



Innovation

Sustainability Report

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

2010

Innovation

Under the leadership of CORTICEIRA AMORIM, one of the most noble of Portugal's traditional raw materials – cork – has become the catalyser for valuable interaction between new knowledge, new skills and new technologies, benefitting the development of the cork sector as a whole.

Curiosity, research and innovation are the foundation stones for a portfolio of products and solutions with outstanding levels of performance, aesthetic appeal and sustainability, helping the industry to win new markets and move up the value chain.



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Dear Stakeholders,

The world economy enjoyed significant growth during 2010. After the economic contraction of 2009, the subsequent recovery in 2010 was characterised by growth at two differing speeds, with developed economies registering only modest growth and most developing economies expanding at significant rates.

In the cork sector, an 8.1% increase in Portuguese cork exports reflected the overall expansion of business activity, with companies also producing differing results. While the financial situation of some companies deteriorated, due largely to severe restrictions on access to credit, 2010 was, for others, one of the best years ever.

This was the case for CORTICEIRA AMORIM, which, in addition to a solid financial position, recorded historic best-ever performances across its main business indicators in 2010 – a direct result of the positive development of all its business units. In keeping with this performance, the Group's cork products achieved an unprecedented level of recognition and CORTICEIRA AMORIM strengthened its global position as a leading provider of high quality solutions that meet the demanding technical and environmental challenges of a wide range of industry sectors. The Group's successes in 2010 confirmed the validity of CORTICEIRA AMORIM's strategic decisions in previous years.

CORTICEIRA AMORIM's business activities have been driven by its customers' appreciation of the economic, social and environmental advantages of using cork. Initiatives such as the Intercork programme – the largest international cork promotional campaign to date – and the use of the Group's products in high profile projects (such as the Portuguese Pavilion at the Expo 2010 Shanghai, Gaudi's Holy Family cathedral and luxury editions of legendary whiskies) has, as never before, brought cork to the attention of millions of consumers, leading them to choose cork as an efficient and sustainable technical solution.

Humanity has never been more aware of the environmental problems that can result from consumer choices and this has led to wide recognition of the importance of natural and renewable products and the value of protecting ecosystems. In this context, CORTICEIRA AMORIM commissioned an innovative study to assess the full benefits of cork oak plantations. The results of the study demonstrate the fundamental importance of these plantations, especially when compared with other ways of using the land, and provide invaluable information to forest owners on the effects of managing ecosystems. Until we move from analysis and assessment to actually remunerating services that protect ecosystems, cork products remain a vital link in the maintenance of a balanced environment.

We believe strongly in this natural and renewable raw product and in our goal of making business practices that contribute to sustainable development a positive factor of differentiation. Inspired by these values, CORTICEIRA AMORIM will remain actively engaged in developing products and applications that meet the specific

CORTICEIRA AMORIM will remain actively engaged in developing products and applications that meet the specific requirements of our customers.

requirements of our customers and the broader needs of society.

The success of CORTICEIRA AMORIM is rooted in the professionalism of its employees, whose energy and commitment are vital to the company. Together with our staff and thanks to the involvement and contribution of our stakeholders, the Group will continue to follow a path of sustainable growth and to discover new worlds for cork.

Yours cordially,



António Rios de Amorim





2010 Highlights

The increase in activity seen in most of the BUs resulted, in itself, in greater demand on the resources allocated to industrial and commercial activity. The concentration of efforts on the overall increase in the company's activity was reflected, as will be seen below, in historic levels in the main economic indicators.

In view of the sustainability objectives outlined for 2010, it should be emphasized that their performance fell short of targets as regards concentration of efforts in terms of production and sales aimed at meeting an increasing business activity.

35%
of world cork
manufacturing

Aims	Target for 2010	Status	2010 initiatives with greatest impact	Page
Increase knowledge and foster best practices in sustainable forestry management	Award for the best research into "Sustainability of the Cork Oak and Associated Biodiversity" Providing a free technical advisory service to at least six forestry producers		Within the scope of the "Sustainability of the Cork Oak and Associated Biodiversity" initiative, these two objectives were achieved	50 51
Increase the number of patent requests	Submit requests for four new patents		One new patent request was submitted	46
Strengthen the organisational culture aimed at Innovation	Implementation in Portugal of an Innovation programme to mobilize the whole company		Structuring of the Innovation programme in a pilot unit, to be followed by implementation in the whole group in 2011	44
Increase knowledge of the ecological footprint of the value chain	Produce a case study on the environmental services of the cork oak forest ecosystem		An innovative study was carried out on the value of the services of the cork oak forest ecosystem	51; 52
Reduce CO ₂ emissions	Reduce by 2.5%, on 2009		Due to an increase in activity, emissions rose by 6.5%	47; 48
Reduce water consumption	Reduce by 4%, on 2009		Due to an increase in activity, consumption only fell by 2.6%	61
Encourage the recycling of cork stoppers	Boost, by at least 50%, the quantity of cork stoppers recycled in Portugal by the Green Cork programme		Quantity of cork stoppers recycled under the Green Cork programme increased from 22.57 to 38.83 tons	60; 61
Strengthen position in the sustainable construction sector	Produce a new value proposition for the sustainable construction sector		The project has been structured and will be implemented in 2011	54; 55

Achieved Not achieved In progress



CORTICEIRA AMORIM Presentation

"The Mediterranean region has one of the world's richest cork oak forests in biological terms and trees are not cut down for cork production. Increasing people's awareness of something as simple and small as the cork stopper will make them start to reflect on other environmental issues. Stripping cork oaks in a sustainable manner preserve jobs and discourages the use of fossil fuel-based alternatives".

Allen Hershkowitz, Scientist – Natural Resources Defence Council



1. CORTICEIRA AMORIM PRESENTATION

1.1. ORGANISATIONAL PROFILE

IDENTIFICATION OF THE ORGANISATION

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

MAIN PRODUCT AND SERVICES

Given the wide range of cork applications, CORTICEIRA AMORIM is structured into Business Units (BU) as shown on the organisational chart on page 12. In terms of products supplied, the following BUs are of particular importance:

The Cork Stoppers BU: world leader in the production and supply of cork stoppers with an average annual production of three billion units. Its diversified product portfolio and own distribution network place it in an unparalleled position for the supply of the ideal cork stopper for any wine segment and in any part of the world;

The Floor and Wall Coverings BU: world leader in the production and distribution of cork floor and wall coverings. The BU is renowned for the quality, innovation and unique characteristics of its interior decoration solutions;

The Composite Cork BU: concentrates its activities on the production of granulates, agglomerates and cork rubber. The natural properties of cork provide solutions for sectors of activity including construction, footwear, automobile, aerospace, railways, decorative articles for the home, among others;

The Insulation Cork BU: dedicated to the production of insulation materials with excellent technical performance standards and entirely 100% natural. The unique characteristics of expanded cork agglomerate grant it a high level of thermal, acoustic and anti-vibration insulation, resulting in its use in the construction of airports, buildings, wine cellars and in the refrigeration industry.

OPERATIONAL STRUCTURE OF THE ORGANISATION

Adopting a management model based upon a Strategic-Operational holding concept, the BUs are coordinated by the Executive Board of CORTICEIRA AMORIM, empowered with broad management powers with the exception of those that due to legal or statutory reasons are encharged to the Board of Directors.

The Executive Board is assisted by Support Divisions, which accompany and coordinate the BUs and their respective functional areas.

The organisational diagram on page 12 shows the current structure in effect at CORTICEIRA AMORIM, identifying the companies included in the consolidated group to which this sustainability report refers.



1.2. ORGANISATIONAL CHART

AMORIM NATURAL CORK			AMORIM CORK COMPOSITES				AMORIM CORK RESEARCH
Raw Materials	Cork Stoppers		Composite Cork	Floor & Wall Coverings		Insulation Cork	R&D, Innovation
Amorim Natural Cork, S.A.	Amorim & Irmãos, S.G.P.S., S.A.		Amorim Cork Composites, S.A.	Amorim Revestimentos, S.A.		Amorim Isolamentos, S.A.	
Procurement	Production	Distribution		Production	Distribution		
Amorim Natural Cork, S.A. Ponte de Sôr – PORTUGAL 100%	Amorim & Irmãos, S.A. Santa Maria de Lamas – PORTUGAL 100%	Amorim Distribuição Santa Maria de Lamas – PORTUGAL 100%	Amorim Cork Composites, S.A. Mozelos – PORTUGAL 100%	Amorim Revestimentos, S.A. S. Paio de Oleiros – PORTUGAL 100%	Amorim Benelux B.V. Tholen – NETHERLANDS 100%	Amorim Isolamentos, S.A. Mozelos – PORTUGAL 80%	Amorim Cork Research & Services, Lda. Mozelos – PORTUGAL 100%
Amorim Natural Cork, S.A. Coruche – PORTUGAL 100%	Amorim & Irmãos, S.A. – Ind. Unit MPS Paços de Brandão – PORTUGAL 100%	Amorim Australasia Adelaide – AUSTRALIA 100%	Amorim Cork Composites, S.A. Corroios – PORTUGAL 100%	Amorim Revestimentos, S.A. Lourosa – PORTUGAL 100%	Amorim Deutschland GmbH & Co. KG Delmenhorst – GERMANY 100%	Amorim Isolamentos, S.A. Silves – PORTUGAL 80%	
Amorim Natural Cork, S.A. Abrantes – PORTUGAL 100%	Amorim & Irmãos, S.A. – Ind. Unit Raro Vergada – PORTUGAL 100%	Amorim Cork Italia, S.p.A. Conegliano – ITALY 100%	Drauvil Europea, S.L. San Vicente de Alcántara – SPAIN 100%		Amorim Flooring Austria GmbH Vienna – AUSTRIA 100%	Amorim Isolamentos, S.A. Vendas Novas – PORTUGAL 80%	
Amorim Florestal España, S.L. Algeciras – SPAIN 100%	Amorim & Irmãos, S.A. – Ind. Unit Valada Valada – PORTUGAL 100%	Amorim Cork Deutschland, GmbH Bingen am Rhein – GERMANY 100%	Corticeira Amorim France, SAS Lavardac – FRANCE 100%		Amorim Flooring Nordic A/S Greve – DENMARK 100%		
Amorim Florestal España, S.L. San Vicente de Alcántara – SPAIN 100%	Amorim & Irmãos, S.A. – Ind. Unit Coruche Coruche – PORTUGAL 100%	Amorim Cork Bulgaria, EOOD Sofia – BULGARIA 100%	Chinamate (Xi'an) Natural Products Co. Ltd. Xi'an – CHINA 100%		Amorim Flooring (Switzerland) AG Zug – SWITZERLAND 100%		
Comatral – Compagnie Marocaine de Transformation du Liège, S.A. Skhirat – MOROCCO 100%	Amorim & Irmãos, S.A. – Ind. Unit Champanhe Santa Maria de Lamas – PORTUGAL 100%	Amorim Cork America, Inc. Napa Valley, CA – USA 100%	Amorim Cork Composites, Inc. Trevor, WI – USA 100%		Amorim Revestimentos, S.A. Barcelona – SPAIN 100%		
S.N.L. – Société Nouvelle du Liège, S.A. Tabarka – TUNISIA 100%	Amorim & Irmãos, S.A. – Ind. Unit Portocork Santa Maria de Lamas – PORTUGAL 100%	Amorim France, S.A. Eysines, Bordeaux – FRANCE 100%	Amorim (UK) Limited West Sussex – UNITED KINGDOM 100%		Dom Korkowy, Sp. Zo.o Krakow – POLAND 50%		
S.I.B.L. – S.A.R.L. Jijel – ALGERIA 51%	Francisco Oller, S.A. Girona – SPAIN 87%	Victor y Amorim, S.L. Navarrete (La Rioja) – SPAIN 50%	Samorim Kinel, Samara – RUSSIA 50%		Amorim Flooring North America Hanover, MD – USA 100%		
		Hungarokork Amorim, Rt. Veresegyház – HUNGARY 100%	Amorim Industrial Solutions Imobiliária, S.A. Corroios – PORTUGAL 100%		Cortex Korkvertriebs GmbH Fürth – GERMANY 100%		
		Korken Schiesser, GmbH Vienna – AUSTRIA 69%			US Floors Inc. Dalton, GA – USA 25%		
		Amorim Argentina, S.A. Buenos Aires – ARGENTINA 100%					
		Portocork America, Inc. Napa Valley, CA – USA 100%					
		Amorim Cork South Africa (PTY) Ltd. Cape Town – SOUTH AFRICA 100%					
		Industria Corchera, S.A. Santiago – CHILE 50%					
		Société Nouvelle des Bouchons Trescases, S.A. Le Boulou – FRANCE 50%					
		I.M. «Moldamorim», S.A. Chisinau – MOLDOVA 100%					
		Amorim Cork Beijing, Ltd. Beijing – CHINA 100%					
		S.A. Oller et Cie Reims – FRANCE 87%					

1.3. WORLDWIDE PRESENCE

Algeria	1	0	Japan	1	7	Switzerland	1	1
Argentina	1	0	Jordan	1	1	Syria	1	1
Australia	2	6	Kazakhstan	2	2	Thailand	2	2
Austria	2	3	Kuwait	1	1	Tunisia	4	0
Belarus	5	5	Latvia	1	1	Turkey	3	3
Belgium	6	6	Lebanon	2	2	Ukraine	7	7
Bosnia	1	1	Lithuania	2	2	Unit. Arab Emirates	3	3
Brazil	1	2	Malta	1	1	United Kingdom	1	3
Bulgaria	1	1	Mexico	1	1	USA	7	14
Canada	2	2	Moldova	1	1			
Chile	1	2	Morocco	2	2			
China	3	3	Netherlands	2	3			
Croatia	2	2	Nigeria	1	1			
Cyprus	3	3	Norway	1	1			
Czech Republic	4	4	Pakistan	1	1			
Denmark	1	4	Philippines	2	2			
Estonia	2	2	Poland	1	1			
Finland	3	3	Portugal	17	1			
France	6	4	Romania	1	1			
Georgia	1	1	Russia	1	10			
Germany	7	28	Saudi Arabia	1	1			
Greece	2	2	Serbia	3	3			
Hungary	1	3	Singapore	2	2			
Iceland	1	1	Slovakia	1	1			
India	4	4	Slovenia	2	2			
Iran	3	3	South Africa	1	2			
Iraq	1	1	South Korea	3	3			
Israel	2	2	Spain	9	4			
Italy	2	6	Sweden	4	4			





In 2010, CORTICEIRA AMORIM supplied the first cork stoppers in Portugal to be certified by the Forest Stewardship Council (FSC), in partnership with the Herdade do Esporão wine estate, marking an important step forward for the Portuguese wine market.

1.4. MAIN ACTIVITY INDICATORS

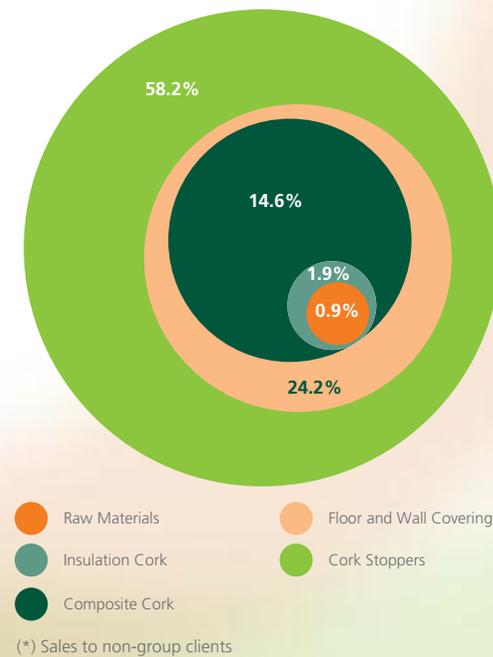
Fig. 1 • Main Activity Indicators

Indicators	2007	2008	2009	2010
Sales	453,770	468,289	415,210	456,790
EBITDA	58,124	48,367	38,521	66,006
Net profit	23,245	6,153	5,111	20,535
Total assets	596,014	574,721	524,730	561,766
Net debt	231,780	222,962	138,613	102,423
Equity/Total assets (%)	41.2%	42.9%	47.6%	47.8%
Market capitalisation (on 31 December)	260,680	107,730	125,020	154,280
Cork purchased (tons)*	131,156	117,086	88,445	102,750
Number of employees (on 31 December)	3,758	3,745	3,243	3,247

thousand euros

* includes winter virgin cork and cork waste

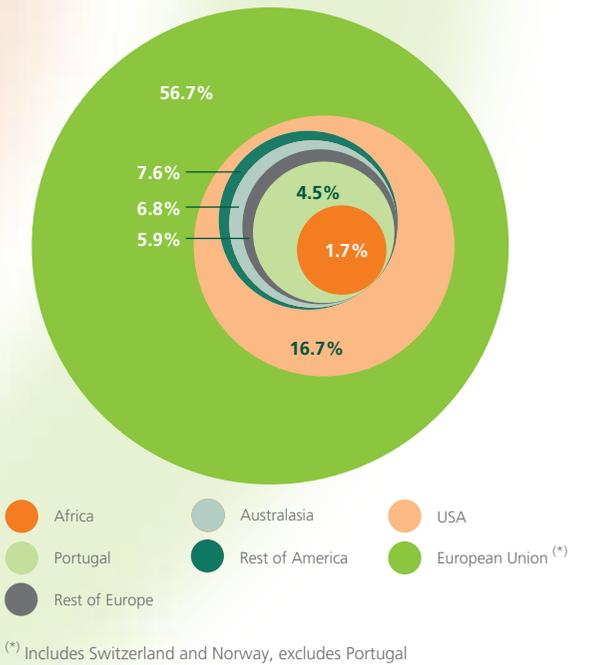
Fig. 2 • Sales by BU (*)



- Raw Materials
- Insulation Cork
- Composite Cork
- Floor and Wall Coverings
- Cork Stoppers

(*) Sales to non-group clients

Fig. 3 • Sales by Geographical Area



- Africa
- Rest of Europe
- Portugal
- Australasia
- Rest of America
- European Union (*)
- USA

(*) Includes Switzerland and Norway, excludes Portugal

02

Corporate Governance and Sustainable Development Strategy

"A great, clean and natural material. It's not just a material to design interesting objects, which it is, but it is also a model for different ways of thinking how we use natural materials. Cork has a huge potential for design, for furnishings, for objects, for interiors, for architecture, it's got huge potential for everywhere".

Daniel Michalik, Product Designer

2. CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT STRATEGY

Corporate governance best practices are a pillar of sustainable development at CORTICEIRA AMORIM. The 2010 Annual Report and Accounts provides a clear and detailed account of the corporate governance structure and practices, describing matters considered relevant or complementary to this report, specifically:

- corporate management and supervision;
- the organisational structure for supporting the management of corporate sustainability;
- the consultation and involvement of stakeholders.

2.1. CORPORATE MANAGEMENT AND SUPERVISION

CORTICEIRA AMORIM has adopted a system of corporate governance commonly known as the “strengthened Latin” model, which is based on a clear separation between administrative and supervisory bodies as well as double supervision through a Supervisory Board and a Board of Statutory Auditors.

