

2008

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



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

CORTICEIRA AMORIM and its subsidiaries are an integral part of a conservationist effort to guarantee the survival of hundreds of thousands of cork trees throughout the Mediterranean Basin, a natural and renewable resource that plays a key role in CO₂ retention, in preserving biodiversity and in combating desertification.

Know and prefer cork products. Contribute – like us – to a balanced cork forest ecosystem, habitat for a series of animal species, some of which are endangered, as the Iberian lynx, the black-winged kite, the black vulture, the imperial eagle and the **black stork**.

“Every single preserved specie makes our world a wealthier place”.

in Convention on Biological Diversity



AMORIM

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Chairman's Letter

Dear Stakeholders,

The year of 2008 was characterised by synchronicity among the leading world economies, which simultaneously experienced a significant slowdown, particularly in the second half. This prevented one economy replacing another to drive growth forward and minimise negative impacts. The end of the year was marked by uncertainty, volatility, a flight to low-risk assets, lack of liquidity and credit restrictions, indicating a worsening of the economic climate in 2009.

The effects of the economic and financial crisis are already visible in sectors including the automobile industry, construction and the wine sector and it is inevitable that the adverse economic climate will have a negative impact on the cork industry.

However, the complexities of the current environment have not altered the strategic options of CORTICEIRA AMORIM in regard to sustainable development. The economic crisis has raised the awareness of companies and society in general of the need to adopt new models of development that are better adapted to the needs of the 21st century. CORTICEIRA AMORIM has strengthened its commitment to sustainable development as the only means of ensuring leadership in the form of responsible competitiveness with the aim of creating value for all its stakeholders over the medium and long-term.





To this end, the company implemented a series of important initiatives in 2008, some of which will produce long-term results. They include:

- CORTICEIRA AMORIM's membership of the Earth Condominium project, a voluntary system that seeks to protect the world's shared assets in an integrated fashion, creating a common condominium;
- the conception and implementation of a structured programme for recycling cork stoppers in Portugal. CORTICEIRA AMORIM inaugurated the first industrial plant in the sector that is licensed to recycle used stoppers;
- continued participation in initiatives to provide information and training and to raise the awareness of forest owners of the need to adopt forest management systems that promote sustainability;
- the launch of the Natural Cork Programme, which aims to systematise CORTICEIRA AMORIM's sustainability policies and initiatives in a single programme and to mobilise the group to participate in a civic enterprise;
- upgrading and developing employee skills by increasing the number of hours of training and improving staff qualifications;
- as part of the company's membership of the European Business & Biodiversity Initiative, CORTICEIRA AMORIM's first Innovation Prize was awarded to the best project in the area of "The Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity";
- a strategic commitment to innovation involving both the development of new products and solutions and the consolidation of CORTICEIRA AMORIM's role as a knowledge centre with applications for four new patents being submitted in 2008;

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- the introduction of additional measures to reduce energy consumption, resulting in further reductions in CO₂ emissions in 2008.

Companies face important and demanding challenges in the current economic and financial climate. For more than a century, CORTICEIRA AMORIM has drawn on the resources and commitment of its staff teams to produce solutions that history has shown to be the best options. Today, as in the past, we are building paths that will lead us through the current difficulties. This report describes those paths.

Benefiting from the trust, talent and dedication of all its stakeholders, CORTICEIRA AMORIM is proud of the important role it plays in ensuring the viability of cork oak forests, a totally unique ecosystem that embodies the concept of a future in which humanity develops in harmony with nature. Confident of the support of its stakeholders, CORTICEIRA AMORIM has accepted the challenge of advancing the crucial concept of sustainable development in the conviction that this is the strategic option that will create the greatest value for all its different groups of stakeholders.

Cordially,

António Rios de Amorim
Chairman and CEO
CORTICEIRA AMORIM, S.G.P.S., S.A.



2008 *highlights*

CORTICEIRA AMORIM's strategic commitment towards sustainable development provided a basis for implementing an important set of measures and projects that allowed the company – in addition to the valuable cooperation received from a large number of stakeholders – to show a positive global performance as regards the successful achievement of its planned objectives and measures for the year 2008.



MAJOR CHALLENGES	AIMS AND ACTIONS	SITUATION	MOST IMPORTANT INITIATIVES	Page
Development of cork oak forests as a guarantee of the ecosystem	Encourage an increase in R&D in the forestry area		Initiative for the Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity	47, 62, 63
	Increase the number of FSC certified areas		Promoting a certification programme for producers of forest products and the leading wine-producing countries	60, 61
Research and Innovation	Increase the number of patent requests		Requests for four new patents	47 – 53
Training and qualification of Human Resources	Increase the average number of hours of training per employee		Average number of hours of training per employee increased by more than 5%	63, 64
	Upgrade the academic qualifications of 300 employees between 2007 and 2009		By the end of 2008, about 200 employees had completed the RVCC cycle	63, 64
Affirmation and promotion of the advantages of the use of cork	Launch the recycling programme for cork stoppers in Portugal		Launch of the Green Cork programme	66, 67, 74
	Internationalisation of the recycling programme		Partnership research	75
	Increase dynamism of new studies into the role of cork oak forests in combating climate change		Partnership with ISA to study the capacity of cork oak forests for carbon sequestration	55, 56
Leadership for responsible competition	Reduce CO ₂ emissions		A reduction of 4.5%, particularly as a result of initiatives developed at the Energy Efficiency Forum	56 – 59
	Reduce water consumption		Conclusion of the action plan to be implemented in 2009	75
	Implement suppliers code of conduct			83
	Reduce the absenteeism rate		A reduction to 3.61%, particularly as a result of action in the health, hygiene and safety area	64, 65



“Few ecosystems in the world are truly sustainable, benefiting from an economic activity that supports the ecosystem itself  by sustaining biodiversity, nature and forests.”

Humberto Rosa
Portuguese Secretary of State
for the Environment



CHAPTER I

CORTICEIRA AMORIM presentation





CORTICEIRA AMORIM presentation



CORK OAK FORESTS

Plays an important role in the CO₂ – retention, in preserving biodiversity and in combating desertification.

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 (Portugal). The shares that represent its share capital currently amount to €133,000,000, listed on Euronext Lisbon.

