption of renewable energy and energy efficiency• Reduction of CO₂ emissions associated with transporting products• Increase ISO 14001 certification• Reduction of water and paper consumption• Reduction of rate of absenteeism |



6

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CORTICEIRA AMORIM

		Indicator	Value	Page
5. PERFORMANCE				
ASPECT: ECONOMIC PERFORMANCE				
EC1	Direct economic value generated and Distributed (thousand euros).	Direct economic value generated	448,880	45
		Revenues	448,880	
		Economic value distributed	424,459	
		Operating costs	305,956	
		Employee wages and benefits	91,627	
		Payments to providers of capital	16,028	
		Payments to government	10,692	
		Community investments	156	
		Economic value retained	24,422	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.			14,30,31,42
EC3	Coverage of the organization's defined benefit plan obligations (thousand euros).	Contributions to social security regimes	13,895	43
EC4	Significant financial assistance received from government.	Subsidies received from government	901	43
ASPECT: MARKET PRESENCE				
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation (thousand euros).	Portugal	120,121	43-45
		North Africa	8,126	
		Other origins	16,532	
		Total cork purchases	144,779	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Total senior managers	71	44
		Senior managers from local community	65	
		% of senior managers from local community	92%	
ASPECT: INDIRECT ECONOMIC IMPACTS				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or Pro bono engagement.			44

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	Indicator	Value	Page	
ASPECT: MATERIALS				
EN1	Materials used by weight or volume.	Raw materials (t)	120,756	47,48
		Cork	117,827	
		Coconut fibre	159	
		Rubber	1,697	
		Others	1,073	
		Packaging material (t)	4,970	
		Chemical products (t)	13,155	
EN2	Percentage of materials used that are recycled input materials.	Paper (t)	1	48
		Cork stoppers (t)	16	
		Tyre granulate (t)	275	
		Total (t)	292	
ASPECT: ENERGY				
EN3	Direct energy consumption by primary energy source.	Natural Gas (GJ/year)	108,678	49,50
		Propane Gas (GJ/year)	16,102	
		Biomass (GJ/year) cork powder	389,664	
		Biomass (GJ/year) firewood	20,702	
		Total biomass (GJ/year)	410,366	
EN4	Indirect energy consumption by primary source.	Electricity (GJ/year)	354,036	49,50
ASPECT: WATER				
EN8	Total water withdrawal by source.	Total water consumption (m3)	397,383	50
ASPECT: BIODIVERSITY				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		0	50
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		0	50

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	Indicator	Value	Page
ASPECT: EMISSIONS, EFFLUENTS AND WASTE			
EN16 Total direct and indirect greenhouse gas emissions by weight.	Natural gas (t/year) Propan gas (t/year) Electricity (t/year)	5,941 1,212 42,094	50,51
EN17 Other relevant indirect greenhouse gas emissions by weight.		na	51
EN19 Emissions of ozone-depleting substances by weight.		na	51
EN20 NOx, SOx, and other significant air emissions by type and weight.	Particles (t/year) * Nitrous oxides, NOx (t/year) * Sulphur Oxides, SOx (t/year) * VOC (t/year) *	66 236 1 15	51
* Data from Portuguese companies			
EN21 Total water discharge by quality and destination.	Industrial effluents (m3/year) Domestic effluents (m3/year) Total liquid effluents (m3/year)	241,812 23,855 265,667	52
EN22 Total weight of waste by type and disposal method.	Hazardous waste Recovery Elimination Non-hazardous waste Recovery Elimination	254 138 116 19,754 16,272 3,482	53
EN23 Total number and volume of significant spills.		0	52,53
ASPECT: PRODUCTS AND SERVICES			
EN26 Initiatives to mitigate environmental impacts of Products and services, and extent of impact mitigation.		-	53
EN27 Percentage of products sold and their packaging materials that are reclaimed by category.		na	49
ASPECT: COMPLIANCE			
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and Regulations.	value (thousand euros)	14	-

CORTICEIRA AMORIM

	Indicator	Value	Page		
ASPECT: EMPLOYMENT					
LA1	Total workforce by employment type, employment contract, and region.	Total workers	3,391	53	
		Permanent contract	3,040		
		Fixed term contract	351		
LA2	Total number and rate of employee turnover by age group, gender, and region.	Total turnover rate	11%	54	
		< 30	78		
		30 a 50	193		
		>50	103		
		Women	110		
		Men	264		
ASPECT: LABOR / MANAGEMENT RELATIONS					
LA4	Percentage of employees covered by collective bargaining agreements.	Percentage of employees represented by trade unions	35%	54	
		Percentage of employees covered by collective bargaining agreements	87%		
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	It is not defined	-		
ASPECT: OCCUPATIONAL HEALTH AND SAFETY					
LA7	Rates of injury, occupational diseases, lost day's, absenteeism and total number of work-related fatalities, by region.	No. of deaths	0	56,57	
		Index of frequency (Nº Accidents / work hours x 200.000)	10.0		
		Occupational diseases rate (Nº of Occupational diseases / work hours x 200.000)	13.0		
		Lost day rate (Total lost days / work hours x 200.000)	110.1		
		Absentee rate (Absentee days lost / work days)	4.5%		
LA8	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Total hours of training in hygiene and safety in the workplace	4,209	54,55	