The Board of Directors of CORTICEIRA AMORIM, composed of four non-executive members and three executive members, is responsible for directing the company's activities, with the powers to take decisions of a strategic nature. In addition to the aforementioned decision-making role, it monitors the most important aspects of the company's activities, including significant matters that have been decided on or simply analysed by the Executive Board.

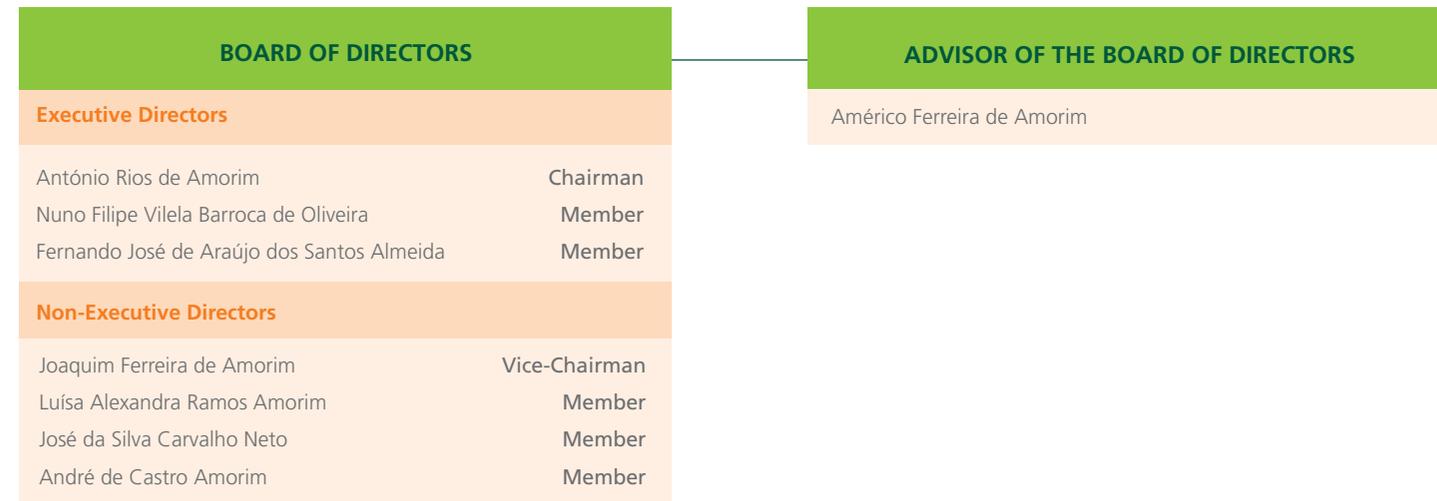
In addition to board members, board meetings are attended by an adviser, a position created in 2001, and held since that date by Américo Ferreira de Amorim (Fig. 4).

The operational structure of CORTICEIRA AMORIM consists of three large areas of strategic intervention and five Business Units (BUs). These are co-ordinated by the CORTICEIRA AMORIM Executive Board, which has wide-ranging management powers, excepting those powers which, for legal or statutory reasons, are reserved for the Board of Directors.

The strategic alignment of the whole organisation is enhanced by the use of the balanced scorecard method in CORTICEIRA AMORIM as a whole and individually in the BUs. In this context, the approval of strategic objectives and priority initiatives for the holding company and for each BU falls to the Board of Directors.

Each BU has a Board of Directors made up of non-executive and executive members, including a managing director. This board is responsible for decisions on all matters deemed to be of importance. The following diagram shows how the company's management structure is currently organised (Fig. 5).

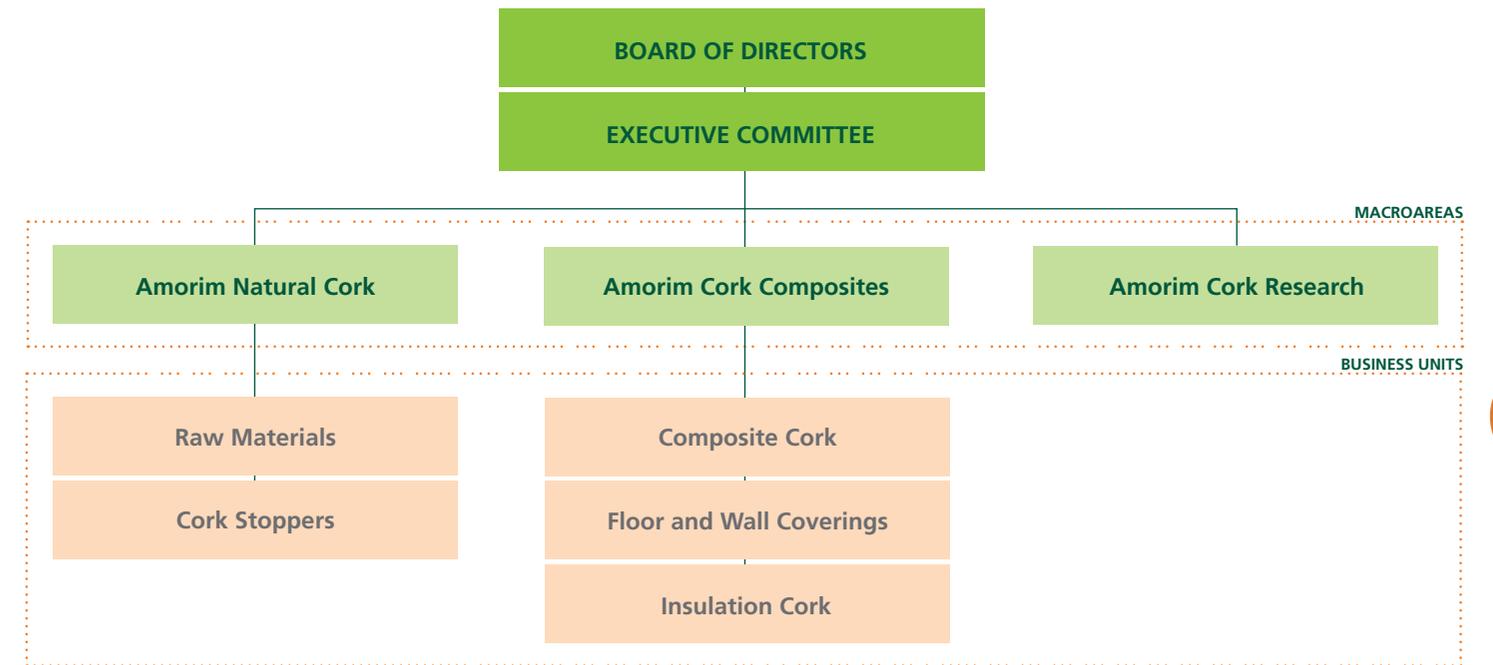
Fig. 4 • Board of Directors



CORTICEIRA AMORIM received the “Outstanding Contribution to Sustainability” award from Drinks Business, the UK’s leading wine industry publication, for the quality of its environmental practices.



Fig. 5 • Business Management Structure



The Support Departments, which report to the Executive Board, are responsible for monitoring and co-ordinating the activities of the BUs and their respective operational areas (Fig. 6).

2.2. ORGANISATIONAL SUPPORT STRUCTURE FOR CORPORATE SUSTAINABILITY

The integrated sustainable development management system is based on CORTICEIRA AMORIM's mission and core values, especially:

- **interaction with stakeholders:** a process considered fundamental for the validation and review of CORTICEIRA AMORIM's strategic options regarding sustainable development;

- **strategy:** definition of the challenges, priorities and aims regarding sustainable development;
- **operations:** implementation of the initiatives and actions necessary for compliance with the aims defined and regular monitoring of performance;
- **support structure:** the implementation of an organisational structure which allows for the management and the effective alignment between sustainable development policies and practices.

Fig. 6 • Support Departments



Mission:

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

Values:

- a market-led strategy promoting customer satisfaction and loyalty;
- creating value by continuously improving performance through research and innovation;
- responsibility based on respect for the principles of sustainable – economic, social and environmental – development;
- motivating human resources by creating a culture for corporate success.

INTERACTION WITH STAKEHOLDERS

The opinions, concerns and contributions of our stakeholders are fundamental not only for validating strategic options, but also as a means of gauging the expectations of different interest groups regarding the issues CORTICEIRA AMORIM should monitor and disseminate.

CORTICEIRA AMORIM has implemented a system to engage and establish a dialogue with stakeholders, taking into account not only the methodological standards defined by AccountAbility, but also the need to ensure that CORTICEIRA AMORIM's strategic sustainability options meet the expectations of its stakeholders. In this way, the company has defined the necessary processes for identifying and charting key stakeholders and strategic priorities in the area of sustainability.

At the end of 2010, CORTICEIRA AMORIM developed a new process for interacting with stakeholders. The conclusions of this project are described later in this report.

STRATEGY

The strategic alignment of the whole organisation is strengthened by the use of a balanced scorecard methodology. The Board of Directors must approve the strategic objectives, strategic initiatives and priority actions.

The integration of processes into the strategic perspectives of the balanced scorecard has reinforced sustainable development practices via alignment of different management subsystems that promote efficiency, as summarised in the Fig. 7.

CORTICEIRA AMORIM now explicitly includes its sustainable development objectives in its overall strategy plan thereby consolidating the commitment of the entire organisation to these goals.

Hence, sustainable development targets and initiatives are brought together in a single management instrument and the sustainability scorecard is implemented both in CORTICEIRA AMORIM and in its BUs. In addition to the strategic objectives set out in the company's overall strategy plan, the sustainability scorecard incorporates other objectives which, although important, cannot, because of their nature or due to the difficulty of establishing cause/effect relationships, be included in the strategy plan.

The sustainability scorecard pre-defines the objectives for a specific year and the respective plans of action. The definition of objective targets, whenever feasible, adopts the indicators set out in the Global Reporting Initiative (GRI), with an important group of these indicators regularly monitored by CORTICEIRA AMORIM.

OPERATIONS

In order to coordinate all CORTICEIRA AMORIM activities relating to sustainable development in a single programme and to mobilise the whole group in support of this civic initiative, CORTICEIRA AMORIM has implemented the "Natural Choice" sustainability programme.

Sustainability Ambassadors, in a voluntary capacity, play a fundamental role as "agents of change", mobilising the whole organisation to meet sustainability targets integrated in Natural Choice Programme.

The Natural Choice Programme objective is to raise the awareness of employees and society in general, as citizens responsible for raising future generations, of the need to adopt more environmentally friendly behaviours and to engage everyone in the challenge of sustaining our quality of life.

Natural Choice is a structured programme built on the initiative and effort of approximately one hundred Sustainability Ambassadors. In a voluntary capacity, these employees play a fundamental role as "agents of change", mobilising the whole organisation to meet sustainability targets and seeking, on a broader scale, to raise social awareness of the need to adopt more sustainable practices.

Fig. 7 • Certifications

Company (Country)	SYSTECODE	ISO 9001	ISO 14001	HACCP ISO 22000	FSC	PEFC	OHSAS ISO 18001	WIETA
RAW MATERIALS BU								
Amorim Natural Cork (Portugal)	■				■			
Amorim Florestal Espanha (Spain)	■				■			
CORK STOPPERS BU								
Amorim & Irmãos (Portugal)	■	■	■	■	■			
Amorim Cork South Africa (South Africa)		■		■	■			■
Amorim France (France)	■	■		■	■			
Amorim Cork Italia (Italy)	■	■		■	■			
Francisco Oller (Spain)	■	■		■				
Amorim Australasia (Australia)				■				
Korke Schiesser (Austria)				■				
Amorim Cork America (USA)					■			
Hungarokork (Hungary)		■						
Amorim Cork Deustchland (Germany)		■		■				
Industria Corchera (Chile)		■			■			
Victor & Amorim (Spain)				■				
FLOOR AND WALL COVERINGS BU								
Amorim Revestimentos (Portugal)		■			■	■		
COMPOSITE CORK BU								
Amorim Cork Composites (Portugal)	■	■	■		■		■	
Amorim Cork Composites Inc. (USA)		■						
INSULATION CORK BU								
Amorim Isolamentos (Vendas Novas, Portugal)					■			

SYSTECODE – Accreditation System for Companies based on the International Code of Cork Stopper Manufacturing Practice; ISO 9001 – Quality Management Systems; ISO 14001 – Environmental Management System; HACCP ISO 22000 – Food Safety Management; FSC – Forest Stewardship Council; PEFC – Programme for the Endorsement of Forest Certification; OHSAS ISO 18001 – Occupational Health and Safety Management Systems; WIETA – Wine Industry Ethical Trade Association.

SUPPORT STRUCTURE

Under the integrated Management System framework outlined above, CORTICEIRA AMORIM operates the following organisational structure for the management of Corporate Sustainability (CS) (Fig. 8).

Forums for transversal areas

CORTICEIRA AMORIM has implemented five forums for specific sustainable development activities that are dealt with transversally, with potential gains in synergy, and promoted as a concerted effort by all the group's companies. Besides representing an opportunity to share good practices between companies, and in some cases with stakeholders, these forums also allow for the supervision and specialised implementation of measures in areas of specific responsibilities.

Implementation in the BUs

Each BU has dedicated teams responsible for the implementation of sustainable practices, focusing on different areas of intervention and different levels of responsibility. Among other issues, they are responsible for:

- guaranteeing the BU's alignment with CORTICEIRA AMORIM's guidelines on sustainability;
- identifying and proposing new themes for this area;
- conducting internal/external benchmarking to leverage organisational performance;

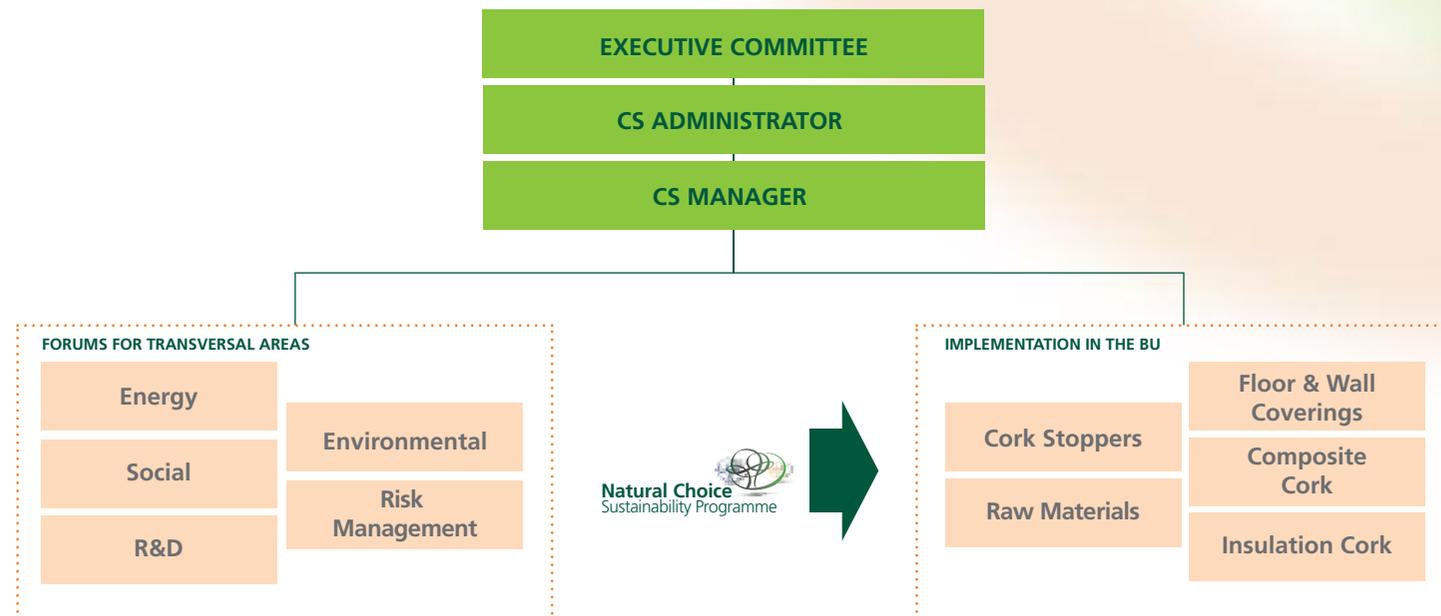
- identifying and proposing support actions to achieve the objectives and targets defined;
- implementing actions;
- monitoring results.

Natural Choice Programme

CORTICEIRA AMORIM's Sustainability Programme draws much of its strength from the work of the Sustainability Ambassadors, who are responsible for:

- disseminating messages and organising initiatives in their respective units;
- providing information on actions being carried out to Programme Management;
- undertaking specific missions under the auspices of the Natural Choice Programme;
- promoting the sharing of best practices between units;
- changing behaviour.

Fig. 8 • Organisational Structure for the Management of Corporate Sustainability (CS)



At 2011, CORTICEIRA AMORIM concluded a new consultation process, which obtained around 80% responses of the stakeholders.



The team of Sustainability Ambassadors is composed not only of employees responsible for attaining the sustainability objectives of the BUs, but also of other staff members who, depending on their profile, play an important role in implementing measures to achieve those objectives and in mobilising energies in support of CORTICEIRA AMORIM's Sustainability Programme.

In accordance with the number of BUs and the geographical dispersion of the group's facilities in Portugal, these Ambassadors have been organised into five groups, with the following names:

- Lynx (Raw Materials and Insulation Cork BUs)
- Stork (Composite Cork BU)
- Eagle (Cork Stoppers BU)
- Eagle Owl (Floor and Wall Coverings BU)
- Falcon (Central Group Services)



Lynx group



Stork group



Eagle group



Eagle Owl group



Falcon group

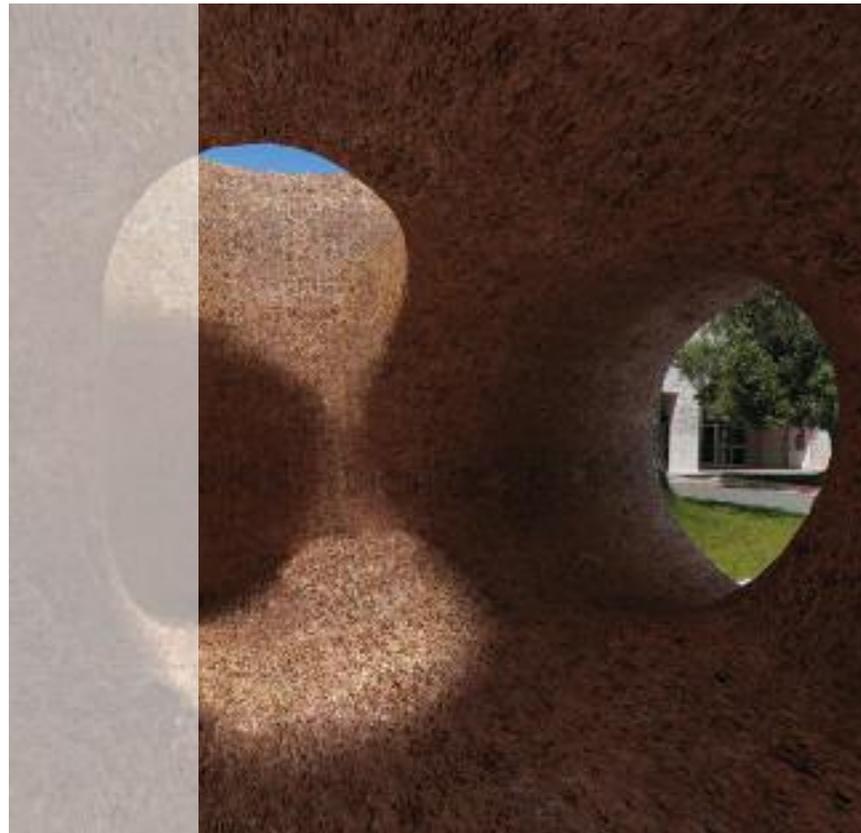
In close coordination with their respective BU, the Sustainability Ambassadors play a central role in implementing the sustainability strategies of the BUs and CORTICEIRA AMORIM and in mobilising employees and the wider community in support of building a better world.