Main products and services:

Given the wide range of cork applications, CORTICEIRA AMORIM is divided into Business Units (BU), as shown in the organisational chart on page 14. 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 portfolio of products and own distribution network provide it with an unparalleled position for supplying the ideal cork stopper in any wine segment and in any part of the world;
- **The Floor and Wall Coverings BU:** world leader in producing and distributing cork floor and wall coverings. This BU is famous for the quality, innovation and unique characteristics of its solutions;
- **The Cork Composites BU:** concentrates its activities on producing cork granulates, agglomerates and cork rubber. Cork's natural properties provide solutions for sectors such as construction, the footwear industry, the automobile industry, the aerospace industry, the railways and the production of decorative articles for the home, amongst others;
- **The Insulation Cork BU:** dedicated to the production of insulation materials with excellent technical performance that are strictly 100% natural. The unique characteristics of expanded cork agglomerate grant it a high degree of

thermal, acoustic and anti-vibration insulation, resulting in its use in the construction of airports, buildings, cellars and the refrigeration industry.

Operational structure of the organisation:

Adopting a management model based on the concept of a Strategic-Operational Holding Company, the BUs are co-ordinated by the Executive Board of CORTICEIRA AMORIM.

The Executive Board is assisted by Support Divisions (such as Investor Relations, Corporate Sustainable Development, Management Planning and Control, Human Resources, Administrative and Finance Divisions, etc.), which are intended to accompany and co-ordinate the activity of the BUs and their respective functional areas.

The organisational diagram below shows the current structure of CORTICEIRA AMORIM, identifying the companies included in the consolidated group to which this Sustainability Report refers.



Today,
CORTICEIRA AMORIM
is known internationally
for the business
it leads and the
proficiency that characterises
the group.





Chart 2008

AMORIM NATURAL CORK			AMORIM NATURAL CORK				
RAW MATERIALS		CORK STOPPERS			COMPOSITE CORK		
Amorim Natural Cork, S.A.		Amorim & Irmãos, S.G.P.S., S.A.			Amorim Cork Composites, S.A.		
Raw Materials		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 Natural Cork, S.A. Coruche – PORTUGAL	100%	Amorim & Irmãos, S.A. Paços de Brandão – PORTUGAL	100%	Amorim Australasia Adelaide – AUSTRALIA	100%	Drauvil Europea, S.L. S. Vicente de Alcántara – SPAIN	100%
Amorim Natural Cork, S.A. Abrantes – PORTUGAL	100%	Amorim & Irmãos, S.A. Vergada – PORTUGAL	100%	Amorim Cork Italia, S.p.A. Conegliano – ITALY	100%	Corticeira Amorim France, SAS Lavardac – FRANCE	100%
Amorim Florestal España, S.L. Algeciras – SPAIN	100%	Amorim & Irmãos, S.A. Valada – PORTUGAL	100%	Amorim Cork Deutschland, GmbH Bingen am Rhein – GERMANY	100%	Chinamate (Xi'an) Natural Products Co. Ltd. Xi'an – CHINA	100%
Amorim Florestal España, S.L. S. Vicente de Alcántara – SPAIN	100%	Amorim & Irmãos, S.A. Coruche – PORTUGAL	100%	Amorim Cork Bulgaria, EOOD Sofia – BULGARIA	100%	Amorim Cork Composites, Inc. Trevor, WI – USA	100%
Comatral – Compagnie Marocaine de Transformation du Liège, S.A. Skhirat – MOROCCO	100%	Amorim & Irmãos, S.A. – Rolhas de Champanhe Santa Maria de Lamas – PORTUGAL	100%	Amorim Cork America, Inc. Napa Valley, CA – USA	100%	Amorim Industrial Solutions I, S.A. Corroios – PORTUGAL	100%
S.N.L. – Societé Nouvelle du Liège Tabarka – TUNISIA	100%	Portocork Internacional, S.A. Santa Maria de Lamas – PORTUGAL	100%	Amorim France, S.A. Eysines, Bordeaux – FRANCE	100%	Amorim (UK) Limited London – UNITED KINGDOM	100%
Amorim Tunisie, S.A.R.L. Tabarka – TUNISIA	100%	Francisco Oller, S.A. Girona – SPAIN	87%	Victor & Amorim, S.L. Navarrete (La Rioja) – SPAIN	50%	Samorim Kinel, Samara – RUSSIA	50%
S.I.B.L. – S.A.R.L. Jijel – ALGERIA	51%			Hungarokork Amorim, Rt. Veresegyház – HUNGARY	100%		
				Korken Schiesser, GmbH Wien – AUSTRIA	69%		
				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 – REPUBLIC OF MOLDAVA	100%		
				Amorim Cork Beijing, Ltd. Beijing – CHINA	100%		
				S.A. Oller et Cie Reims – FRANCE	87%		



AMORIM CORK COMPOSITES

AMORIM CORK RESEARCH

FLOOR & WALL COVERINGS		INSULATION CORK		R&D, INNOVATION
Amorim Revestimentos, S.A.		Amorim Isolamentos, S.A.		
Production	Distribution			
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 Revestimentos, S.A. Lourosa – PORTUGAL 100%	Amorim Deutschland GmbH & Co. KG Delmenhorst – GERMANY 100%	Amorim Isolamentos, S.A. Silves – PORTUGAL 80%		
	Amorim Flooring Austria GmbH Wien – AUSTRIA 100%	Amorim Isolamentos, S.A. Vendas Novas – PORTUGAL 80%		
	Amorim Flooring Nordic A/S Copenhagen – DENMARK 100%			
	Amorim Flooring (Switzerland) AG Zug – SWITZERLAND 100%			
	Amorim Revestimentos, S.A. Barcelona – SPAIN 100%			
	Dom Korkowy, Sp. Zo.o Krakow – POLAND 50%			
	Amorim Flooring North America Hanover, MD – USA 100%			
	Cortex Korkvertriebs GmbH Fürth – GERMANY 100%			
	US Floors Inc. Georgia – USA 25%			