CORTICEIRA AMORIM

	Indicator	Value	Page
ASPECT: TRAINING AND EDUCATION			
LA10 Average hours of training per year per employee by employee category.	Total hours of training	38,168	54,55
	Total hours per employee	11.3	
	Directors (h/year)	24.9	
	Senior Management (h/year)	41.1	
	Middle Management (h/year)	38.2	
	People in charge/Chiefs (h/year)	17.5	
	Highly qualified professionals (h/year)	12.7	
	Qualified professionals (h/year)	10.9	
	Semi-qualified professionals (h/year)	1.9	
	Non qualified professionals (h/year)	15.1	
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.		-	53
LA14 Ratio of basic salary of men to women by employee category.	Directors	156%	55
	Average salary for men	4,531	
	Average salary for women	2,907	
	Heads of Department	138%	
	Average salary for men	2,868	
	Average salary for women	2,076	
	Commercial	117%	
	Average salary for men	2,515	
	Average salary for women	2,148	
	Support and Management Technicians	121%	
	Average salary for men	1,880	
	Average salary for women	1,551	
	Production Chiefs	123%	
	Average salary for men	1,136	
	Average salary for women	924	
	Administrative professionals	100%	
	Average salary for men	1,004	
	Average salary for women	1,003	
	Maintenance and Quality Technicians	113%	
	Average salary for men	843	
Average salary for women	748		
Production operators	121%		
Average salary for men	654		
Average salary for women	539		

CORTICEIRA AMORIM

	Indicator	Value	Page
ASPECT: INVESTMENT AND PROCUREMENT PRACTICES			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that underwent human rights screening.	0%	-
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	0%	-
ASPECT: NON DISCRIMINATION			
HR4	Total number of incidents of discrimination and actions taken.	0	-
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
HR5	Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights.	Do not exist	57
ASPECT: CHILD LABOR			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Do not exist	57
ASPECT: FORCED AND COMPULSORY LABOR			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	Do not exist	57
ASPECT: COMMUNITY			
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Do not exist	-
ASPECT: CORRUPTION			
S02	Percentage and total number of business units analyzed for risks related to corruption.	-	57
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	0%	-
S04	Actions taken in response to incidents of Corruption.	0	-

CORTICEIRA AMORIM

	Indicator	Value	Page
ASPECT: PUBLIC POLICY			
S05	Public policy positions and participation in public policy development and lobbying.	-	57
ASPECT: COMPLIANCE			
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	0	-
ASPECT: CUSTOMER HEALTH AND SAFETY			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	-	59
ASPECT: PRODUCT AND SERVICE LABELING			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	-	59
ASPECT: MARKETING COMMUNICATIONS			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Do not exist	-
ASPECT: COMPLIANCE			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	0	-

na = either not applicable or currently not available



7

assurance



To the board of Directors of
Corticeira Amorim, SGPS, S.A.

**PricewaterhouseCoopers
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Independent verification report –
Sustainability Report 2006
(Translation from the Portuguese original)

Introduction

In accordance with the request of Corticeira Amorim SGPS, S.A., we performed an independent verification of the “Sustainability Report 2006” (Report). Such performance information includes the indicators mentioned in the “scope” of the present document and has been prepared having as a reference the assessment criteria in accordance with the guidelines mentioned in the chapter “4.1 Framework of the Report”.

Responsibility

Corticeira Amorim SGPS,S.A. Board of Directors is responsible for the presented information, the assessment criteria, and for the systems and processes in respect of the collection, consolidation, validation and reporting thereof.
Our responsibility is to conclude on the adequacy of the performance information, based upon our independent verification standards.

Scope

Our procedures were planned and executed using the International Standard on Assurance Engagements 3000, in order to obtain a moderate level of assurance on the adequacy of both the performance information and the underlying processes and systems.

The scope of our verification consisted on the following indicators: direct economic value generated and distributed, contributions to social security regimes, subsidies received from government, percentage of materials used that are recycled input materials, natural gas consumption, electricity consumption, total greenhouse gas emissions, total workers.

The verification of the management self declaration on the application level of the Global Reporting Initiative, version 3 (GRI3), based on GRI’s Reporting Framework Application Levels, consisted on the verification of the consistency with the requirements regarding the existence of the data and information but not their quality and accuracy.

Our procedures were as follows: (i) identify the existence of internal management procedures leading to the implementation of economical, environmental and social policies. (ii) testing the processes and systems efficiency in respect of collection, consolidation, validation and reporting of the information previously mentioned (iii) confirming that given

operational units follow the instructions for the collection, consolidation, validation and reporting of the performance information (iv) executing some procedures, using a sampling technique, in order to validate the information, (v) verifying the existence of data and information required to reach level B, self declared on their Report.

Conclusions

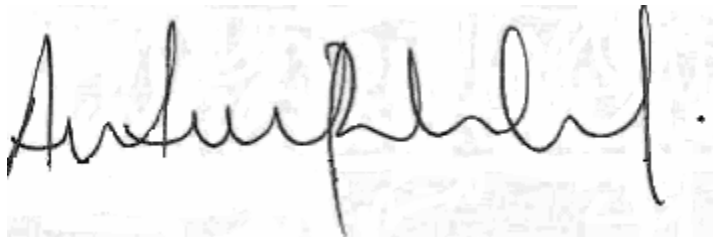
Based on our work described in this report, nothing has come to our attention that causes us to believe that systems and processes in respect of the collection, consolidation, validation and reporting of the verified information are not effective in order that the performance information referred above, is not presented adequately, in all material respects.

Based on the assumptions described on the scope, we conclude that the Report includes the data and information required for the level B in accordance with GRI3.

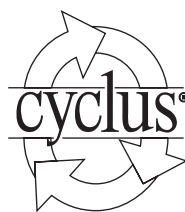
The financial data was extracted from the 2006 Annual Report which includes our audit report.

Lisbon, June 11, 2007

PricewaterhouseCoopers & Associados SROC, Lda.
Represented by:



António Joaquim Brochado Correia, ROC



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Registered Capital - 133,000,000 EUR - Fiscal and Register Nr. 500 077 797

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