2.3. STAKEHOLDER CONSULTATION – RESULTS

Since 2009, CORTICEIRA AMORIM has had a stakeholder consultation and engagement process, which enables it to identify the main sustainability issues to be considered as future priorities for the company, as well as a strategic understanding of stakeholder involvement.

The identification of the stakeholder groups that CORTICEIRA AMORIM should take into consideration in this process follows the following set of criteria:

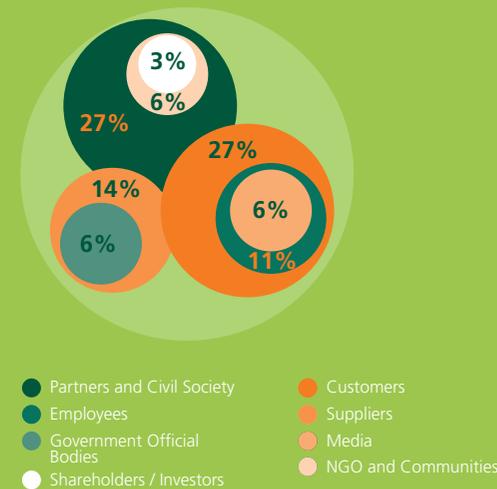
1. Influence – stakeholders who have or may come to have influence or powers of decision-making and whose actions may facilitate or hinder CORTICEIRA AMORIM's performance – decision-makers;
2. Dependence – stakeholders impacted on by CORTICEIRA AMORIM's activities;
3. Responsibility – stakeholders to which CORTICEIRA AMORIM has or may come to have legal, financial or operational liabilities.



At the beginning of 2011, CORTICEIRA AMORIM concluded a new consultation process, which obtained responses from 67 (around 80%) of the stakeholders. This consultation of the interested parties was structured around the following three sections:

1. Reputation: seeking to ascertain stakeholder opinions on the reputation of CORTICEIRA AMORIM across different fields.
2. Involvement and Communication: with a view to evaluating stakeholder satisfaction with the information made available and obtain possible suggestions for improvement.
3. Areas of Intervention: with a view to better understanding stakeholder opinions on priorities, perceived performance and their suggestions for improvement.

Fig. 9 • Distribution of Replies by Stakeholder Group



A study by A.C. Nielsen showed that wines sealed with cork stoppers show greater sales growth and greater recognition of value by consumers.



The main conclusions of this work are presented below and, whenever possible, the evolution recorded in relation to the 2009 consultation process.

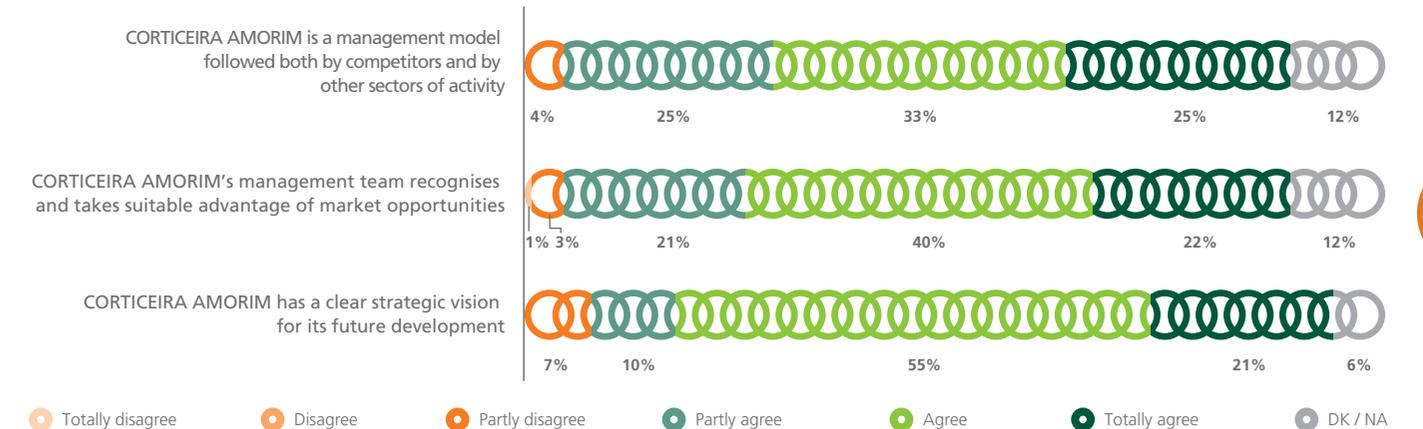
2.3.1. CORTICEIRA AMORIM'S REPUTATION

CORTICEIRA AMORIM generally has a good reputation in the key issues considered and, in comparison with the

survey conducted in 2009 (in which different evaluation scales were used), it was possible to see improvement in this reputation in all areas.

However, above all, the important point to draw from these results is the potential for improving the company's reputation in the different areas considered and there are, in fact, areas to be improved. One example of this is the company's reputation with regard to innovation, namely in relation to the involvement of the company's employees. This is in line with the action plans which have already been set in motion in order to meet this challenge.

Fig. 10 • Vision and Leadership





Entirely covered with cork provided by CORTICEIRA AMORIM, the Portuguese Pavilion at the Expo 2010 Shanghai generated enormous interest among visitors and the organisation, receiving the "Design Award".



Fig. 11 • Ethics and Corporate Responsibility

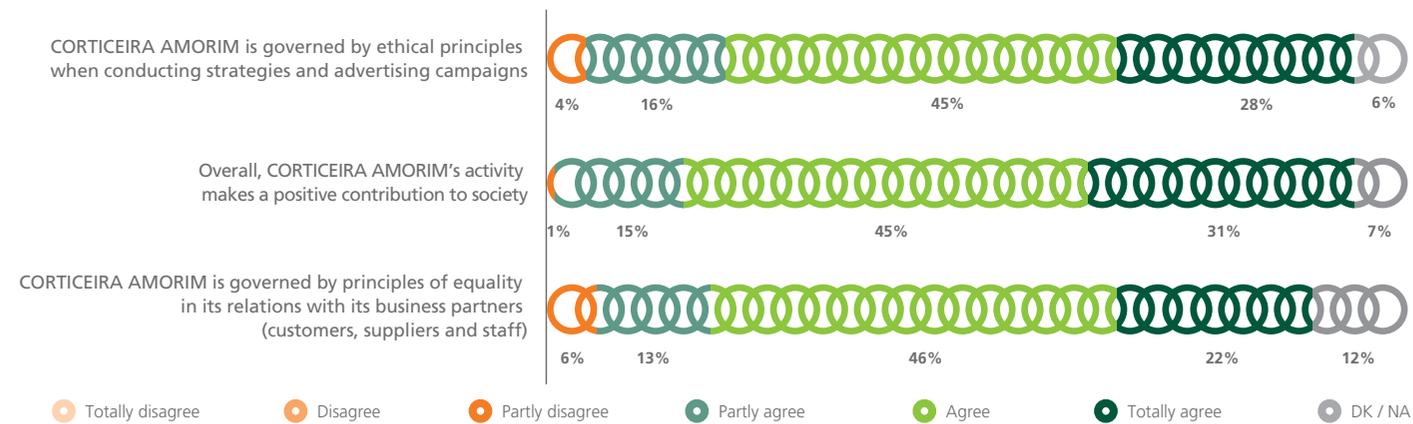
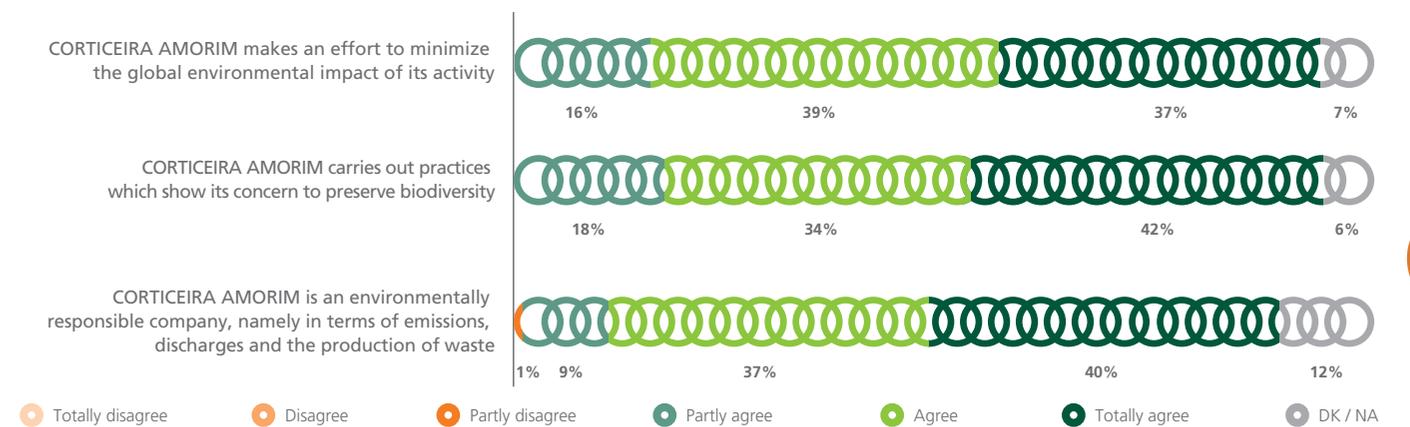


Fig. 12 • Environmental Practices





The Corksorb range of absorbents won Portugal's 2010 National Environmental Innovation Award (PNIA) in recognition of the innovative value of these cork products for protecting the environment.



Fig. 13 • Working Environment

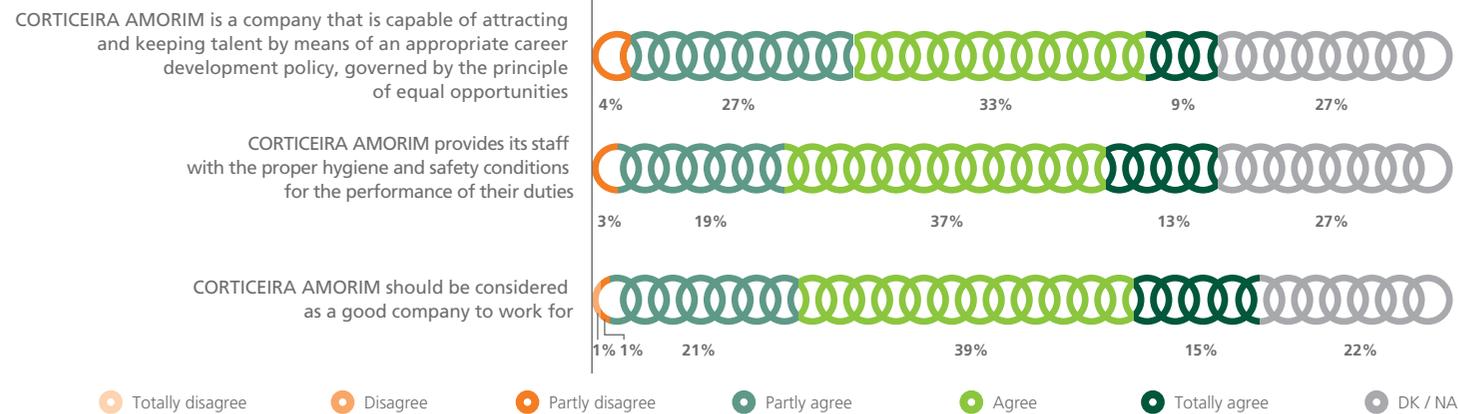


Fig. 14 • Innovation





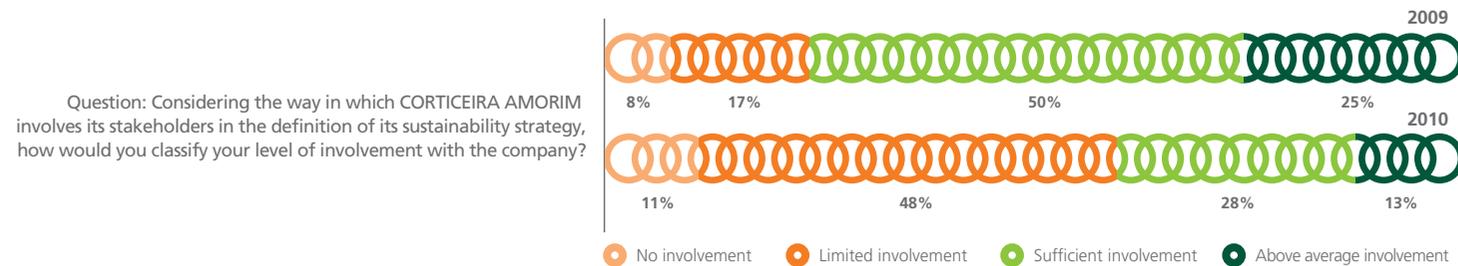
2.3.2. INVOLVEMENT AND COMMUNICATION

With regard to the issues considered to be most relevant, over 75% of the stakeholders are satisfied with the information provided by CORTICEIRA AMORIM (Fig. 15).

However, only 41% of the respondents considered their level of involvement with CORTICEIRA AMORIM to be 'Sufficient' or 'Above average' (Fig. 16).

The results obtained therefore point to the existence of opportunities for improving stakeholder involvement, according to their relevance and the specific themes to be discussed.

Fig. 16 • Level of Involvement with CORTICEIRA AMORIM

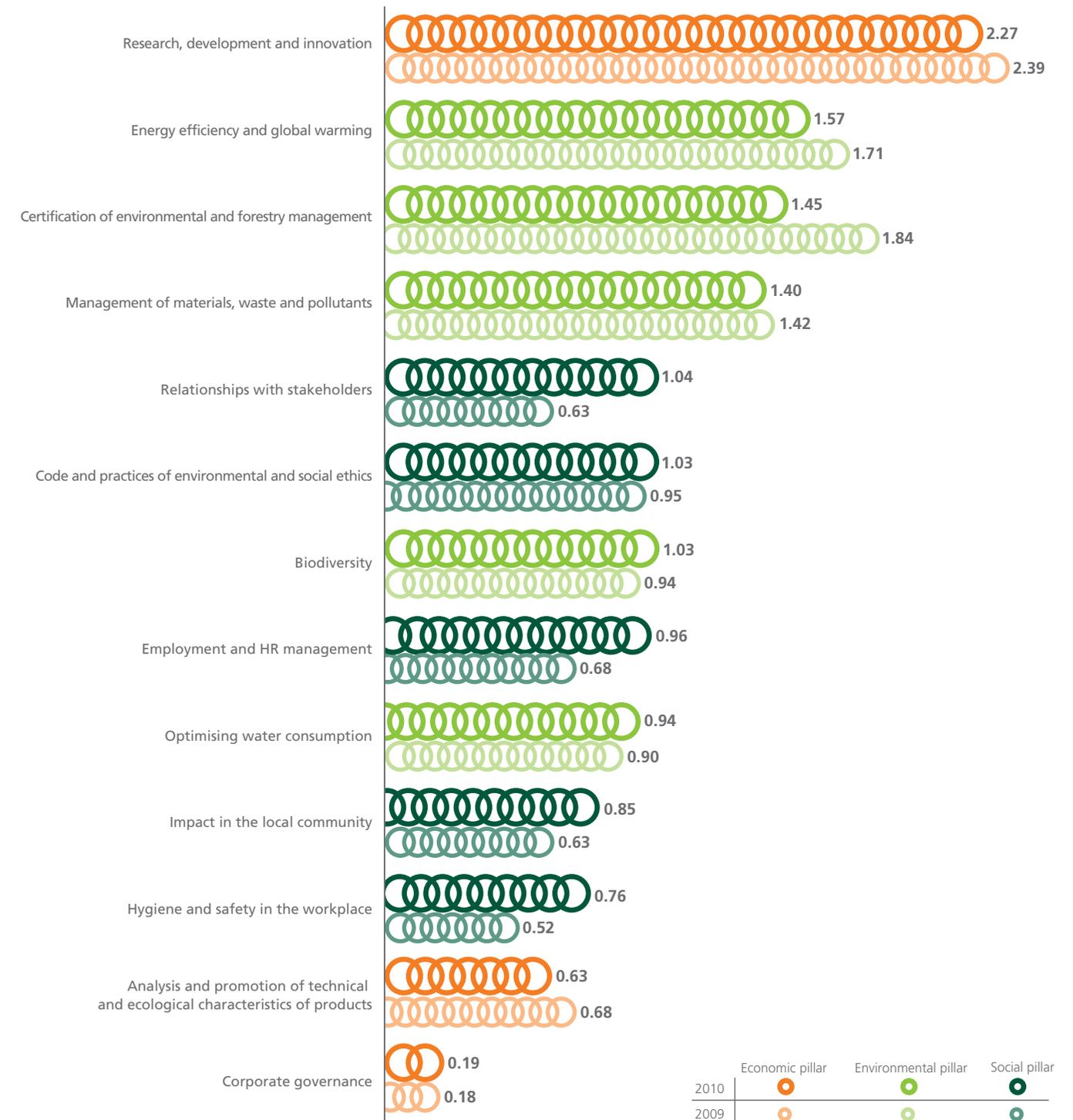


2.3.3. AREAS OF INTERVENTION AND PRIORITIES

In general terms, the themes most highlighted by the stakeholders are identified as priorities in this report.

Given the evolution noted in certain areas, in comparison with the previous consultation process, we may stress the need to incorporate improvements into the mechanisms for communicating and relating with the stakeholders and in future editions of this sustainability report (Fig. 17).

Fig. 17 • Relevance of the Dimensions of Sustainability within the Scope of CORTICEIRA AMORIM's Activity



Natural Choice Programme

“Portugal’s cork oak forests are a great example of a human-managed ecosystem that’s been both sustainable and profitable for generations.”

Ron Ryel, associate professor in USU’s Department of Wildland Resources

3. NATURAL CHOICE PROGRAMME

The Natural Choice Sustainability Programme was designed with the aim of coordinating all CORTICEIRA AMORIM's actions in a single programme that would mobilise the whole group to participate in this civic initiative.