Companies included in the Sustainability Report

Summarized version – March 2009

CORTICEIRA AMORIM worldwide



Geographic Location ●

28 Plants 

75 Companies ●

122 Agents ●

Algeria	1 ●		Cyprus	1 ●		Italy	1 ●	2 ●	New Zealand	1 ●	1 ●	Switzerland	1 ●	2 ●
Argentina	1 ●		Czech Republic	3 ●		Japan	1 ●	2 ●	Nigeria	1 ●	1 ●	Syria		1 ●
Armenia		1 ●	Denmark	1 ●		Jordan		2 ●	Philippines		3 ●	Thailand		4 ●
Australia	1 ●	3 ●	Estonia	1 ●		Kazakhstan		2 ●	Poland	1 ●	1 ●	Tunisia	5 ●	
Austria	3 ●	1 ●	Finland	1 ●		Korea		1 ●	Portugal	18 ●	3 ●	Turkey		3 ●
Belarus		1 ●	France	9 ●	2 ●	Kuwait		1 ●	Russia	1 ●	10 ●	Ukraine		5 ●
Belgium		3 ●	Georgia		1 ●	Latvia		1 ●	Saudi Arabia		2 ●	United Arab Emirates		3 ●
Brazil		1 ●	Germany	4 ●	2 ●	Lebanon		2 ●	Serbia		3 ●	United Kingdom	2 ●	2 ●
Bulgaria	1 ●	2 ●	Greece		3 ●	Malta		1 ●	Singapore		2 ●	USA	4 ●	9 ●
Canada		3 ●	Hungary	1 ●	4 ●	Mexico		2 ●	Slovenia		1 ●			
Chile	1 ●	3 ●	Iceland		1 ●	Moldova	1 ●	1 ●	South Africa	1 ●	1 ●			
China	3 ●	1 ●	India		2 ●	Morocco	2 ●	2 ●	Spain	9 ●	3 ●			
Croatia		3 ●	Iran		2 ●	Netherlands	2 ●	3 ●	Sweden		1 ●			

Main indicators of activity

CORTICEIRA AMORIM in numbers

Thousand euros

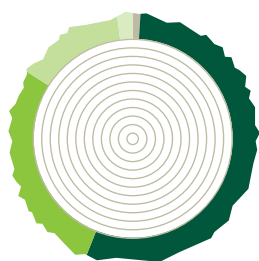
Indicadores	2005	2006	2007	2008
Sales	428,010	442,552	453,770	468,289
EBITDA	49,510	55,949	58,124	48,367
Net profit	15,747	20,105	23,245	6,153
Total assets	549,899	561,588	596,014	574,721
Net debt	218,683	225,331	231,780	222,962
Equity / Total assets (%)	40.0%	41.1%	41.2%	42.9%
Market capitalization (at 31 st December)	196,840	260,680	260,680	107,730
Companies outside Portugal ^(*)	39	40	40	43
Industrial units	30	27	28	28
Cork purchased (tons) ^(**)	103,500	111,832	131,156	117,086
Number of employees (at 31 st December)	3,880	3,847	3,758	3,745

CORTICEIRA AMORIM:
130 years of leadership;
30% of the world cork industry;
75 companies in five continents.

^(*) Industrial and/or commercial companies in which CORTICEIRA AMORIM has a shareholding of more than 50%.

^(**) Includes winter virgin cork and cork waste.

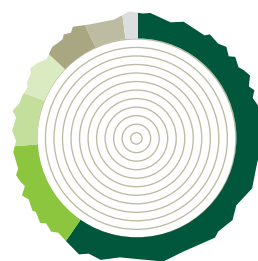
Sales by BU



- 55% Cork Stoppers
- 28% Floor and Wall Coverings
- 14% Cork Composites
- 2% Insulation Cork
- 1% Raw Materials

Sales to non-group clients

Sales by geographical area



- 59% EU ^(*)
- 14% USA
- 7% Rest of America
- 6% Rest of Europe
- 6% Australasia
- 5% Portugal
- 2% Africa

^(*) Including Switzerland and Norway; excluding Portugal

“I consider cork to be the perfect material for correctly sealing bottles of wine.



I have always been interested in the way that nature offers us, from the bark of the cork oaks, a product that is so impressive and reliable.”

Alfonso Larrain
Santa Maria
Chairman of Concha y Toro



CHAPTER II

Corporate governance and sustainable development strategy

2.1. Corporate management and supervision

2.2. Organisational structure of support
for sustainable development management

2.3. Stakeholder consultation – Results





Corporate governance and sustainable development strategy

CORTICEIRA AMORIM's 2008 Annual Report and Accounts provides a clear and detailed account of the structure and practices of corporate governance and analyses in detail the company's practices with regard to the best known practice in this area and the recommendations of the Portuguese Securities Market Commission (CMVM). Thus, it can be verified that CORTICEIRA AMORIM achieved a high degree of compliance with the CMVM's recommendations on corporate governance.

Adopting good practices in corporate governance is vital for the sustainable development of CORTICEIRA AMORIM. Matters considered relevant or complimentary to the scope of this report are described below, namely:

- corporate management and supervision;
- the organisational structure for supporting the management of sustainable development;
- consulting and involving stakeholders.

2.1. Corporate management and supervision

Having made a comprehensive study of existing corporate governance models developed for companies such as CORTICEIRA AMORIM, the group opted for a model based on a clear separation between the Board of Directors and two audit boards – a Supervisory Board and a Board of Statutory Auditors. This approach is generally known as the “strengthened Latin model”.

The Board of Directors considers that the adoption of this model has – as intended – resulted in the constitution of a supervisory body with stronger and more effective supervisory powers composed entirely of members subject to an incompatibility regime and broader independence regulations. It also considers that attributing this function to an autonomous body – the Supervisory Board –

CORK STOPPER

*The only wine stopper
with a positive environmental
impact.*

helps create an efficient corporate governance model, because it establishes a clear division between the management and supervisory bodies, ending the granting of supervisory powers to individual members of the Board of Directors, which is by law a collegial body.

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 power to make decisions of a strategic nature. In addition to the decision-making role referred to above, 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 the members of the board, board meetings are attended by an adviser, a position created in 2001 and occupied since that date by Américo Ferreira de Amorim.



The operational structure of CORTICEIRA AMORIM consists of three large areas of strategic intervention and five Business Units (BUs). Using a management model based on the concept of a strategic-operational holding company, the BUs are co-ordinated by the 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, both globally in CORTICEIRA AMORIM and individually in the BUs. Under this system, approval of strategic objectives and priority initiatives falls to the Board of Directors for both the holding company and each BU.

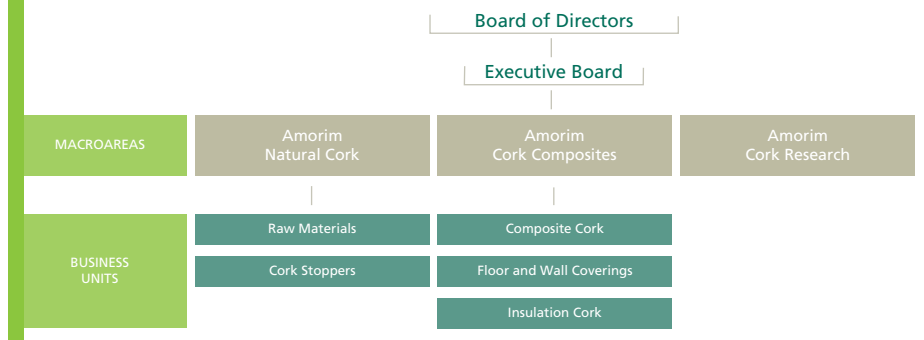
Each BU has a Board of Directors made up of non-executive and executive members, including a managing director. These boards are responsible for decisions on all matters deemed to be of importance. The following diagram shows how the company's management structure is currently organised:



BCSD Portugal
 Conselho Empresarial para o
 Desenvolvimento Sustentável

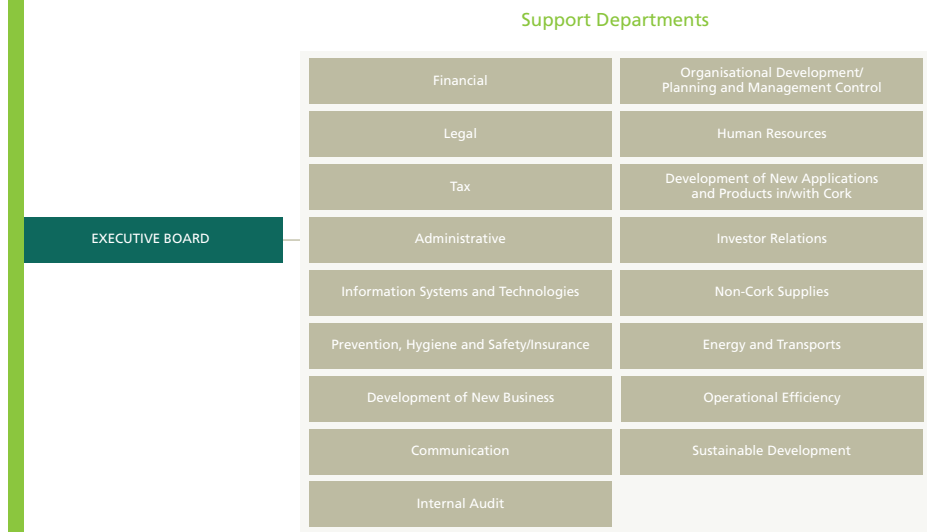
*CORTICEIRA AMORIM is a BCSD member,
 a partnership that increases the commitment in a
 sustainable development, taking advantage on an effective
 contribution of the company to the well-being of us all.*

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.

Support Departments

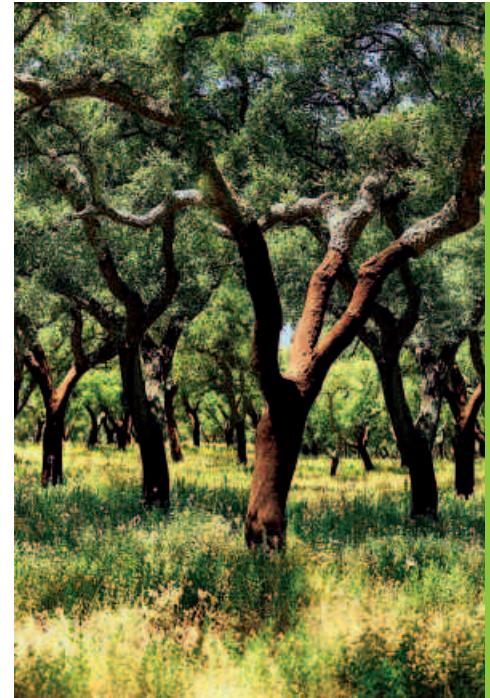


2.2. Organisational structure of support for sustainable development management

CORTICEIRA AMORIM's commitment to sustainable development was strengthened in 2008 with the definition of an Integrated Management System for Sustainable Development.

At the heart of this integrated management system are the mission, the strategic challenge and the values of CORTICEIRA AMORIM, which establish:

- interaction with stakeholders: a process which is considered to be 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 initiatives and actions necessary for compliance with the aims defined and regular monitoring of performance;
- support structure: the creation of an organisational structure which allows for the management and effective alignment between sustainable development policies and practices.



Integrated Management System



Mission:

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

Strategic Challenge:

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

Values:

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

CORTICEIRA AMORIM's business is a rare example of interdependence between an industry and an ecosystem, simultaneously producing wealth and protecting the environment.

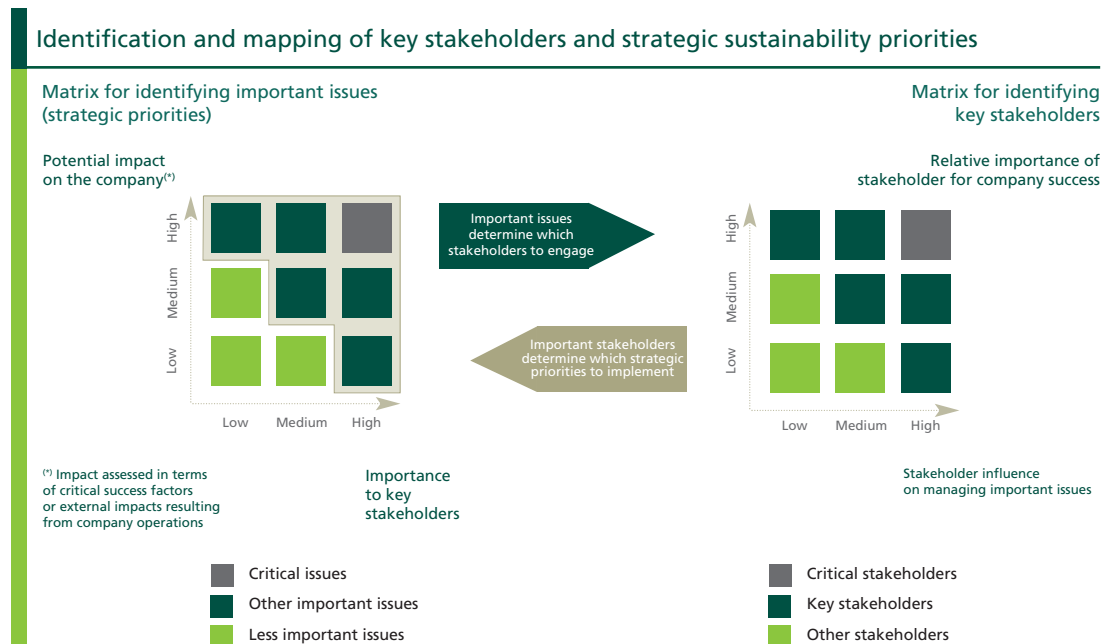
Interaction with stakeholders:

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

As noted in the Sustainability Report for 2007, some difficulties were experienced in the survey process under development, rendering it impossible, for example, to make a comparative and ongoing analysis of the results obtained.