The main aims of the Natural Choice programme are to:

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

To ensure commitment to the Natural Choice programme and its objectives, a motivational structure has been set out by CORTICEIRA AMORIM's CEO and covers all company employees (potential agents of sustainability) (Fig. 18).

The motivational and support structure for the programme includes a team of about one hundred Sustainability Ambassadors, from all BUs and operating areas, who play a fundamental role as agents of change promoting sustainable development and responsible for implementing the "Natural Choice" programme. In accordance with the number of BUs and the geographical dispersion of the group's facilities in Portugal, the Ambassadors are organised into five groups with the following names: Lynx, Stork, Eagle, Eagle Owl and Falcon.

In addition to the alignment events stages by each group, an Annual Ambassadors Meeting is held. This meeting, where the first copies of the Sustainability Report are delivered, promotes

Fig. 18 • Motivational Structure



A team from the Raw Materials BU won the "Ideas for Reducing Wastage Competition" in the second year of this challenge for CORTICEIRA AMORIM employees.

first schooling cycle through to university level with dynamic sessions held in schools or visits to company installations. Under the auspices of Environmental Education, CORTICEIRA AMORIM:

- participated in the book "Marketing Ambiental" ("Environmental Marketing"), by Joaquim Caetano and Tiago Robalo Gouveia, providing its own case study;
- cooperated with several higher education establishments on studies on this theme, including the study "Evaluating the Sustainability of Cork Production in Portugal: A Case Study of the Coruche Region", led by researchers from the University of Aberdeen, in the United Kingdom;
- participated in the Green Project Awards Road Show, including presenting its initiative for the "enhancement of the value and sustainability of cork oak forests and associated biodiversity";
- carried out multiple awareness activities, getting its message out to around 2000 students in schools in the municipalities of Santa Maria da Feira, Porto, Leiria, Almada and Coruche, among others;
- participated in the RSO Forum, in Lisbon, with a presentation of the case study "Analysis of the product's life cycle – a tool for communication and information to the consumer";
- participated in the XIV Encuentro AECA with the presentation "Corporate Sustainability – CORTICEIRA AMORIM's management and information model".

CORK STOPPER RECYCLING

CORTICEIRA AMORIM Ambassadors and Agents encouraged recycling in general and the recycling of cork stoppers in particular. All the industrial units in Portugal have recipients for recycling used cork stoppers and a total of over 1600 kg of cork stoppers have been collected from them.

The collection of this significant quantity of cork stoppers was only possible due to the dynamism and enthusiasm of the employees, who promoted this recycling practice with their families, friends and local communities throughout the year.

PROMOTION OF GOOD ENVIRONMENTAL PRACTICES

"How can we reduce the wastage caused by Energy, Water and Waste?" was the challenge posed for the second year running to CORTICEIRA AMORIM employees.

The proposal to use information technologies to replace paper, increase operational efficiency, optimise costs and reduce environmental impact was the winner of the "Ideas for the Reduction of Wastage Contest" held by CORTICEIRA AMORIM, open to all employees of its companies.

reflection and debate on sustainability related themes of priority to the organisation.

The Sustainability Ambassadors play a central role in the implementation of the sustainability strategy at each BU, in accordance with the objectives set for that year as well as the development of mobilization or awareness campaigns whether at the respective BU or whether more transversally across the CORTICEIRA AMORIM group.

Among the motivational initiatives that took place during 2010 are the following highlights:

THE CLEAN PORTUGAL PROJECT

On 20 March 2010, employees of several companies in the CORTICEIRA AMORIM group actively participated in the Clean Portugal Project. This Project was organised with the aim of cleaning up the illegal rubbish dumps in Portuguese forests.

The Clean Portugal Project is a civic movement which, via the voluntary participation of individuals and private and state entities, seeks to promote environmental education and reflect on the problem of rubbish, waste, the life cycle of materials and sustainable growth, by means of the initiative to clean up the Portuguese forests.

Around one hundred CORTICEIRA AMORIM employees were enthusiastic participants in this act of citizenship which aims to preserve one of the greatest natural resources of Portugal and of the world – the forest.

ENVIRONMENTAL EDUCATION

With a view to raising the awareness of society in general as to the need to adopt more environmentally sustainable behaviour, schools and students are defined as a priority target. To this end, the different groups of ambassadors carried out awareness campaigns aimed at students from the



Around 30 suggestions were received and these covered several areas, from energy and water saving to the reduction and elimination of waste.

CREATING WOODLANDS

Ten of CORTICEIRA AMORIM's Sustainability Ambassadors took part in an initiative for the reproduction of cork oaks from seed.

The sowing, which took place on an empty piece of land in Vila Pouca de Aguiar, received technical guidance from the region's Forest Guards and Paulo Magalhães, of Quercus (NGO).

Part of the Criar Bosques¹ (Creating Woodlands) project – the recipient of all proceeds of the Green Cork stopper recycling programme – this initiative also aims to assess the success rate of plantation of cork oaks directly from seed. Some studies and authors argue that reproduction directly from seed is more effective than nursery propagation followed by planting out. Over 700 acorns planted in the ground will therefore be monitored in order to assess the success rate of this reproduction method over time.

In this way, the volunteers from CORTICEIRA AMORIM contributed to the creation of new areas planted with cork oaks in locations (in northern Portugal) in which the cork oak, while not the dominant species, should find the ideal conditions in which to propagate – considering, in particular, the long-term impact of climate change.

INTERNATIONAL YEAR OF BIODIVERSITY

Throughout 2010, declared the International Year of Biodiversity, CORTICEIRA AMORIM participated actively in various information and awareness raising activities regarding the importance of biodiversity and the services provided by ecosystems. Some of these initiatives are presented in Chapter 4.4.

As part of the Natural Choice Programme, the Sustainability Ambassadors took part in workshops on the theme of “conserving biodiversity on a daily basis: will I know?” and in Sustainability Week the company has distributed for its 2300 employees in Portugal the informative document “12 steps towards sustainable use of Biodiversity on a daily basis”.

SOCIAL SOLIDARITY

In addition to CORTICEIRA AMORIM's involvement in social solidarity causes in the form of donations or investments for the public benefit, throughout the year employees promoted several solidarity initiatives primarily focused on their surrounding communities.

Within this scope, various causes were embraced by the Sustainability Ambassadors and Agents resulting in campaigns such as the supply of books, academic and school materials, food, clothing, toys, electrical appliances and cash donations to the causes identified.

LEARNING ENTREPRENEURIALISM

Under the auspices of the Porto Futuro programme – a partnership between CORTICEIRA AMORIM, Porto Municipal Council and the Leonardo Coimbra (Filho) Schools Group – and with the support of the Junior Achievement Portugal association, in 2010 CORTICEIRA AMORIM was once again involved in the volunteer project entitled “Learning Entrepreneurialism”.

¹ Criar Bosques (Creating Woodlands) is a Quercus project aimed at creating and maintaining woodlands comprising native species, trees and bushes endemic to the Portuguese flora.

04

Priorities and Challenges

Holy Family, 2,000 sq. metres of Wicanders Corkcomfort cover the floor of this temple in Barcelona
"Cork does not rot, it is aseptic, it is comfortable to walk on, it offers far greater thermal comfort than marble, making it unnecessary to install artificial heating. As acoustics are of extreme importance in a project of this scale, I did not hesitate to use cork."

Architect Jordi Bonet i Armengol

4. PRIORITIES AND CHALLENGES

4.1. RESEARCH, DEVELOPMENT AND INNOVATION

4.1.1. INNOVATION PROGRAMME

In recent years CORTICEIRA AMORIM has invested continually in Research, Development and Innovation (RDI) and in 2010 the company began an initiative to implement an Innovation Programme, with the following objectives:

- promoting an organisational culture aimed at Innovation and Value Creation;
- defining a structured plan for the management of interfaces, knowledge and ideas, adapted to the company's situation and which seeks to identify and capture opportunities (within and beyond the company) in a perspective of business growth;
- controlling and assessing the effectiveness of its innovation practices with a view to continual improvement.

The Innovation Programme will initially be implemented in the Composite Cork BU and will later be extended to the whole group. With this aim, work began in 2010 in the Composite Cork BU and included:

- assessment of the level of conformity of the Composite Cork BU with the best practices in innovation management;
- definition of the most suitable organisational structure for the implementation and effective governance of the Innovation Programme;
- the drawing up and systematisation of the processes necessary for innovation management focused on the activities of interfaces, knowledge and ideas management.

A theoretical model was defined, which was developed so as to include the activities which are already carried out in the BU as well as those which do not yet exist or which are in their initial stages but which represent the best practices adopted by companies with similar characteristics.

In 2011 information systems which support the management of the Innovation Programme will be defined and implemented, and a plan will be developed for the "qualification of employees for innovation" which will support the actual implementation of the programme.

4.1.2. NEW APPLICATIONS

In addition to each BU's R&D teams, which carry out research and make innovations with the aim of developing their current business, CORTICEIRA AMORIM also has a team charged with the mission of conceiving and developing new cork products and providing technical support for the development of new business (MOR – Market Oriented Research).

The following are some highlights of the activities carried out in this area in 2010:

- support in the development of new technical benefits for CORKSORB. As part of this, new projects were begun which seek to improve the absorption potential of cork and to increase knowledge on the role cork can play as a solution for different types of pollution;
- development of composite materials for joining cork to natural and synthetic thermoplastics, creating a material that enables the unique characteristics of cork to be incorporated into thermoplastics.

4.1.3. CORK STOPPERS BU

The Cork Stoppers BU's R&D efforts in 2010 were aimed at:

- improving the quality of the cork stoppers produced;
- furthering knowledge of the interaction between cork stoppers and wine;
- product innovation.

Improvement in the quality of the cork stoppers produced was via a reduction in the presence of contaminating compounds with unpleasant aromas, namely 2,4,6-Trichloroanisole (TCA). With the installation of two more ROSA® Evolution machines, all natural cork stoppers marketed by the company are now subject to this treatment. At the same time a new technology was installed for granulates which increases the efficiency of the ROSA®, enabling practically all TwinTop® stoppers to present TCA of less than 1 ng/l.

In the projects in progress related to TCA, for natural cork stoppers, we may highlight the possibility of detecting TCA directly in individual cork stoppers. Following intensive research in 2010, a decision was taken at the end of the year to set up an industrial pilot in order to test the technology in the field.

With a view to increasing knowledge as to the performance of the cork stopper in comparison with alternative bottle closures, studies were carried out into the migration of contaminants through the different types of closure. This research concluded that there is no migration through cork stoppers of volatile components present in the atmosphere into the bottled wine, although the same is not true of alternative bottle closures, both plastic and aluminium.

In order to study **the interaction between wine and cork stoppers** several studies were carried out in 2010, of which the following may be highlighted:

- a study of the diameter and density of the quality natural cork stopper on the properties of Bourgogne wine. This study, in partnership with the BIVB (Bureau Interprofessionnelle des Vins de Bourgogne), has been running for 27 months on bottled wine and no differences between the variables in the study have yet been detected;
- the commitment of large supermarkets across the world, and in England in particular, to sustainable development



led Marks & Spencer to begin two bottling trials with the Cork Stoppers BU with a view to approving two of the BU's technical cork stoppers to possibly replace alternative closures. After nine months the study has shown very positive results, and should lead to the replacement of those closures with cork stoppers;

- the beginning of a study involving red wine which compares cork stoppers and synthetic and aluminium closures, conducted by the Australian Wine Research Institute (AWRI). The Cork Stoppers BU participated with TwinTop® and Neutrocork® stoppers;
- a comparison of bottling with Natural and Technical Champagne corks was begun with a view to gaining a better understanding of the performance of each of these types of stopper over time.

Innovation in capsule cork stoppers was boosted in 2010 via the following initiatives:

- the launch of bottling studies to understand the importance of some physical characteristics in the performance of these cork stoppers;
- presentation of a solution to prevent the release of coloured compounds from the cork stopper into spirits, the patent for which is being prepared, which increases the prospects of these stoppers reaching new market segments.

With the aim of **reaching new markets**, a project was launched in 2010 for the use of cork stoppers in bottled mineral water. In its first phase the project demonstrated the possibility of using these stoppers in these drinks. A potential client has been selected, with whom a protocol has been established for bottling tests, which will take place in 2011.

A project was begun in September 2010 to study natural surface treatments in cork stoppers. This project is in partnership with the Chemistry Department of the Faculty of Sciences of the University of Porto.

With a view to studying natural glues for technical cork stoppers, in partnership with the Faculty of Sciences of the University of Coimbra, numerous alternatives were tested and some materials were identified as potentially serving this purpose.

During 2010 the production process underwent considerable improvements in terms of the production of natural cork stoppers and technical cork stoppers. The following can be highlighted:

- the use of robots to feed the automatic drills, making the process more effective and no longer dependent on operators;
- the introduction of trains to transport the cork stoppers between the different sections, making the production process more agile in order to support standardization of the factory's internal logistics, with an important innovation in the type of link between the carriages;
- the automatic feeding project for products in the production of Acquamar® stoppers, which is still in progress;
- optimisation of the manufacturing process of extrusion bodies, leading to a reduction in the specific weight of the cork stoppers, better sealing and also significant savings in terms of the raw material.

4.1.4. FLOOR AND WALL COVERINGS BU

In 2010 the Floor and Wall Coverings Business Unit presented the market with two new product lines and an upgrade in the insertion system of its Corkcomfort range, thereby seeking to maintain its policy of innovation with regard to the product, and guaranteeing the alignment of its products with the needs and trends of the market.

Partnerships with suppliers and the development of skills, both in the R&D team and in production, once again proved fundamental in this process.

The following are some highlights of the projects carried out in 2010:

- **Decolife**: cork flooring collection decorated with a leaf of luxury vinyl (LVT) aimed at the Do-It-Yourself (DIY) sector. Given the characteristics of this sales sector, the collection is only made up of wood visuals;

- **Go4Cork:** a collection developed to meet the needs of a total low cost solution, allowing for the satisfaction of needs for “promotions” in stores and internet sales. In order to meet the demands of this segment, products were developed which enable a reduction in the specific consumption of raw materials and a 25% reduction in waste;
- **5G C:** the floating floor product line in the **Corkcomfort** range was re-launched with a new insertion system – 5G C System – which enables easier and quicker installation.

Projects developed in 2010 and forecast to be launched in 2011 include:

- a new product line in the **Corkcomfort** range with new sizes and designs;
- in the **Vinylcomfort** range, the provision of a solution for bonding the product to the floor.

4.1.5. COMPOSITE CORK BU

In 2010 the Composite Cork BU launched a considerable number of new products. The following are some of the highlights:

- the launch of **CORKwall**, a new product aimed at restoring exterior façades and interior walls, which is applied by projection. It functions as acoustic and thermal insulation, preventing loss of energy and cracks;
- a new product for **masonry support** with a low level of compressibility which is resistant to the water, oils and acids that are used to disconnect the masonry from the remaining structure of the buildings;
- in the area of floating flooring, introduction of a new version of **top layer NRT 94** now also available on a roll, which guarantees the acoustic and thermal insulation of the floating flooring and allows the final design of the flooring to be applied directly onto its surface by direct printing or by digital printing, which are technologies that are increasingly being used in the flooring industry;
- in the railway infrastructures area, two new materials were developed and certified for the insulation of railway vibrations (used in rail pads).

Several consortium projects continued to be implemented as forecast, and several new projects began in 2010, of which the following are examples:

- in the automobile/transport area, the **Plascork** project has demonstrated the potential of cork agglomerates as materials for absorbing impact energy and in the **I-Bus** project manufacture began of the final demonstration in which the interior of a bus displays several composite components made with cork (floor and interior panels);
- in the area of train interiors, the **ECOTrain** project began, which studies and develops new solutions for floating flooring and the side panels of high speed trains, incorporating cork materials, reducing weight and environmental impact for the duration of the 30 years envisaged for the use of the equipment;
- in the area of construction, development of **WallinBlock** began. This project will create new sustainable solutions for modular construction, reducing waste at building sites, construction times and the final ecological footprint of the construction. In another project, in conjunction with a Portuguese partner in the area of ceramics, the BU patented a new ceramic covering solution for interior and exterior walls and flooring with greater mechanical resistance

and incorporated thermal and acoustic insulation, which is particularly suitable for renovation projects. The new product, **Keracork**, will be launched at the beginning of 2011;

- in the space sector, and as the body responsible for the development of new solutions for the thermal shields in the **AEROfast** project of EADS Astrium, the BU has been presenting and testing high performance materials which will pass to the final validation stage in 2011. The aim of the **AEROfast** project is to design an unmanned spacecraft for a mission to Mars.

The **TEKGREEN** project was launched in 2010 by this BU with a view to enhancing ecological identity and consolidating good environmental practices. This BU also wants to ensure that the markets will recognize its strong technical competence in terms of the products and services it provides. Therefore, its Research, Development and Innovation strategy is in line with that direction. In the product segment, new cork composite materials have been developed to maximize the use of natural and/or biomass raw materials, thus reducing their carbon footprint as well as the carbon footprint of their components or systems. New manufacturing technologies have been developed and new bioresins for the production of these innovative materials have been selected.

4.1.6. INSULATION CORK BU

This Business Unit's R&D involved two projects: **WaterCork** and **BloCork**. The aim of **WaterCork** is to research the application of materials and/or sub-products of the cork industry, with a view to enhancing the value of cork as a pesticide and cyanotoxin absorber. **BloCork** seeks to develop a model of masonry blocking, using as a raw material light concrete containing regranulate from expanded cork in its composition.

4.2. GLOBAL WARMING

Cork and the ecosystem that it makes viable play an important role in carbon sequestration and, consequently, in the fight against global warming.

Carbon sequestration by cork oaks results from the process of photosynthesis, which forms the basis for the growth of plants

and which transforms CO₂ in the atmosphere into O₂ and organic material.

In order to assess the contribution of the cork oak in mitigating greenhouse gas emissions, it is important to quantify not only the net annual sequestration of carbon, but also the total amount of CO₂ stored in the cork oaks (or the stock of carbon existing in the cork oaks).

Regarding the net annual sequestration of carbon, a studied carried out by the Higher Institute of Agronomy (ISA) included analysis of one cork oak forest, which revealed net sequestration of 179 g C/m² in 2006. If we extrapolate this figure to the total area of cork oak forests in Portugal, we can estimate that in that year the Portuguese cork oak forests would have been responsible for the sequestration of approximately 4.8 million tons of CO₂.

Regarding carbon stocks, according to the 5th National Forestry Inventory, published in September 2010, in Portugal cork oaks will be responsible for the storage of 64 million tons of CO₂.