As a consequence, and drawing on the specialised support of PricewaterhouseCoopers, CORTICEIRA AMORIM devised and implemented a system to engage and establish a dialogue with stakeholders, taking into account not only the methodological standards defined by AccountAbility and set out in stakeholder engagement standard AA1000SES, but also the need to ensure that CORTICEIRA AMORIM's strategic sustainability options take into account the expectations of its stakeholders.

The identification and mapping of key stakeholders and strategic sustainability priorities on are based on an interactive process, as shown in the following diagram:



This project has made an important contribution to strengthening the stakeholder engagement process, making it more objective and far-reaching, thereby improving CORTICEIRA AMORIM's performance and communication skills on matters of sustainability.

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.

In recent years, the integration of processes into the strategic perspectives of the balanced scorecard has strengthened sustained development practices via alignment of different management subsystems that promote efficiency, as summarised in the following table:

Company (country)	SYSTECODE	ISO 9001:2000	ISO 14001	HACCP ISO 22000	FSC	BRC	OHSAS ISO 18001:1999	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)								
Amorim Cork Deutschland (Germany)								
Industria Corchera (Chile)								
Victor & Amorim (Spain)								
FLOOR & WALL COVERINGS BU								
Amorim Revestimentos (Portugal)								
COMPOSITE CORK BU								
Amorim Cork Composites (Portugal)								
Amorim Cork Composites Inc (USA)								

Certification obtained in 2008.



In use for thousands of years,
*cork is one of the few natural products that has
consistently remained a market leader.*

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

In this way, sustainable development targets and initiatives are brought together in a single management instrument and the sustainability scorecard is implemented both in CORTICEIRA AMORIM and 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.

Operations:

Without denying the importance of defining the aforementioned strategy and objectives, it is only by putting these into practice that effective sustainable development practices and the implementation of the strategy that the organisation defines in relation to this issue will be guaranteed.

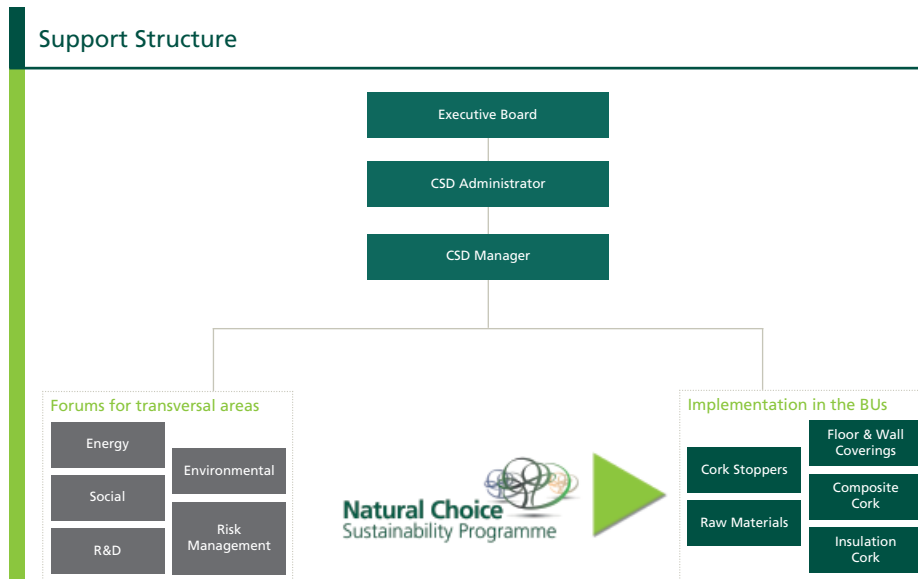
The sustainability scorecard defines the objectives for a given year and the respective action plans in advance. In order to define targets for the objectives, whenever feasible, indicators suggested by the Global Reporting Initiative (GRI) were adopted, and an important group of these indicators is regularly monitored by CORTICEIRA AMORIM.

The Natural Choice Programme was launched in May 2008 with the aim of coordinating all CORTICEIRA AMORIM's activities relating to sustainable development in a single programme to mobilise the whole group in support of this civic initiative. The main aims of this sustainability programme are 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 behaviour 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 100 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.

Support structure:

Under the integrated Management System framework outlined above, the following organisational structure was implemented for the management of Sustainable Corporate Development (CSD):



Responsibilities of the CSD Administrator:

- to arbitrate in issues between BUs, or between industrial, sales or support units regarding sustainable development;
- to strengthen the whole structure of support, guaranteeing its authority in the powers which are vested in it;
- to guarantee the resources necessary for the implementation and maintenance of sustainability management within the group;
- to encourage CORTICEIRA AMORIM's process of strategic revision in matters related to sustainability;
- coordinate the strategic revision of sustainability with the guidelines resulting from the strategic revision of CORTICEIRA AMORIM;
- to present the Executive Board with and approve the annual sustainability objectives;
- to include issues of sustainability in the internal audit.



Paulo Bessa, the Corporate Sustainable Development manager, highlights the environmental advantages of cork products.

Responsibilities of the CSD manager:

- the identification of key issues (risks and opportunities) in the area of sustainability;
- to guarantee compliance with the procedures and planning defined: definition of objectives, implementation of measures, reporting;
- definition of the sustainability agenda for Social and Environmental Forums;
- to participate in other forums and, whenever necessary, propose themes for the agenda;
- to consolidate and report the economic information of different units in Portugal and abroad;
- consolidation of the information from the channels defined for consultation with stakeholders;
- to increase the dynamism of communication channels with stakeholders;
- energise the Natural Choice Programme and its sustainability Ambassadors;
- to publish the Sustainability Report.

Forums for transversal areas:

CORTICEIRA AMORIM has implemented five forums for specific sustainable development activities which should be dealt with transversally, with potential gains in synergy, and promoted as a concerted effort of all the group's companies. Besides being an opportunity to share good practices between the companies, these forums also allow for CORTICEIRA AMORIM's supervision and specialised implementation of measures in certain areas. The case of the Environment Forum can be presented as an example of the responsibilities and powers of one of these forums. This Forum is composed of managers in the environmental area of each BU, who are responsible in a global perspective for:

- contributing to the objectives to be considered in the sustainability scorecard;
- promoting joint actions regarding the environment and product responsibility;
- monitoring the plans defined and the targets defined for the objectives;
- accompanying current and future environmental legislation that applies to group's companies, both in Portugal and abroad;
- working for the quality and relevance of the information to be included in the Sustainability Report.

Implementation in the BUs:

Each BU has dedicated teams responsible for the implementation of sustainable development practices, considering 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 in this area;
- conducting internal/external benchmarking to improve the performance of the organisation;
- identifying and proposing support actions in order 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 Sustainability Ambassadors, who are responsible for:

- disseminating messages and organising initiatives in their respective units;
- divulging Information Programme managers of activities being carried out;
- undertaking specific missions as part of the Natural Choice Programme;
- promoting the sharing of best practices between units;
- changing behaviour.

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 attain 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 four groups with the following names:

- Lynx (Raw Materials and Insulation BUs);
- Stork (Composite Cork BU);
- Eagle (Cork Stoppers BU);
- Eagle Owl (Floor and Wall Coverings BU).



Lynx group



Stork group



Eagle group



Eagle Owl group

These Ambassador Centres hold quarterly forums to share information and to mobilise support for initiatives. The forums can be adapted to meet the requirements of specific initiatives.

In close coordination with the BU to which they belong, the Sustainability Ambassador Centres 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.

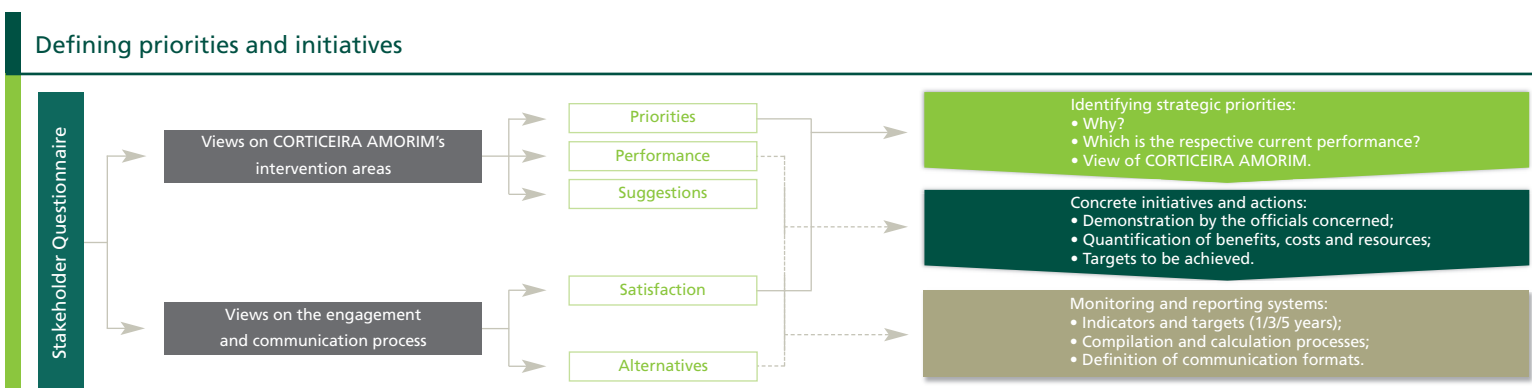
2.3. Stakeholder consultation – Results

At the end of 2008, CORTICEIRA AMORIM began a comprehensive revision of its stakeholder consultation and engagement process. The principle aim of the project was to identify the main sustainability issues and concerns to be considered as future strategic priorities for the company.

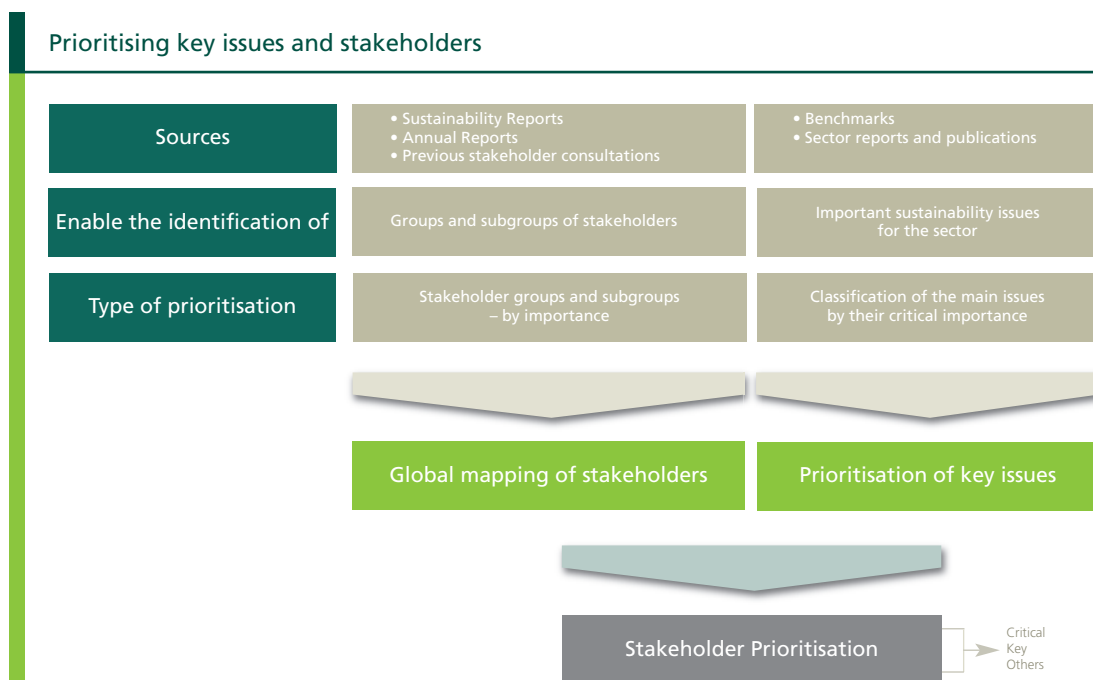
The project was developed in three separate phases:

- Phase 1 – Identifying the main sustainability issues in the sector and their respective priority, as well as the main groups and subgroups of stakeholders and their position on these issues;
- Phase 2 – Consulting CORTICEIRA AMORIM's main stakeholders by means of a questionnaire to assess the relative importance attached to these issues and their perception of the group's performance in the different areas relating to sustainability;
- Phase 3 – Devising a stakeholder engagement strategy.