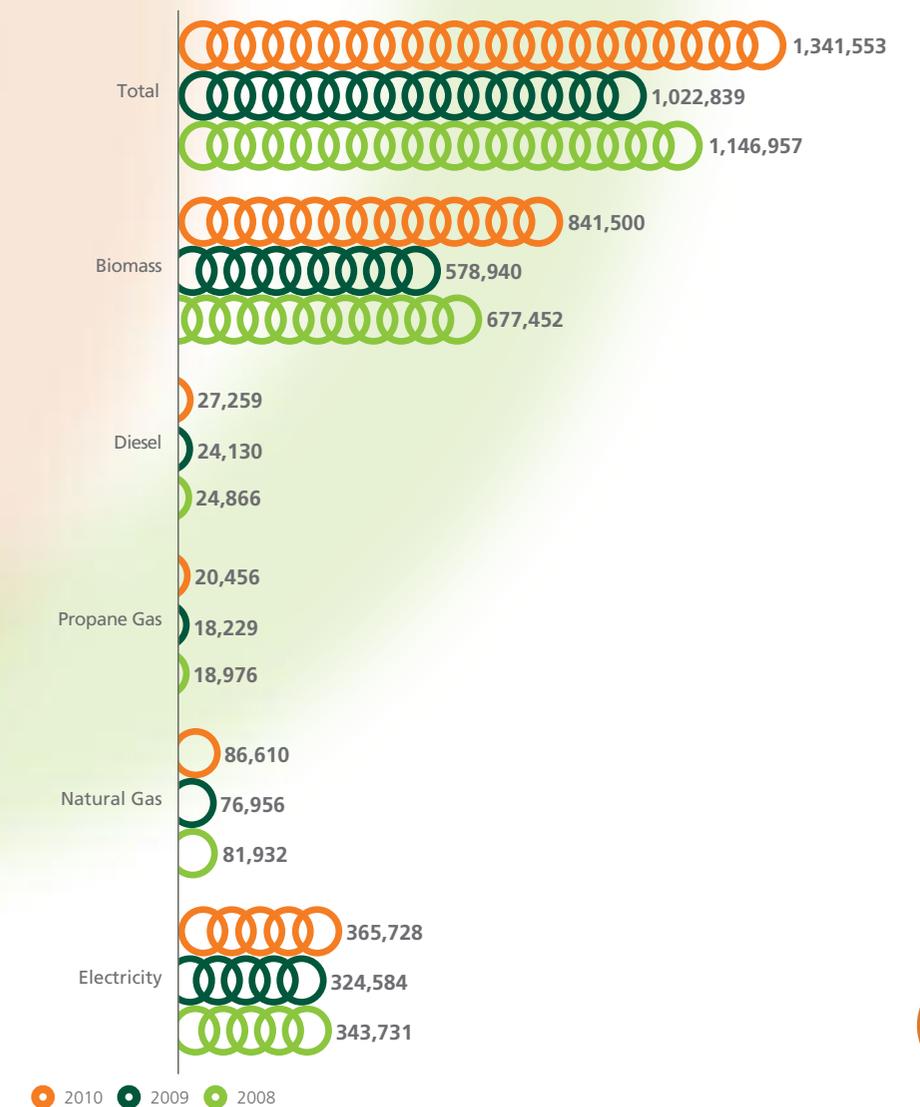
In its position as world leader in the cork sector, CORTICEIRA AMORIM is aware of the role it plays in making this important ecosystem viable. For this reason, the company's contribution to combating global warming includes affirming cork solutions and developing the cork oak forests, as guarantees of the ecosystem, and also continually improving its performance regarding energy efficiency and, consequently, regarding greenhouse gas emissions.

Following successive years of important improvements in reducing energy consumption, in-depth work was carried out in this area in all the BUs in 2010.

In addition to conducting audits of the processes, which led to the drawing up of action plans to be implemented in the coming years, various actions were implemented in order to increase energy efficiency and investment was made in the following areas: lighting (interior and exterior); new generation engines; thermal energy and the operation of boilers; optimisation of compressed air; thermofluid systems and thermal insulation of structures and equipment.

Therefore, in consolidated terms, the consumption of energy by CORTICEIRA AMORIM, measured in GJ/year, rose by 318,714 GJ in 2010 compared to the previous year, over 82% of this increase being justified by greater consumption of biomass (cork dust) (Fig. 19).

Fig.19 • Energy Consumption by Source (GJ/year)



In 2010, the same conversion factors were used as for the previous year, based upon information supplied by the Portuguese Environment Agency.

Biomass is the main source of energy at CORTICEIRA AMORIM, especially in production processes, and its use is dependent on the company's production levels. It is for this reason that, given the increase in production recorded in 2010, the increase in the percentage figure for the use of biomass is higher than for other sources of energy.

With biomass (which is considered to be a neutral source of energy in terms of CO₂ emissions) guaranteeing the supply of approximately 63% of CORTICEIRA AMORIM's energy needs, the growth in CORTICEIRA AMORIM's activity – with materials consumption increasing by over 30% on 2009 – was therefore responsible for a 6.5% increase in CO₂ emissions (Fig. 20).

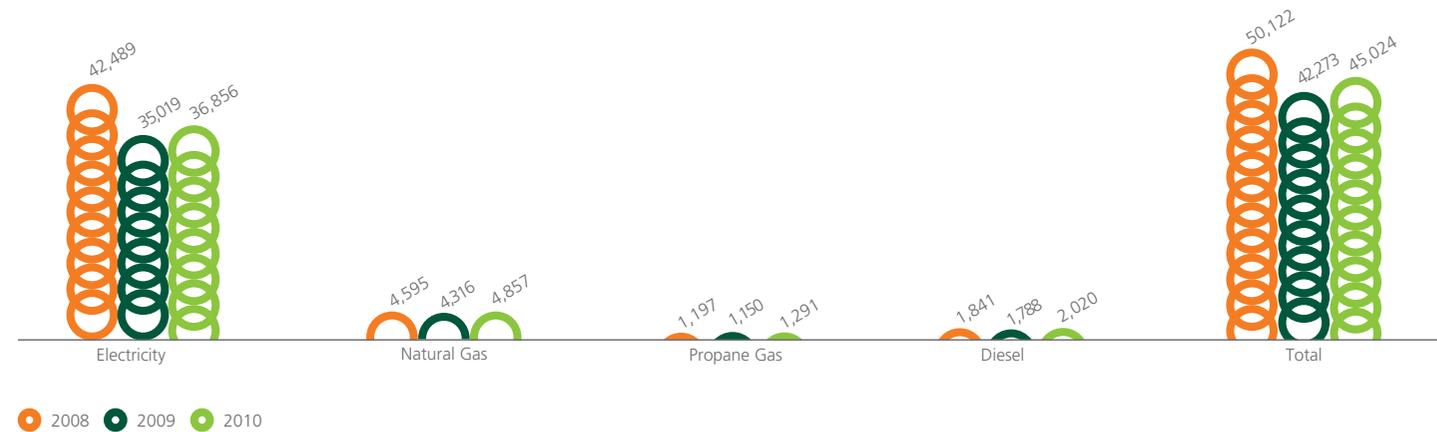
In relative terms, there has been a gradual decrease in the level of carbon intensity of CORTICEIRA AMORIM's activity, and by 2010 the figure had fallen below 100 tons of CO₂ per million euros of sales.

Since 2006, when CORTICEIRA AMORIM began consolidated monitoring of its emissions, there has been a reduction of approximately 17% in this carbon intensity indicator. (Fig. 21).

Cork: the natural choice, superior performance, unique environmental credentials. This renewable and sustainable resource is the ideal raw material for the 21st century.

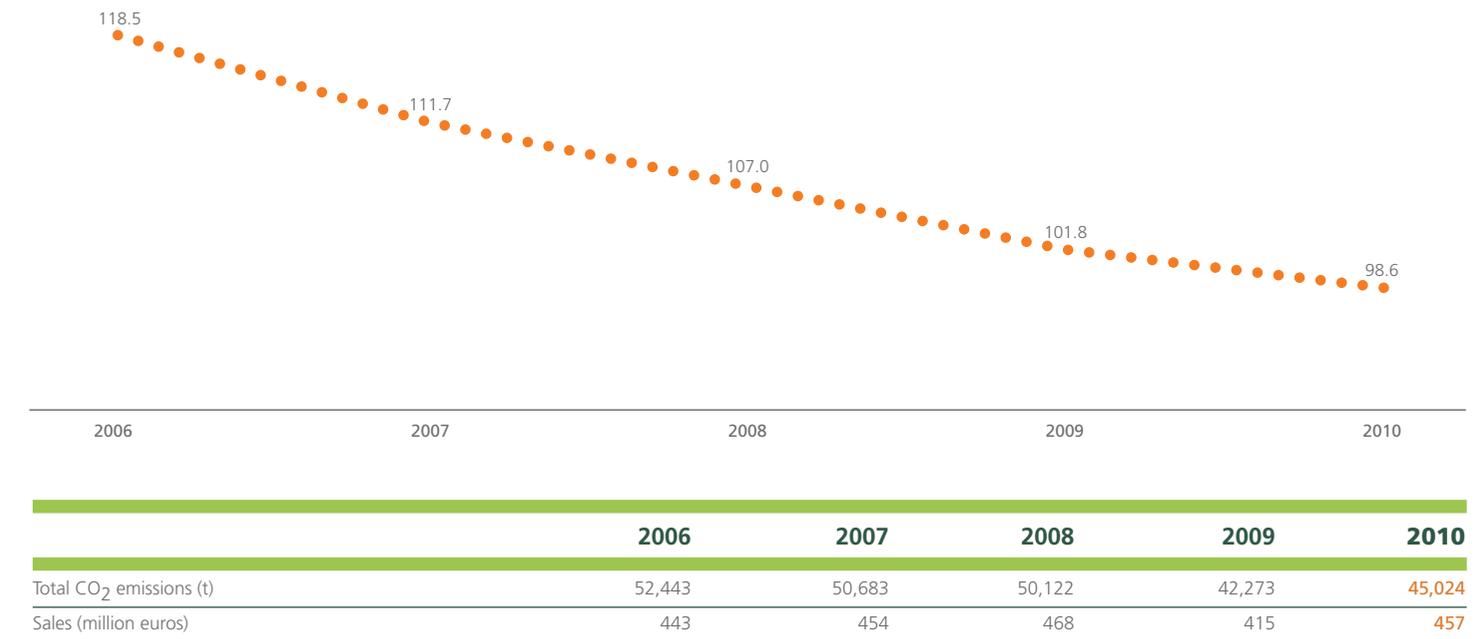


Fig. 20 • CO₂ Emissions (t/year)



Note: To calculate the CO₂ emissions associated with the consumption of propane gas, natural gas and diesel, the factors used were the same as those applied in the 2009 Sustainability Report, namely: Propane gas: 63.1 kg CO₂/GJ (source: Portuguese Environment Agency); Natural Gas: 56.1 Kg CO₂/GJ (source: Portuguese Environment Agency); Diesel: 43.1 Kg CO₂/GJ (source: Portuguese Environment Agency). As regards electricity, an alteration was made to the conversion factor (from 387.9 g CO₂/KWh, in 2009, to 362.3 g CO₂/KWh in 2010), based on the most recent information from EDP (for 2009).

Fig. 21 • Carbon Intensity of the Activity (Tons of CO₂/1 million € of sales)



	2006	2007	2008	2009	2010
Total CO ₂ emissions (t)	52,443	50,683	50,122	42,273	45,024
Sales (million euros)	443	454	468	415	457

4.3. FSC FOREST MANAGEMENT SYSTEM

The Forest Stewardship Council (FSC) is an independent, international non-governmental organization, which defines the FSC principles and criteria for responsible forest management. It is also the accrediting body that regulates use of the FSC label.

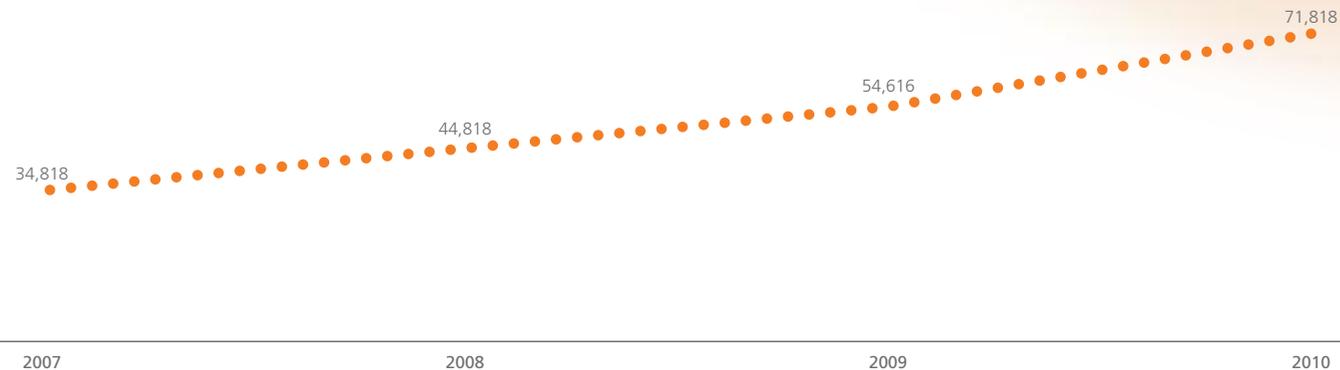
Since 2008 CORTICEIRA AMORIM has been a member of the Iberian Forest and Trade Network (GFTN), which encourages responsible consumption of forest products and seeks to prevent further degradation of forests all over the world. With this same aim, in 2010 Amorim Revestimentos signed the Code of Conduct adopted by the European Federation of Parquet Importers – EFPI, which seeks to guarantee, from the outset, the legality and sustainability of the wood used in their products, contributing to the preservation of the world’s forests.

In 2010, the company strengthened its commitment to the FSC by implementing the chain of custody management system in line with this standard at the Vendas Novas industrial unit of the Insulation Cork BU and at Amorim Cork Italia and Industria Corchera (Chile), in both cases in the Cork Stoppers BU. By the end of 2010, fourteen CORTICEIRA AMORIM units had received this certification:

- one unit in the Floor and Wall Coverings BU;
- four industrial units in the Raw Materials BU (in Portugal and Spain);
- seven units in the Cork Stoppers BU: in Portugal, USA, France and South Africa;
- one unit in the Composite Cork BU;
- one unit in the Insulation Cork BU.

The world market is showing clear signs of adhesion to responsibility policies. As far as the cork stoppers market is concerned, on the one hand we have witnessed the appearance of new wine cellars requesting certified stoppers and, on the other, there has been an increase in demand at the wine cellars and large-scale distributors which have already adopted policies of commitment to FSC cork stoppers.

Fig. 22 • FSC Cork Oak Forest in the Iberian Peninsula (ha)



Certification of the cork oak forest began in 2005 in the Iberian Peninsula. Since then there has been successive growth in the size of the certified area. This increase has been supported, for the most part, by certification groups in the forest producers associations.

This situation has arisen in response to the growing demand for certified cork, and this trend in the growth of the certified area is predicted to continue in the coming years (Fig. 22).

4.4. BIODIVERSITY AND ECOSYSTEM SERVICES

The “Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity” award, sponsored by CORTICEIRA AMORIM, was presented to two researchers at the Faculty of Sciences Foundation of the University of Lisbon (FFCUL).

Mónica Sebastiana and Maria Salomé Pais were awarded a prize worth 10,000 euros for their work entitled “Mycorrhization of the cork oak – contribution to the sustainability of the cork oak forest”.

The winning work of this second edition of the “Enhancement of the Value and Sustainability of the Cork Oak and Associated Biodiversity” award focused on the use of mycorrhizae to increase the survival rate of new cork oaks and the regeneration of cork oak forests. The inclusion of mycorrhized plants in strategies for reforestation was suggested.

The “Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity” award was presented to two researchers at the FFCUL in 2010.



The award was created in the context of CORTICEIRA AMORIM’s membership of the European Business & Biodiversity Initiative and the memorandum entered into by and between the NFA – National Forest Authority, the ICNB – Institute for Nature Conservation and Biodiversity, QUERCUS and WWF – World Wildlife Fund, with the aim of increasing people’s awareness about the enhancement of the value and sustainability of the cork oak and associated biodiversity.

Also as part of the European Business & Biodiversity Initiative, CORTICEIRA AMORIM has been funding a free technical advisory for forestry producers since 2008, with the aim of identifying and adopting best practices in the management of cork oak forests and associated biodiversity. In 2010, 23 estates and around 8500 hectares of cork oak forest were considered. These figures demonstrate that the initiative has been well-received with a high adhesion rate. Consequently, since 2008, this technical advisory service has considered around 16,500 hectares of cork oak forest in Portugal. In most cases, following provision of the service, most of the forestry producers that benefited from it have opted to certify their properties with the FSC’s forest management systems.

CORTICEIRA AMORIM belongs to a group of companies that the European Commission’s Business & Biodiversity (B@B) Platform has identified as an example of good business practice which benefits biodiversity.

For the B@B Platform, increasing the concern of companies for biodiversity is an essential factor for sustainable development, competitiveness, economic growth and employment, that is, the guarantee of a better life.

The European Commission’s B@B Platform, which was launched in the first half of 2010, seeks to increase companies’

awareness as to the importance of biodiversity and the consequences of its loss. With this aim it promotes the coming together of companies in order to share experiences and best practices and to voice needs and concerns.

The Food Supply Sector was identified by the European Commission as one of the six priority sectors for 2010, and the first workshop of the working group was held in Brussels on 13 September 2010.

CORTICEIRA AMORIM was the only Portuguese company invited to present its own case study and was also the only company from the entire food packaging sector. The working group highlighted the following best practices at CORTICEIRA AMORIM: the carrying out of life cycle analysis studies, the promotion of sustainable forest management and FSC certification, the cork stopper recycling programme, the technical advisory service provided to forestry producers and the awards that the company has set up as an incentive to forestry research and good management practices.

4.4.1. ASSESSMENT OF THE SERVICES PROVIDED BY THE CORK OAK FOREST ECOSYSTEM

As part of a partnership between CORTICEIRA AMORIM and the European Cork Foundation, a study was carried out to assess the environmental services of the cork oak forests at estate level. The results of this study were published in September 2010.

The analysis was conducted on a local scale, at the Machoqueira do Grou Estate, a property covering 2423 hectares with various soil uses, including around 1000 hectares of cork oak forests, which has made a commitment to implementing best management practices.

The innovative nature of this study lies in the fact that it characterizes environmental services at estate level, establishes causal relationships between agro-forestry management practices and ecosystem services and, lastly, attributes a value to these services.

The study analysed four categories of services provided by the ecosystem – identified by the final report of the Millennium Ecosystem Assessment – namely: supporting services (e.g. the water cycle), provisioning services (e.g. the production of food and raw materials, regulating services (e.g. pollination and erosion control) and cultural services (e.g. tourism and education). Analysis was conducted as to which ecosystem services were most relevant to an area with the size and characteristics of Machoqueira do Grou. Those selected and assessed were “public goods” (i.e. those that benefit the local community and society in general and for which the forest owner receives no remuneration).