The views of stakeholders and benchmark analysis are seen as essential sources of information for defining strategic sustainability priorities and related initiatives through a process summarised in the following chart:



Bringing together different information sources and applying relevance tests enables key issues and key stakeholders to be prioritised, using the sequence and the methodology shown in the following chart:



Identification of the groups and subgroups of stakeholders that CORTICEIRA AMORIM should take into consideration is based on a number of criteria for determining their relative importance:

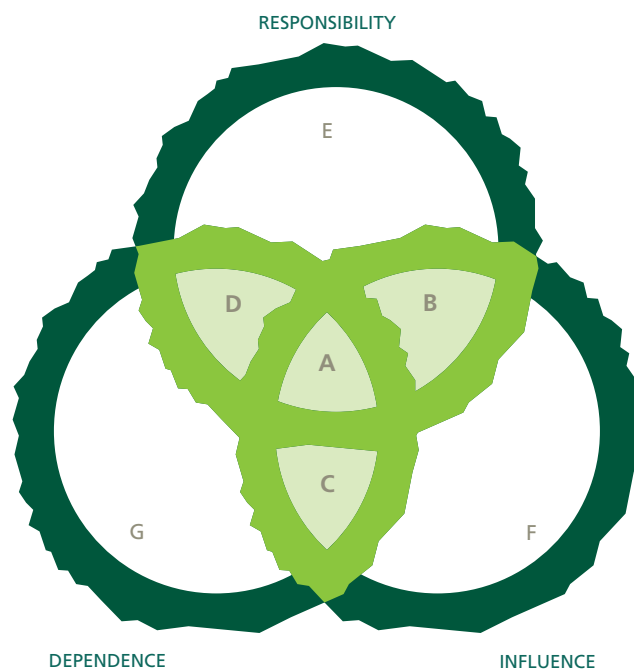
1. Influence – stakeholders who have or may come to have influence or decision-making powers and whose action can facilitate or impede CORTICEIRA AMORIM's performance – decision makers;
2. Dependence – stakeholders affected by CORTICEIRA AMORIM's activities;
3. Responsibility – stakeholders to whom CORTICEIRA AMORIM has or may come to have legal, financial or operational responsibilities.



Using a range of different information sources and applying relevance tests enables key issues and key stakeholders to be prioritised.

Assessment on the basis of these three criteria enables different groups of stakeholders to be classified according to their relative importance. They were organised into seven subgroups, as shown in the following diagram:

Stakeholder classification



The analysis of stakeholders was based on the assumption that engaging with them will contribute to long-term value creation. The following chart shows the basis on which critical stakeholders were identified and classified as a result of the consultation process.

Stakeholder analysis		
Stakeholders	Importance of stakeholder to CORTICEIRA AMORIM	Importance of CORTICEIRA AMORIM to stakeholder
CUSTOMERS	Business partners who make sustainable growth possible	Supplier of quality products at a fair price
SUPPLIERS	Provide quality goods and services in a timely manner	Contributes to fair commercial practices and ensures equal market access
EMPLOYEES	The main contributors and resource for value creation throughout the chain	Provides an enriching professional experience in the cork sector
NGOs/COMMUNITIES	Enable the building of a relationship of trust between the company and the local community	Benefits local communities with projects and support
GOVERNMENT & OFFICIAL BODIES	Provide a view of social issues and of the specific areas they represent	Enables the monitoring of vulnerable groups by integrating them
MEDIA	Information sources that contribute to the external reputation and image of the company	Provides an analysis of industry trends and economic, social and environmental information
SHAREHOLDERS / INVESTORS	Increased investor returns improve economic performance	Provides a basis for analysing sustainable economic growth and increased shareholder returns
PARTNERS & CIVIL SOCIETY	Provide a basis for comparing performance and instil market dynamism	A source of market dynamism, guaranteeing quality products and fair prices

A total of 76 stakeholders, whose views were central to the results of the project and the subsequent definition of action plans, were identified. At the date of publication of this report, provisional results were available from the consultation of 71% of the total number of stakeholders identified. Given their importance, the results of this project on “the importance of sustainability for CORTICEIRA AMORIM’S activities”, as shown in the following diagram:

Main issues of sustainability



In general terms, the issues that most concern stakeholders are identified as priorities in the current report, validating the options made by the company.



Making sustainable development practices a factor of positive differentiation is one of the main aims of the Natural Choice Programme.





CHAPTER III

Natural Choice Programme



NATURAL CHOICE PROGRAMME

*Designed to coordinate all CORTICEIRA
AMORIM's sustainability actions in a
single programme.*



Natural Choice Programme

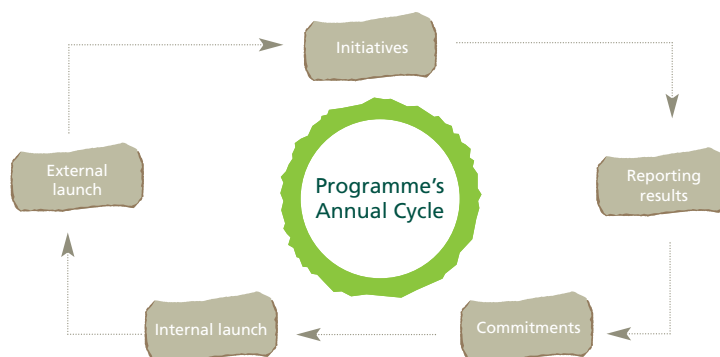
The Natural Choice Programme was launched in May 2008 with the aim of coordinating all CORTICEIRA AMORIM's activities relating to sustainable development in a single programme that would mobilise the whole group to participate in this civic initiative.