Besides the provisioning services supplied, particularly to cork, we may also highlight the regulating services provided by the cork oak forest. These include retention, soil formation and erosion control, water regulation, nutrient regulation, pollination, treatment of waste/pollutants, water purification, buffer zones for flood control, fire prevention and control, pest and disease control, woodland control, air quality, habitat maintenance, High Conservation Value (HCV) Areas, endangered species habitats, biodiversity banks and also the recognised local climate regulation (carbon retention). For the well-being of the local population, we may also highlight the cultural services provided by the cork oak forest, such as recreation activities, tourism/ecotourism, landscapes, education/interpretation and scientific research. While in terms of provisioning services the main benefits are to the forest owners (these services being classified as “private goods”), the other services mostly benefit the local communities and society in general (the so-called “public goods”).

The studies demonstrates the fundamental role that the cork oak forest plays in the different ecosystem services analysed, above all in comparison with other soil uses, and enables relationships to be established between good forest management practices and the level of ecosystem services, thereby providing a range of practical information to forest owners on the effects of management practices on the ecosystem services.

Finally, the study opens the door for ecosystems services to begin to be remunerated, for example, via public funding, by identifying a practical set of assessment criteria and confirmation mechanisms which involve, above all, the improvement/adaptation of already existing systems, with forest management certification (from the FSC or PEFC, for example), and by suggesting methodologies for enhancing the value of the ecosystem services.

Thus, the work sought to identify the minimum value of the services provided within the 1000 hectares of cork oak forest of Machoqueira do Grou and, even without assessing the “water regulation” service, it was concluded that the ecosystem services of this area of cork oak forest were worth at least 100 euros/hectare, which in the case of this particular estate would represent an overall annual figure for the specific area of cork oak forest of € 100,000.

This study's focus on the “minimum value” will lead, as is to be expected, to future debate and additional work with a view to determining the “most appropriate” value. It is therefore intended to be a departure point so that those services may be remunerated, since currently no sum is given to the cork oak forest owner for the public services of the ecosystem.

The maintenance, preservation and enhancing of the value of this natural asset – the cork oak forest – is, for this reason, extremely important economically, not only for the production of cork, but also for the social and environmental value of the numerous services provided.

CORTICEIRA AMORIM argues (and will continue to argue), in different forums, that the value of the services provided by the cork oak forest should cease to be a “theoretical” value and should be translated into real remuneration of the forest owners who, with good management practices, provide a significant range of fundamental services for human well-being.

While we do not move from analysis and assessment to real remuneration of these services, cork products will continue to make this entire balance viable. This study has therefore displayed the importance of cork products and their real impact on making the cork oak forest a viable ecosystem.

4.5. TRAINING AND QUALIFICATION OF HUMAN RESOURCES

Given the heavy increase in operating activity due to the increase in sales, 2010 presented a challenge in terms of balancing management of the operating side with the development of human capital.

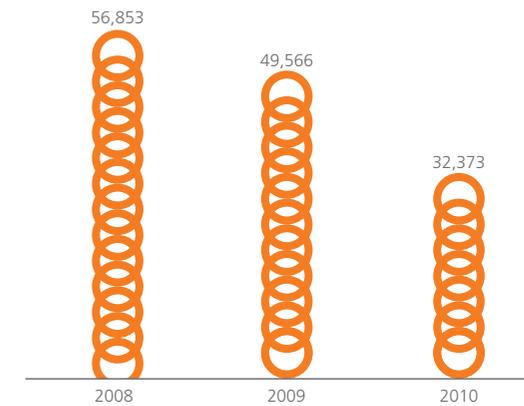
As regards the training and qualification of human resources, it was to be expected that, following the company's efforts to increase the educational qualifications of approximately 350 employees (between 2007 and 2009), the volume of training would fall in 2010. This fact, together with the intense operating activity (and difficulty in scheduling training during normal working hours), led to a significant drop in the volume of training in 2010. (Fig. 23).

Thus, the number of training hours per employees fell by an average of 5.6 hours per employee. A reduction in training was seen in all professional categories, although the most significant reductions were in the categories where the volume of training is usually highest. (Fig. 24).

Taking into consideration the opinions revealed by the stakeholders in the recent consultation process, and given the improvement in educational qualifications achieved in recent years, the company recognises that the training and qualification of its employees should not, in itself, be one of the priorities regarding the sustainability of CORTICEIRA AMORIM. According to the results of the recent process of stakeholder consultation, CORTICEIRA AMORIM should place greater emphasis on characterising its policy and initiatives on employment and management of human resources.

In this context, it is important to stress the maturity that the Performance Management System has already achieved, aligned with the culture of a results-driven meritocracy, which translates into the integrated and “natural” accomplishment of the five sub-processes:

Fig. 23 • Total Hours of Training

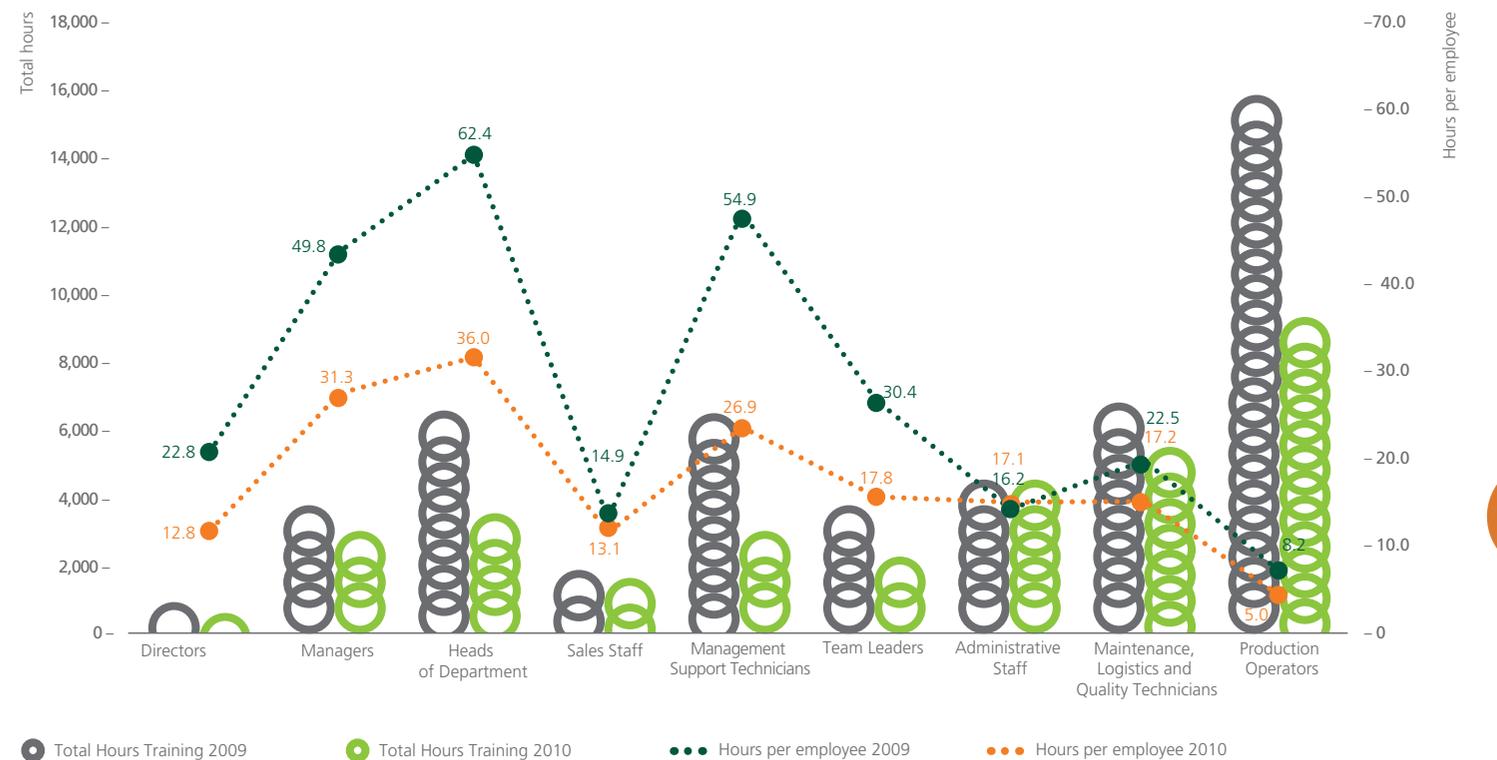


- alignment and definition of objectives;
- feedback on performance;
- assessment and development of skills;
- recognition;
- incentives.

This system, which is integrated with other human resources management processes, is one of the main inputs in the assessment and development of skills component of the individual professional development plans which were implemented during 2010 and which lead to guided follow-up on short individual development plans (one year) or medium-term plans (three years) for a range of middle and upper management.

Within the scope of skills development also worthy of highlight are the commercial skills development plans which began in the Cork Stoppers, Floor and Wall Coverings and Composite Cork BUs. These include technical, behavioural and management training components which are both specific to each BU and also transversal to the three business areas covered.

Fig. 24 • Number of Training Hours by Professional Category



4.6. HEALTH, HYGIENE AND SAFETY

In 2010, CORTICEIRA AMORIM reaffirmed the priority it gives to issues related to Health, Hygiene and Safety (HH&S) at Work.

This commitment by the company is evident in the successive investments that have been made in the area of safety: the continuous revision of safety plans, the monitoring of their effectiveness and appropriateness for the risks involved, and the continued focus on increasing employees' awareness and training.

In the same sense, in 2010 an extraordinary investment was made in staff training in HH&S, with the volume of training in 2010 increasing by over 136% to 17,186 hours (Fig. 25).

CORTICEIRA AMORIM continues to present accident rates much below the average for the sector (Fig. 26). However, in 2010 the results of the investment in the training of employees were not yet in evidence. These effects are expected to be seen in subsequent years.

Fig. 25 • Hours of HH&S Training

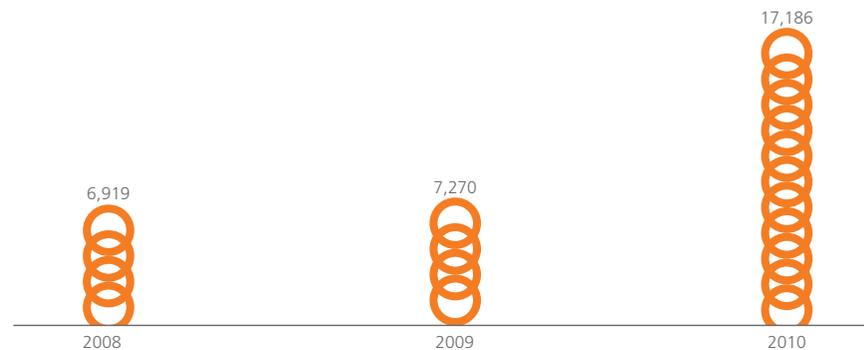


Fig. 26 • Accident Rates

	2008	2009	2010
No. of deaths	0	0	0
Accident frequency index	7.3	6.1	7.1
Work-related illness rate	0.9	0.8	1.1
Lost working days rate	166.0	205.3	174.8
Absenteeism rate	3.61%	3.48%	3.20%
Total Employees	3,426	3,031	3,002

Definitions:
 Accident frequency index = No. Accidents / Hours Worked x 200,000.
 Work-related illness rate = No. of Cases of Work-related Illnesses / Potential Hours of Work x 200,000.
 Lost working days rate = No. of Lost Days / Potential Hours of Work x 200,000.
 Absenteeism rate = Days Missed / Potential days of work.

4.7. SUSTAINABLE CORK SOLUTIONS FOR CONSTRUCTION

The Sustainable Construction market is admittedly a market with peculiarities which distinguish it from the conventional construction market. A number of criteria are considered in defining sustainable projects, including technical performance, environmental impact and the health and comfort of the occupants, as well as the balance between the investment and the life cycle costs of the building.

The construction materials and solutions used, therefore, play an important role in the sustainability of the construction, since these represent direct and indirect impacts on the global performance of the buildings, for example in the incorporated energy values, in the thermal and acoustic performance, in the flexibility and durability, in the interior air quality and in recyclability at the end of the building's life cycle.

Since cork is a natural and ecological material it presents a range of benefits which distinguish it in terms of sustainable construction. The following most relevant environmental characteristics of CORTICEIRA AMORIM's products may be highlighted:

- renewable and 100% natural raw material;
- organic and biodegradable material;
- low energy of production incorporated;
- recyclable pre- and post-consumption;
- reusable;
- various certifications of products (which increase the guarantees of their technical and environmental characteristics);
- management system certifications promoting efficiency – ISO 14001, ISO 9001 or OHSAS 18001 (which increase the guarantees of adoption of best practices).

CORTICEIRA AMORIM has three BUs operating in the construction sector (Insulation Cork, Floor and Wall Coverings and Composite Cork). Each of these has its own structure and communication channels for relating with the different stakeholders (architects, real estate agents, designers, consumers, local authorities, etc.). Potential for improvement in the approach to this segment has therefore been identified, which includes structured and integrated communication of the sustainable cork solutions for construction, and also a concerted effort of the sales teams of the three BUs in order to reach a greater number of stakeholders.



Cork – a natural, renewable and recyclable raw material – benefits from a range of advantages that make it an outstanding product in the sustainable construction market.

With the purpose of strengthening the integrated communication of sustainable cork solutions for construction, CORTICEIRA AMORIM took part in specialist forums and events, of which the following may be highlighted:

- presentation of case studies on the themes of "Analysis of the life cycle of cork products for construction" and "Ecodesign: Guaranteeing the Quality and Sustainability of Products", in workshops of the Sustainable Construction initiative;
- participation in the "LiderA Congress 2010 – creating value with sustainability", with a presentation on the theme of "Cork as a natural low-impact material";
- sponsorship of the Educational Service of the Lisbon Architecture Triennial, via financial support and the provision of cork products which were used in the various activities that were part of this service. In addition, Amorim Isolamentos expanded cork agglomerate was selected as the insulation and covering solution for a house on display at the Museum of Electricity during the period of the Triennial;
- presentation of the technical and environmental advantages of cork in several universities and research centres.

During 2010 a manual on the application of cork in construction was produced (although not published). This document appeared with the aim of publicizing CORTICEIRA AMORIM's portfolio of sustainable cork solutions for construction, their multiple applications in the different construction systems and their contribution to the "Creation and responsible management of a healthy built environment, taking into account ecological principles and the efficient use of resources"².

Compilation of the available information in a manual was the first action in a plan – to be implemented in the coming years – which seeks new approaches for relating with stakeholders and also to strengthen the presence of cork solutions in sustainable construction.

² Charles Kibert , 1994; First International Conference on Sustainable Construction; Tampa, USA.



4.8. SUMMARY OF AIMS

Fig. 27 • Summary of Aims

Aims	Targets for 2011
<ul style="list-style-type: none"> • Increase knowledge and foster best practices in sustainable forestry management. 	<ul style="list-style-type: none"> • Award for the best research into "Sustainability of the Cork Oak and Associated Biodiversity"; • Providing a free technical advisory service to at least six forestry producers.
<ul style="list-style-type: none"> • Strengthen the organisational culture aimed at Innovation. 	<ul style="list-style-type: none"> • Implementation in Portugal of an Innovation programme to mobilize the whole company.
<ul style="list-style-type: none"> • Remuneration of the environmental services of the cork oak forest ecosystem. 	<ul style="list-style-type: none"> • Produce scientific articles on the value of the environmental services of the cork oak forest ecosystem; • Presentation, in specialised forums, of proposals for the remuneration of the environmental services of the cork oak forest.
<ul style="list-style-type: none"> • Reduce CO₂ emissions. 	<ul style="list-style-type: none"> • Reduce the carbon intensity of the activity by 19% on the reference year (2006).
<ul style="list-style-type: none"> • Reduce water consumption. 	<ul style="list-style-type: none"> • Reduce the ratio water consumption (m³)/Sales by 4%.
<ul style="list-style-type: none"> • Encourage the recycling of cork stoppers. 	<ul style="list-style-type: none"> • Increase the collection of used cork stoppers by 10%.
<ul style="list-style-type: none"> • Strengthen position in the sustainable construction sector. 	<ul style="list-style-type: none"> • Produce a value proposition for the sustainable construction sector.

OS

Performance Indicators

"Natural cork, unlike the screw-caps, has just a tiny amount of oxygen that's inside the cork, and the wine uses that as it ages to improve in its quality. Choosing wine enclosed with high-quality natural cork protects 7 million acres of extremely valuable habitat that are vital to our biosphere, and it also makes the wine taste just a little bit better."

Jim Bernau, Founder and President of Willamette Valley Vineyard

5. PERFORMANCE INDICATORS

5.1. ENVIRONMENT

5.1.1. MATERIALS CONSUMPTION

The growth in activity in 2010 was reflected in an increase of over 30% in materials consumption (Fig 28).

5.1.2. RECYCLING

One of the environmental advantages of cork recycling is related to the fact that cork incorporates carbon fixed by cork oaks, which remains there during the useful life of the product. Therefore, any increase in the life cycle of this cork by means of recycling delays emission of this carbon back into the atmosphere.

The cork stoppers collected in various European countries are sent to CORTICEIRA AMORIM's cork waste recycling unit in Portugal. Those collected in North America as part of the ReCORK programme are processed by Sole, with the purpose of producing footwear.

The granulate obtained from the cork stoppers via recycling at CORTICEIRA AMORIM is used in many products, such as floor and wall coverings, competition kayaks, aerospace applications and fashion design products.

As a result of the cork stopper recycling programmes launched by CORTICEIRA AMORIM – such as Green Cork – and partnerships established with other cork stopper recycling programmes (mostly located in Europe), in 2010 CORTICEIRA AMORIM incorporated 99.5 tons of used cork stoppers in the production of other high added-value cork products. The increase on the previous year is due to the results of the Green Cork programme in Portugal, in which the collection of used cork stoppers grew by over 16 tons.

The cork stoppers collected in the ReCORK programme (which are not consumed in CORTICEIRA AMORIM's industrial processes) increased to 72.6 tons. Thus, 172 tons of used

Fig. 28 • Materials Consumed

	Tons		
	2008	2009	2010
Cork	120,346	94,014	123,303
Other raw materials	4,983	2,432	6,636
Chemical products	13,825	11,055	13,801
Packaging material	8,294	8,576	8,980
Paper	40	36	39
Total	147,488	116,126	152,759



cork stoppers were collected, which corresponds to the recovery of approximately 1.3% of all cork stoppers sold annually by CORTICEIRA AMORIM.

Regarding the recovery of other cork products, after obtaining an extraordinary amount of expanded cork composite in 2009 – as a result of the demolition in Portugal of large industrial refrigeration premises – the company saw a natural reduction in the recovery of this type of materials (Fig. 29).

5.1.3. WATER CONSUMPTION

In 2010, despite the significant increase in CORTICEIRA AMORIM's activity, water consumption fell by 2.6% on 2009. However, the reduction achieved was lower than

the target originally set for 2010, which was a 4% reduction in consumption (Fig. 30).

5.1.4. BIODIVERSITY

CORTICEIRA AMORIM does not operate in areas that are located in zones classified by the Institute for the Conservation of Nature and Biodiversity (ICNB) as protected areas, so that there is no significant impact on biodiversity in these terms.

As stated in Chapter 4.4., this is considered to be a priority issue for the company, which intends to strengthen the extremely positive effects that, at least indirectly, result from its activities.

Fig. 29 • Consumption of Recycled Materials

	Tons		
	2008	2009	2010
Tyre granulate	448	325	48
Cork stoppers	147	92	99
Other cork products	37	570	250
Total Recycled Material	632	987	397

Fig. 30 • Water Consumption

	m ³		
	2008	2009	2010
Public network	67,484	64,821	49,703
Groundwater abstraction	364,775	358,359	362,490
Total	432,259	423,180	412,193

5.1.5. EMISSIONS, EFFLUENTS AND WASTE

5.1.5.1. Atmospheric Emissions

Fig. 31 • Atmospheric Emissions

	t/year		
	2008	2009	2010
Particles	132	140	132
SOx	2	4	5
COV	30	55	105
NOx	171	197	152

Note: Emissions calculated from the results of the monitoring of gaseous emissions in 2010.

5.1.5.2. Liquid Effluents

Fig. 32 • Liquid Effluents

	m ³		
	2008	2009	2010
Industrial effluents	127,655	132,141	126,626
Domestic effluents	44,280	49,145	36,232
Total	171,934	181,286	162,858

5.1.5.3. Waste

The 8% increase in the total volume of waste is due to the large increase in activity recorded at CORTICEIRA AMORIM. Of note, however, is the 26% decrease in waste for elimination.

Thus, as a result of the implementation of selective collection systems, it should be stressed that over 81% of the waste produced was recovered (Fig. 33).

No significant spillages were recorded in 2010.

In regard to the emission of ozone layer damaging gases, cork manufacturing processes do not involve the use of such substances, nor was there any record of any such gas leaking from air conditioning units.

5.2. HUMAN RESOURCES

5.2.1. EMPLOYMENT

This Sustainability Report covers 92.5% of CORTICEIRA AMORIM's employees on 31 December, 2010. Compared to 2009, we may note the inclusion for the first time of the companies Amorim Cork Research & Services (22 employees) and Amorim Cork Deutschland (18 employees) (Fig. 34).

Details of CORTICEIRA AMORIM's employees by gender and age range are shown on the Fig. 35.

Fig. 33 • Waste

	t/year		
	2008	2009	2010
Hazardous waste	228	175	140
Recovery	72	61	52
Elimination	157	114	88
Non-hazardous waste	20,173	13,396	14,523
Recovery	16,914	9,779	11,856
Elimination	3,260	3,617	2,666
Total	20,401	13,571	14,662

Fig. 34 • Employment

	2008	2009	2010
Total Workforce	3,425	3,031	3,002
Permanent contract	3,003	2,743	2,749
Fixed term contract	422	288	253
Part-time workers	51	48	34

In 2010, CORTICEIRA AMORIM recovered about 43 million used cork stoppers, reflecting the level of awareness among consumers of the recycling benefits associated with cork products.



Fig. 35 • Details of CORTICEIRA AMORIM's Employees

	Age range			Gender		Total
	< 30	30 to 50	> 50	Female	Male	
Directors	0	25	15	0	40	40
Managers	2	69	16	13	74	87
Heads of Department	3	67	23	21	72	93
Sales staff	8	81	30	19	100	119
Management Support Technicians	21	75	16	38	74	112
Team Leaders	1	80	45	16	110	126
Administrative Staff	26	192	38	143	113	256
Maintenance, Quality and Logistics Technicians	25	218	71	71	243	314
Production Operators	196	1.210	449	527	1.328	1.855
Total 2010	282	2.017	703	848	2.154	3.002
Total 2009	323	2.052	656	872	2.159	3.031

Fig. 36 • Turnover Rate

	2008	2009	2010
Total Leaves	338	612	264
Total turnover rate	9.9%	20.2%	8.8%
< 30	2.9%	3.8%	1.9%
30 to 50	4.3%	10.2%	4.7%
>50	2.7%	6.2%	2.2%
Women	3.5%	6.8%	2.9%
Men	6.4%	13.4%	5.9%

The level of staff churn (evaluated by exit levels) fell significantly in 2010, after the abnormal staff churn recorded in 2009, due to the major restructuring which took place in that year (Fig. 36).

5.2.2. WORK AND MANAGEMENT RELATIONS

Freedom of association is a right of all employees and is exercised by 34.6% of CORTICEIRA AMORIM's employees covered by this report.

With the purpose of regulating the working conditions of group employees in Portugal, collective work contracts were established between APCOR (the Portuguese Cork Association) and the sector's trade unions, covering 100% of the workforce.

5.2.3. DIVERSITY AND EQUAL OPPORTUNITIES

CORTICEIRA AMORIM practices a policy of non-discrimination in regard to creed, gender and ethnic group. It has a modern corporate structure based on assessing merit and rewarding performance.

The cork sector is one of the most traditional sectors in Portugal. There has been some discussion regarding the difference in remuneration for functions which are different but considered to be equally demanding. Bearing in mind that there are collective work contracts agreed with the trade unions, this is a sector issue for which CORTICEIRA AMORIM sought in recent years, on its own behalf, the establishment of an agreement which would

enable the level of payment associated with the functions in question to be gradually increased. Such an agreement was reached and signed by APCOR and the respective trade unions in 2008, and is now in operation (Fig. 37).

5.3. ECONOMIC PERFORMANCE

SUMMARY OF ACTIVITY

After the first half of the year, in which the economies of the developed countries, especially Europe and North America, showed weak signs of recovery, in the second half of the year there was a slow but progressive improvement in the respective activity indicators. This was clearly evident in the two largest economies: Germany and the United States. In terms of the rest of the world, continued heavy growth in the so-called emerging countries: China and India, is a known fact. This situation enabled 2010 to appear as a year of positive growth for the world economy, recovering from the heavy turndown in the previous year.

Given the export nature of CORTICEIRA AMORIM's business, full advantage was taken of the, albeit moderate, recovery of its main markets. In the first half of the year the repositioning of the stocks of its end customers played an important role in the 11.4% increase in its consolidated sales. Even after this effect had ended, CORTICEIRA AMORIM maintained a high rate of growth during the third and fourth quarters, finishing the year with a variation of +10% in its activity. A range of circumstances enabled this growth to be maintained. Firstly, we may highlight the aforementioned recovery in the economies of some of its main markets. Secondly, some large bottling companies conducted aggressive advertising campaigns, leading to extra demand for stoppers. As regards the cork industry, the fragility of the competition, affected by

lower service levels, also favoured CORTICEIRA AMORIM. Finally, and perhaps most importantly, the effort and motivation of CORTICEIRA AMORIM's management teams enabled maximum advantage to be taken of the aforementioned economic climate, so that by the end of 2010 the level of profitability had returned to what it had been before the start of the crisis in the last quarter of 2008.

One important situation that occurred in 2010 and that merits mention is the publication of a study by the company A.C. Nielsen during the first half of the year. This company, which is a world leader in trade information and market research, published an important study on the role of cork.

Based on data from retail sales, the study demonstrates that wine labels which use bottles with cork stoppers had 11.2% growth in sales, while labels that use alternative closures recorded a drop of 1.3%. Besides this, the wine labels that use cork clearly had a premium on its selling price, which was on average 1.68 USD per bottle above the selling price of bottles using alternative closures.

These conclusions may be considered as a clear indication of the perceived value that the consumer of cork stoppers

Annual sales of cork stoppers passed the 3 billion mark for the first time, thanks to CORTICEIRA AMORIM's growth in the world's leading wine bottling markets.



Fig. 37 • Ratio of Average Salary of Men to Women by Employee Category

	2009	2010	Variation 2009/2010
Managers	1.40	1.39	-0.6%
Heads of Department	1.35	1.39	3.1%
Sales staff	1.10	1.32	19.9%
Management Support Technicians	1.18	1.24	5.3%
Team Leaders	1.14	1.11	-3.0%
Administrative Staff	1.06	1.04	-1.3%
Maintenance, Quality and Logistics Technicians	0.92	0.97	5.3%
Production Operators	1.09	1.07	-2.4%

attributes to these stoppers over both plastic closures and metal closures.

The most recent update of this study, which was revealed in January 2011, confirmed the data obtained in the public study in the first half of 2010.

As this report was going to press, Supremecorq, the most well-known manufacturer of plastic corks, was reported in the news as having suspended operations.

CONSOLIDATED RESULTS

CORTICEIRA AMORIM closed 2010 with an increase of 42 million euros in consolidated sales, which hit 456.8 million euros at the end of December. The contribution of the Cork Stoppers Business Unit (BU) was fundamental to this result, since the sales of this BU rose around 13% in the period under analysis.

A reduction in the interest-bearing debt also deserves special mention. This debt is now at 102 million

euros, which corresponds in full to management commitments made by CORTICEIRA AMORIM. It should be noted that this figure was over 220 million euros a little over two years ago.

CORTICEIRA AMORIM's net profits also followed this positive trend and had reached 20.5 million euros by the end of 2010, compared with the figure of 5.1 million euros in the previous year.

13% growth in sales in the Cork Stoppers BU contributed decisively to the 456.8 million euros of sales recorded for CORTICEIRA AMORIM in 2010 (Fig. 38). In absolute terms, of the 42 million euros increase in consolidated sales, around 30 million euros came from sales in this BU, thus reinforcing the importance of this range of products of CORTICEIRA AMORIM. Virtually all of this BU's markets had positive evolution, with Spain, France and Italy demonstrating growth of between 10% and 23%, while the other wine-making countries, such as Chile, Australia and the United States, recorded sales increases of between 13% and 20%.

In line with this situation, the sale of cork stoppers exceeded the 3 billion-unit barrier for the first time ever, motivated by the presence of CORTICEIRA AMORIM in all the bottling markets and by the most complete offer of natural stoppers for the wine industry.

Also decisive for consolidated sales growth was the situation in the Composite Cork BU, which recorded a 23% increase in sales.

The **Insulation Cork BU**, for its part, showed an increase of 7% in its sales to clients outside of CORTICEIRA AMORIM. This increase was the result of its performance in the expanded cork composite market, which is this BU's main product. The growth seen in the French market meant that France was the most important country in terms of sales of this BU.

With regard to the **Floor and Wall Coverings BU**, the growth in sales was virtually zero, this result being based on the significant decrease in the sale of wood (20%). If we discount this effect, sales of higher added-value products manufactured by this BU increased 7.6%. The Eastern European and North American markets continued to display the best growth rates. Meanwhile, the Nordic markets were particularly hit by the decrease in the sale of wood.

In the **Raw Materials BU**, the products of which are almost exclusively for the Cork Stoppers BU, sales followed the growth rate of this BU's main internal customer. Sales to end customers, in line with the strategy defined, continued to fall and today represent less than 5% of this BU's sales.

Considering all of CORTICEIRA AMORIM's Business Units together, the improvement in the Gross Margin percentage, combined with the increase in sales in absolute terms, led to an increase in Gross Margin of around 40 million euros, which is very close to the figure for the increase in sales (Fig. 38).



2010 was a positive year for CORTICEIRA AMORIM, which is particularly noteworthy given the less than favourable climate in many of the large world economies. Effectively, the performance of the various Business Units resulted in an EBITDA of 66 million euros, a 71% increase on the figure of 38.5 million euros presented in 2009 (Fig. 39). The EBITDA/Sales indicator, the most important for assessing the operating performance, hit 14.4%, one of the best recorded figures in CORTICEIRA AMORIM's history.

The strategy of reducing interest-bearing debt was activated and at the end of December this debt was 102 million euros, which is particularly noteworthy compared with the figure of 223 million euros in 2008. The net financial costs totalled 4.16 million euros, a clear improvement which was only possible due to the reduction in the interest-bearing debt and due to the maintenance of low interest rates (Fig. 40).

Fig. 38 • Sales

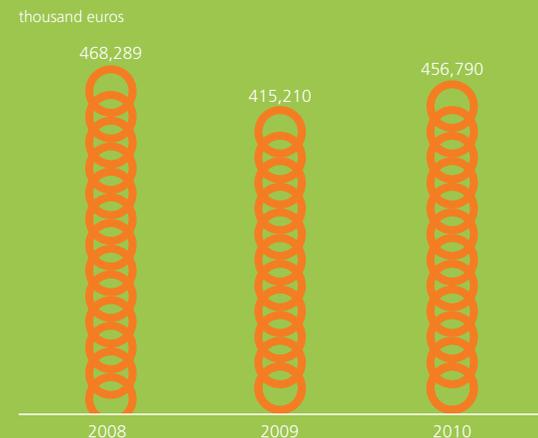


Fig. 39 • EBITDA

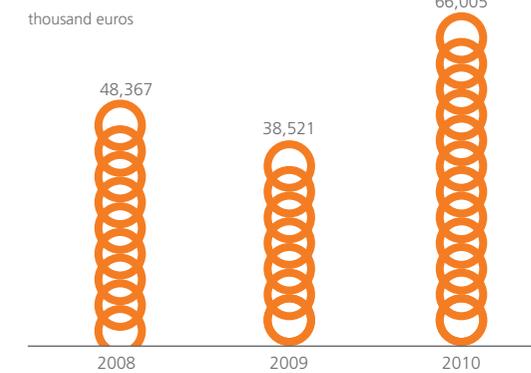
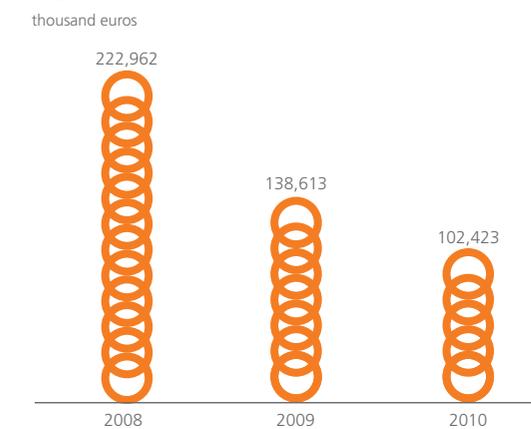


Fig. 40 • Net Debt



WEALTH GENERATED

Fig. 41 summarises the main economic performance indicators³.

CONTRIBUTIONS TO SOCIAL SECURITY SYSTEMS

CORTICEIRA AMORIM contributed in all the countries in which it operates, and under the terms of the specific

³ Definitions:

Revenues – corresponds to the sum of the following items: Sales and Provision of Services; Supplementary Income; Operating Subsidies; Work for Own Company; Other Operating Income; Financial Gains and Income; Capital Gains from Real Estate (deducted from capital losses).

Operating costs – does not include amortisations.

Community investments – only includes cash donations and does not include investment in kind (15.1 thousand euros in 2010).

legislation applicable, to local social security systems which cover all its workers. The total amount in 2010 was € 13.82 million.

FINANCIAL INCENTIVES

In 2010, the Portuguese companies benefited from € 381,000 in incentives, mostly for funding Research, Development and Innovation projects.

PURCHASING POLICY

CORTICEIRA AMORIM's main suppliers are suppliers of raw materials, essentially cork, and suppliers of transport services. The purchase of cork for the most part takes place in Portugal, and therefore the greatest economic impact is felt in this country, particularly in the Alentejo region (Fig. 42).

Fig. 41 • Economic Performance Indicators

	thousand euros		
	2008	2009	2010
Direct economic value generated	471,956	418,785	459,128
Revenues	471,956	418,785	459,128
Economic value distributed	452,484	388,540	403,769
Operating costs	321,114	285,503	301,070
Employee wages and benefits	93,296	93,308	90,712
Payments to providers of capital	21,579	6,224	5,171
Payments to Government	16,261	3,380	6,615
Community investments	235	125	202
Accumulated economic value	19,472	30,245	55,358

Note: Consolidated values for CORTICEIRA AMORIM (100% of companies included).

Fig. 42 • Cork Purchases

	thousand euros		
	2008	2009	2010
Portugal	105,240	85,224	126,142
North Africa	6,379	2,255	2,047
Other origins	10,429	16,280	9,621
Total	122,048	103,759	137,811

LOCAL RECRUITMENT OF STAFF

Policies geared at local staff recruitment are combined with efforts to increase staff mobility opportunities between different countries. This policy enriches the group and its corporate culture and has resulted not only in the integration of various Portuguese members of staff into group companies overseas, but also to employees of different nationalities taking up seats on the Boards of Directors of the different BUs (which have their headquarters in Portugal). In 2010, around 78% of external company directors and managers were recruited from local communities.

5.4. HUMAN RIGHTS

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

Although none of the above risks have been identified in the company's activity and throughout the chain of supply, CORTICEIRA AMORIM's aim is to continue adopting practices which distinguish it positively in terms of sustainable development and safeguarding human rights.

Therefore, in 2010 the company set in motion a process of internal reflection to assess the best way to guarantee and strengthen this positive distinction throughout the chain of supply. As a result of this process, CORTICEIRA AMORIM decided to incorporate social responsibility and environmental responsibility indices within its method for pre-classification, classification and assessment of suppliers.

Thus, a supplier will be classified (as suitable or unsuitable) to supply CORTICEIRA AMORIM depending on the quality of the supply, the delivery times and the social responsibility and environmental responsibility indices. In terms of social responsibility, companies which intend to supply CORTICEIRA AMORIM must demonstrate their commitment to:

- not violating customers' privacy or losing their data, namely that of the companies in the CORTICEIRA AMORIM group;
- not using child labour;
- not using forced or compulsory labour;
- not practising any kind of discrimination.

This new method for classifying suppliers will come into force with the implementation of the computer application which will support these processes, which will take place in 2011.

5.5. SOCIETY

Aware of its role in the communities in which it operates, CORTICEIRA AMORIM sponsors several causes in a wide range of areas, such as social action and support to children, prisoners, the disabled and the elderly, education, the environment and cultural activities, amongst others. In 2010, total donations to social responsibility initiatives were over € 200,000.



CORTICEIRA AMORIM does not take a set position on public policies nor does it take part in lobbies, except in respect of the protection of the cork oak, the preservation of cork oak forests, the promotion of the cork sector and the certification of forest management systems, seeking directly or through associations/organisations in which it participates, to help define public policies that safeguard these and other sustainable development issues.

As a result of its presence in different communities, which enables it to carry out activities on a global scale – with sales in over 100 countries – CORTICEIRA AMORIM is a member of a number of national and international associations representing the most varied types of stakeholders, namely commercial and business associations, research centres and other civic bodies.

Analysis of the risks associated with corruption in the various 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 efficiencies that may result from corruption. In this context, no situations of corruption were identified in 2010, nor any other situation which justified vocational training in this area, besides that which is a result of the internal audit actions.

5.6. PRODUCT RESPONSIBILITY

CORTICEIRA AMORIM has implemented strict systems of control in the various BUs, which allow it to comply with the extremely demanding requirements of industries such as the food, automotive, electrical and electronic, aeronautical, aerospace and construction industries, amongst others.

In the particular case of the production of cork stoppers, an indispensable tool to assure and demonstrate the quality of the cork stoppers is certification by SYSTECODE, which ensures compliance with the International Code of Good Bottle Closure Practices (CIPR). As a complement to and reinforcement of the guarantees given to the customer in this matter, CORTICEIRA AMORIM has made significant efforts with regard to the implementation of the HACCP methodology and certification in line with ISO 22000.

With regard to the construction sector, CORTICEIRA AMORIM has specific certification for certain products, amongst others:

- certification for the products of 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 the European standard EN 13170 for the products of the Insulation Cork BU and

according to the European standard EN 14041 for the products of the Floor and Wall Coverings BU;

- certification by CSTB – Centre Scientifique Technique du Bâtiment according to the UPEC classification of the two product series (series 2000 and 4000) of 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 Porto for the products of the Floor and Wall Coverings BU;
- GREENGUARD certification awarded by GREENGUARD Environmental Institute (GEI) to five Wicanders® cork floor and wall covering products.

The control systems implemented seek to analyse the impacts of the different products on health and safety throughout their respective life cycle. Within the scope of the certification mentioned above, the following may be highlighted:

- 100% of cork stoppers commercialised comply with the requirements of the Systecode certification;
- assessment of the impacts on health and safety, in the stages of (I) development of product design and (II) research and development, is carried out in line with the ISO 22000 procedures implemented. Regarding the phase of storage, distribution and supply of the products, this assessment is assured in the four Portuguese industrial units with the cork stopper finishing operation and ISO 22000 certification. In addition, the products dispatched via the own distribution network (companies in the group located in the country of destination) are subject to finishing operations in those companies, which in most cases also present the ISO 22000 or HACCP certification;
- all cork flooring commercialised in Europe complies with the requirements of the CE marking, according to the EN140421:2004 standard. This standard specifies requirements related to health, safety and energy saving. It is important to note that this standard does not cover wall coverings;
- practically all expanded cork composites display the CE marking according to the European standard EN 13170, including most of the products sold outside Europe.

Report Framework and GRI Index

A total of 8,000 sq. metres of expanded cork agglomerate was used to cover the walls of Pedro Arrupe College in Lisbon. Expanded cork agglomerate is also a decorative option. Thanks to its outstanding aesthetic qualities and the fact that it fits perfectly within the concept of sustainable construction, this cork product is a leading example of innovation and best practices in the field of sustainable development.

6. REPORT FRAMEWORK AND GRI INDEX

6.1. REPORT FRAMEWORK

This Sustainability Report prepared by CORTICEIRA AMORIM contains information referring to 2010, including, whenever possible, appropriate and relevant, information relating to the main indicators for 2008 and 2009 to provide stakeholders with a view of the company's recent evolution. The company undertakes to publish a new edition of the report every year in which it details its performance in the area of sustainability and the level of compliance with its established commitments and including independent confirmation of this compliance. In 2010, validation of the Sustainability Report and the group's Annual Report and Financial Statements was charged to PricewaterhouseCoopers.

In preparing this report we have followed the G3 Guidelines of the Global Reporting Initiative (GRI) and we self-declare this report to level B of the GRI reporting guidelines (Fig. 43).

This document is available at www.corticeiraamorim.com. Clarifications can be requested from the company using the email address: corticeira.amorim@amorim.com.

The objectives CORTICEIRA AMORIM sets out to achieve are presented in Chapter 4.

The group companies covered by this report include all those which generate significant impacts in terms of sustainability. All of the national and international production units have been included (except the Algerian unit, since its sustainability information systems cannot supply the necessary data). In terms of distribution companies, those which may have significant impacts because of their size (turnover and number of workers) have been selected.

The companies covered in this report, marked in green on the organisational chart presented in Chapter 1, correspond to 87.8% of CORTICEIRA AMORIM's sales and 92.5% of its employees.

We have broadened the scope of our report and information on Amorim Cork Research & Services and Amorim Cork Deutschland was included in our 2010 report for the first time.

Given the difficulty in implementing, within two years, information systems for sustainability purposes in smaller-sized companies with limited resources, CORTICEIRA AMORIM wishes to include member companies representing 95% of its sales volume and the total number of employees in its Sustainability Report.

The themes covered in the report were chosen with a view to their relevance in the current context of sustainability, their substance and the expectations and opinions of stakeholders. To this end, the results of the consultation process mentioned in Chapter 2.3. were taken into account.

The methodology used to calculate indicators that have been used in addition to the GRI G3 Guidelines is explained in the report.

Whenever the data does not refer to all the companies covered, the lack of information is indicated. Similarly, whenever the data derives from estimates, the basis on which these estimates are calculated is presented.

Fig. 43 • Application Level B

G3 STANDARD DISCLOSURE	Profile	Report on 1.1. – 1.2. 3.1. – 3.13. 2.1. – 2.10. 4.1. – 4.17.	Report externally assured by PwC
	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 and product responsibility.	



6.2. GRI INDEX

GRI ref.	Description	Value/Location
1	Strategy and Analysis	
1.1	Statement of the CEO	Page 4
1.2	Description of Key Impacts, Risks, and Opportunities	Page 6 – 7; 44 – 46; 57
2	Organisational Profile	
2.1	Name of the organisation	Page 10
2.2	Primary products and/or services	Page 10
2.3	Operational structure of the organisation	Page 10 – 13
2.4	Location of organisation's headquarters	Page 10
2.5	Countries where the organisation operates	Page 14; 15
2.6	Nature of ownership and legal form	Page 10
2.7	Markets served	Page 14; 15
2.8	Scale of the reporting organisation	Page 16
2.9	Significant changes during the reporting period	Do not exist
2.10	Awards received in the reporting period	Page 21; 33
3	Reporting Parameter	
	Report Profile	
3.1	Reporting period	Page 72
3.2	Date of the most recent report	Page 72
3.3	Reporting cycle	Page 72
3.4	Contact point for questions regarding the report or its contents	Page 72
	Report Scope and Boundary	
3.5	Process for defining report content:	Page 72
3.6	Boundary of the report	Page 12; 13; 72
3.7	Other specific limitations on the scope or boundary of the report – strategy and projected timeline for providing complete coverage	Page 72
3.8	Basis for reporting	Page 72
3.9	Data measurement techniques and the bases of calculations	Page 72
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	Re-statements were not made
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	AR&A Page 71 – 73
3.12	GRI Content Index	Page 74 – 77
3.13	Assurance	Page 80 – 81; 72
4	Governance	
4.1	Governance structure of the organisation	Page 20 – 22
4.2	Indicate whether the Chairman of the Board of Directors is also an executive officer	Page 20; AR&A Page 67
4.3	Members of the Board of Directors that are independent and/or non-executive members	Page 20; AR&A Page 67
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the Board of Directors	Page 20; 24; AR&A Page 88
4.5	Linkage between compensation for members of the Board of Directors, senior managers, and executives and the organisation's performance	AR&A Page 57; 58; 85 – 87

GRI ref.	Description	Value/Location
4.6	Processes in place for the Board of Directors to ensure conflicts of interest are avoided	AR&A Page 60; 61
4.7	Qualifications and expertise of the members of the Board of Directors	AR&A Page 76 – 82
4.8	Mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the state of affairs of their implementation	Page 23 – 25
4.9	Procedures of the Board of Directors for overseeing the organisation's identification and management of economic, environmental, and social performance	AR&A Page 71 – 73
4.10	Processes for evaluating the Board of Directors own performance, particularly with respect to economic, environmental, and social performance	Page 26; 27 AR&A Page 56; 59
	Commitments to External Initiatives	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Page 70 – 73
4.12	Externally implemented economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Page 25; 50
4.13	Memberships in associations and/or national/international advocacy organisations	Page 41; 68; 69
	Stakeholder Engagement	
4.14	List of stakeholder groups engaged by the organisation	Page 28
4.15	Basis for identification and selection of stakeholders with whom to engage	Page 27
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Page 24; 28; 29
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Page 29 – 35
5	Performance	
	Economy	
	Management approach	Page 20 – 27
	Aspect: Economic Performance	
EC1	Direct economic value generated and distributed	Page 67
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Page 46 – 49
EC3	Coverage of the organisation's defined benefit plan obligations	Page 67
EC4	Significant financial assistance received from Government	Page 67
	Aspect: Market Presence	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Page 67
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Page 68
	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 (thousand euros)	Page 67
	Environment	
	Management approach	Page 20 – 27
	Aspect: Materials	
EN1	Materials used by weight or volume	Page 60
EN2	Percentage of materials used that are recycled input materials	Page 61

GRI ref.	Description	Value/Location
Aspect: Energy		
EN3	Direct energy consumption by primary energy source	Page 47
EN4	Indirect energy consumption by primary source	Page 47
Aspect: Water		
EN8	Total water withdrawal by source	Page 61
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	Page 61
EN12	Impacts of activities, products, and services on biodiversity	Page 50 – 52
Aspect: Emissions, Effluents and Waste		
EN16	Total direct and indirect greenhouse gas emissions by weight	Page 48
EN17	Other relevant indirect greenhouse gas emissions by weight	It is not defined
EN19	Emissions of ozone-depleting substances by weight	Page 62
EN20	NOx, SOx, and other significant air emissions by type and weight	Page 61
EN21	Total water discharge by quality and destination	Page 61
EN22	Total weight of waste by type and disposal method	Page 62
EN23	Total number and volume of significant spills	Page 62
Aspect: Products and Services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Page 47
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Page 39; 60
Aspect: Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions	€ 10,724
Social		
Management approach (LA, HR, SO and PR indicators)		Page 20 – 27
Aspect: Employment		
LA1	Total workforce by employment type, employment contract, and region	Page 62
LA2	Total number and rate of employee turnover by age group, gender and region	Page 63
Aspect: Labor/Management Relations		
LA4	Percentage of employees covered by collective bargaining agreements	Page 63
LA5	Minimum notice period(s) regarding significant operational changes	It is not defined
Aspect: Occupational Health and Safety		
LA7	Rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities	Page 54
LA8	Education, training, counselling and prevention programmes in place to assist workforce members regarding serious diseases	Page 54
Aspect: Training and Education		
LA10	Average hours of training per year per employee by employee category	Page 52; 53

GRI ref.	Description	Value/Location
Aspect: Diversity and Equal Opportunitys		
LA13	Composition of governance bodies and breakdown of employees per category according to gender and age group	Page 63
LA14	Ratio of basic salary of men to women by employee category	Page 64
Aspect: Investment and Procurement Practices		
HR1	Percentage of significant investment agreements that include human rights clauses	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	Page 68
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	Page 68
Aspect: Child Labour		
HR6	Operations identified as having significant risk for incidents of child labour	Page 68
Aspect: Forced and Compulsory Labour		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour	Page 68
Aspect: Community		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	Do not exist
Aspect: Corruption		
SO2	Percentage and total number of business units analysed for risks related to corruption	Page 68
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	Page 68
SO4	Actions taken in response to incidents of corruption	Page 68
Aspect: Public Policy		
SO5	Public policy positions and participation in public policy development and lobbying	Page 68
Aspect: Compliance		
SO8	Monetary value of significant fines for non-compliance with laws and regulations	€ 0
Aspect: Costumer Health and Safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement	Page 69
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	Page 69
Aspect: Marketing Communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	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

Verification Report

"Cork flooring really is the perfect choice for a Client that is looking for beauty, comfort, durability and sustainability. It is one of the few floorings that you can say is 100% sustainable."

Candice Olson, Designer



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

Independent verification report
of the Sustainability Report 2010
(Free translation from the original in Portuguese)

Introduction

In accordance with the request of Corticeira Amorim SGPS, S.A. (CA), we performed an independent verification of the "Sustainability Report 2010" (Report), regarding the performance indicators listed in the Scope below, included in the "GRI index" and presented in different sections of the Report. Independent verification was performed according to instructions and criteria established by CA, as referred in the Report, and according to the principles and extent described in the Scope below.

Responsibility

CA's Board of Directors is responsible for all the information presented in the Report, as well as for the assessment criteria and for the systems and processes supporting information collection, consolidation, validation and reporting. Our responsibility is to conclude on the adequacy of the information, based upon our independent verification standards and agreed reference terms. We do not assume any responsibility over any purpose, people or organization.

Scope

Our procedures were planned and executed using the International Standard on Assurance Engagements 3000 (ISAE 3000) and having the Global Reporting Initiative, version 3 (GRI3) as reference, in order to obtain a moderate level of assurance on both the performance information reported and the underlying processes and systems. The extent of our procedures, consisting of inquiries, analytical tests and some substantive work, was less significant than in a full audit. Therefore, the level of assurance provided is also lower.

The scope of our verification consisted on information from 2010 regarding Portugal and Spain, on the following GRI3 indicators:

- Direct economic value generated and distributed (GRI3 EC1)
- Coverage of the organization's defined benefit plan obligations (GRI3 EC3)
- Significant financial assistance received from government (GRI3 EC4)
- Materials used by weight or volume (part of GRI3 EN1, cork consumption was verified)
- Percentage of materials used that are recycled input materials (part of GRI EN2, used tires consumption was verified)
- Direct energy consumption by primary energy source (part of GRI EN3, natural gas consumption was verified)

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- Indirect energy consumption by primary source (GRI3 EN4)
- Total water withdrawals (GRI3 EN8)
- Total direct and indirect greenhouse gas emissions by weight (GRI3 EN16)
- Total weight of waste by type and disposal method (GRI3 EN22)
- Monetary value of significant fines and total number of non-monetary sanctions (GRI3 EN28)
- Total workforce by employment type and employment contract (GRI3 LA1)
- Total number and rate of employee turnover by age group and gender (GRI3 LA2)
- Percentage of employees covered by collective bargaining agreements (GRI3 LA4)
- Rates of injury, occupational diseases, lost days, and absenteeism and number of work related fatalities (GRI3 LA7)
- Average hours of training per year per employee by employee category (GRI3 LA10)
- Composition of governance bodies and breakdown of employees per category according to gender and age group (GRI3 LA13)
- Ratio of basic salary of men to women by employee category (GRI3 LA14)

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

The following procedures were performed:

- (i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the Report;
- (ii) Identify the existence of internal management procedures leading to the implementation of economical, environmental and social policies;
- (iii) Testing the efficiency of process and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned;
- (iv) Confirming, through visits to sites, that operational units follow the instructions on collection, consolidation, validation and reporting of performance indicators;
- (v) Executing substantive procedures, on a sampling basis, in order to collect sufficient evidence to validate reported information;
- (vi) Comparing financial and economical data with 2010 Annual Report and Accounts, audited by the external auditor;
- (vii) Confirming the existence of data and information required to reach level B of compliance with GRI3, self declared by CA on the Report.

Data and information analyzed include, beside the contents of the Report, information referred on the Report and available at the 2010 Annual Report and Accounts.

Conclusions

Based on our work described in this report, nothing has come to our attention that causes us to believe that internal control related to the collection, consolidation, validation and reporting of the performance information referred above is not effective, in all material respects.



Based on the assumptions described on the scope, we conclude that the Report includes the data and information required for level B+, according to GRI3.

As external auditors of CA, our opinion on economic indicators analysed is expressed on the 2010 Annual Report and Accounts.

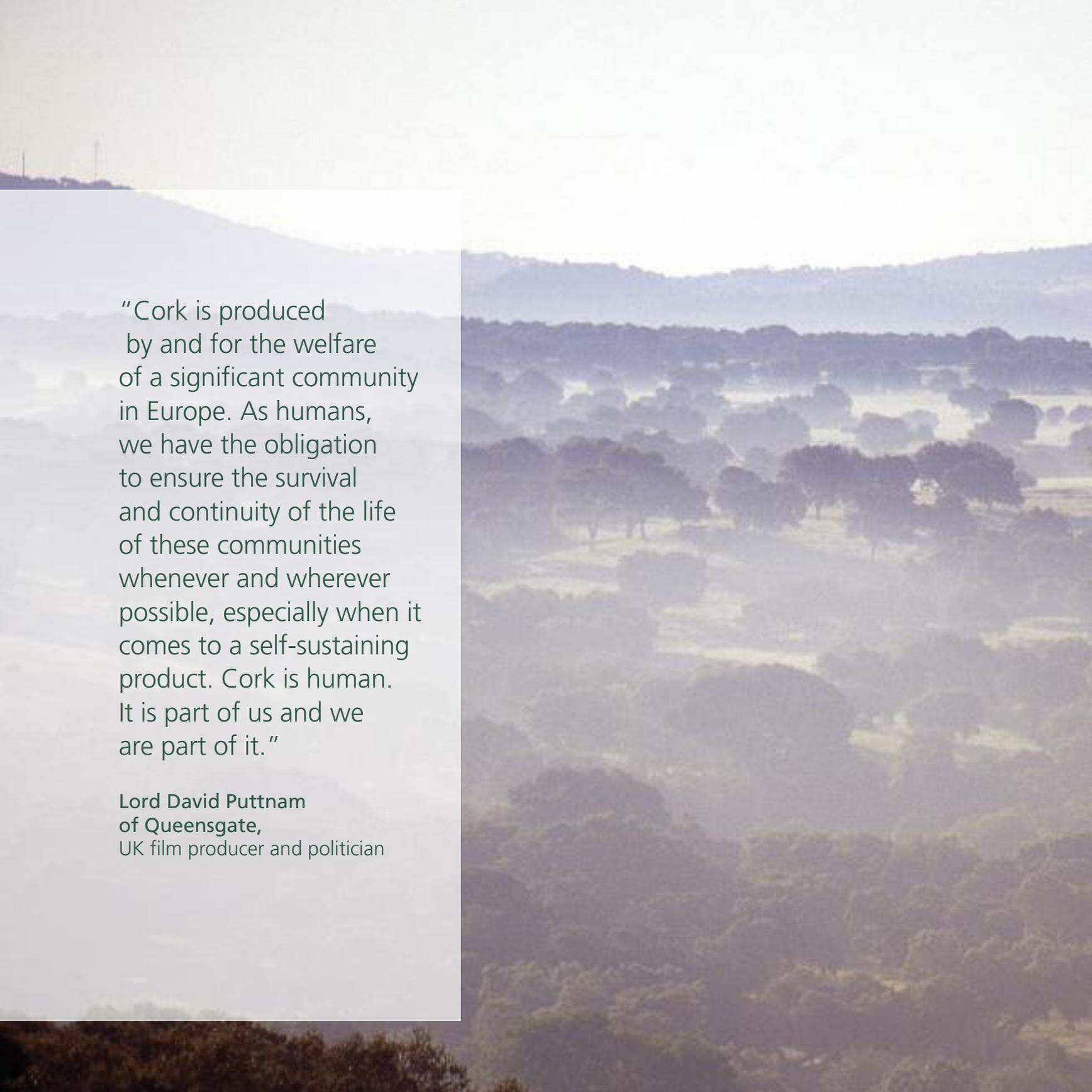
Lisbon, March 18, 2011

PricewaterhouseCoopers & Associados SROC, Lda.

Represented by:



António Joaquim Brochado Correia, ROC



“Cork is produced by and for the welfare of a significant community in Europe. As humans, we have the obligation to ensure the survival and continuity of the life of these communities whenever and wherever possible, especially when it comes to a self-sustaining product. Cork is human. It is part of us and we are part of it.”

Lord David Puttnam
of Queensgate,
UK film producer and politician

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