The main aims of this sustainability programme are to:

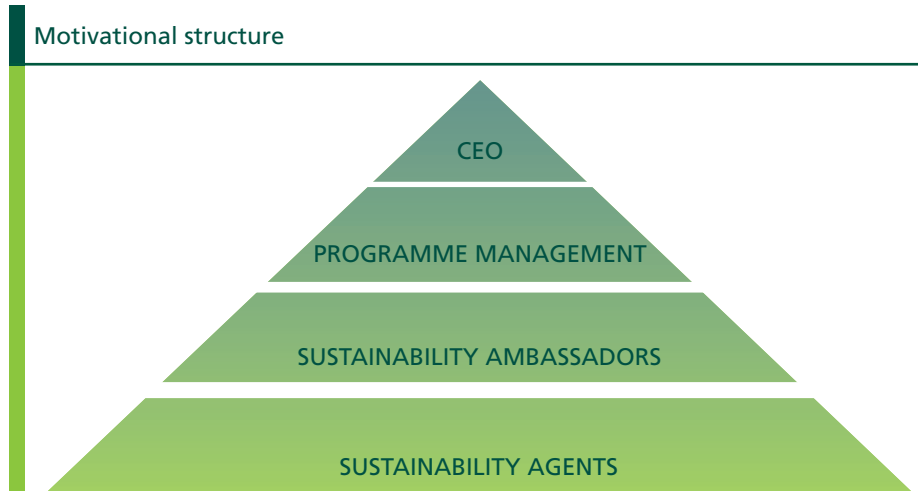
- make the development of sustainable development practices an element of positive differentiation among CORTICEIRA AMORIM's different groups of stakeholders;
- raise the awareness of employees and society in general, as citizens responsible for raising future generations, of the need to adopt more environmentally friendly behaviours;
- contribute to the building of a better world.

Given these objectives, Natural Choice is unmistakably an ongoing awareness campaign without a fixed term. It operates on the basis of annual cycles in accordance with the stages shown in the following table:

The programme's annual cycle



To help create enthusiasm for the Natural Choice Programme and its goals, a motivational structure has been created that begins with CORTICEIRA AMORIM's CEO and extends to all company employees (potentials sustainability agents).



The motivational and support structure for the programme includes a team of about 100 Sustainability Ambassadors, from all Business Units (BUs) and several operating areas, who play a fundamental role as agents of changes promoting sustainable development, and who are in charge of implementing the Natural Choice 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 four groups with the following names: Lynx, Stork, Eagle and Eagle Owl.

The energy of these Sustainability Ambassadors was evident during their first mission – the launch of the Amorim Sustainability Week, the results of which are set out below.

In geographical terms, the Natural Choice Programme focused during its start-up phase on units in Portugal, the aim of the programme being to expand progressively to include all the group's companies and employees across the world.

Sustainability Week:

The aim of CORTICEIRA AMORIM's Sustainability Week is to raise awareness of sustainability among employees and society in general. The initiative will be repeated every year from June 1 – National Cork Oak Day – to June 5 – World Environment Day.

For a week, our employees were invited to take part in a series of events organised at the different CORTICEIRA AMORIM BUs, including a no-car day, exhibitions,

awareness seminars, the creation of an ecological garden and the promotion of social solidarity campaigns, among others.

Cork stopper collection and recycling campaign

The aim of this campaign was to raise awareness among CORTICEIRA AMORIM's employees of the importance of recycling and the reuse of materials and to draw attention to the Green Cork project for recycling cork stoppers.

On June 5, containers for collecting used cork stoppers were placed in all of CORTICEIRA AMORIM's industrial units in Portugal. In about six months, a total of about 400 kilograms of cork stoppers has been collected from these plants, reflecting the high level of employee participation in the project.

No-car day

On June 5, CORTICEIRA AMORIM employees were invited to leave their cars at home and use more environmentally friendly alternatives, such as car sharing, or, if they lived close enough, cycling or walking to work.

The initiative led to a 31.5% reduction in car use on June 5, compared with the daily average in May. In this way, CORTICEIRA AMORIM's no-car day succeeded in removing 363 cars from the roads.

At the Vendas Novas industrial plant, part of the Insulation BU, 66% of employees used more environmentally friendly forms of transports than cars.

CORTICEIRA AMORIM – Open doors

An event organised to encourage greater proximity between the company, the families of its employees, schools and welfare institutions.

Workshops and Environmental Kit

The aim of these initiatives was to create moments of exposure and to raise awareness of current issues relating to sustainability, with the aim of stimulating debate and encouraging good practices.

During Sustainability Week, an “environmental kit” was distributed to about 3,000 employees in Portugal. This kit included energy saving light bulbs, reusable shopping bags and good practice manuals. The light bulbs distributed will, during their useful life, provide CORTICEIRA AMORIM employees with savings equivalent to more than €100,000 and reduce CO₂ emissions by more than 400 tonnes.



Collaboration with non-profit organisations: fund raising

Creation of collection points and delivery channels to facilitate the collection of donations from employees, including food, clothing and toys.

Medical screening

An initiative to facilitate the access of employees to medical screening to help predict and prevent problems that could have a negative impact on future quality of life.

Organic vegetable garden

The creation of a vegetable garden producing organic products without the use of any chemicals as a means of encouraging consumption of better quality products with more vitamins, minerals, carbohydrates and proteins.

Educational competitions

An initiative to encourage engagement with and raise awareness of sustainable development issues among employees and their children through their participation in competitions involving drawing, photography and handicrafts on the subject of environmental protection and recycling.

Awareness-raising activities

To encourage the use of alternative energies and draw attention to the advantages of using environmentally friendly products as well as encouraging the sharing of different ways of reducing water, paper and energy consumption.

The educational competitions encourage participation in, engagement with and awareness of sustainable development initiatives among employees and their families.





1 Employees at the Insulation BU's Vendas Novas plant with the "World in Our Hands" trophy, the prize for the best performance on no-car day;

2 Collecting cork stoppers;

3 Organic vegetable garden;


4 CORTICEIRA AMORIM – open doors;

5 Amorim Floor and Wall Coverings BU Staff Meeting;

6 Educational competitions;

7 Environmental education;

8 No-car day.

“Every time you weight up which bottle of wine to buy, you hold in your hands the fate of one of the most important wildlife areas  in Europe.”

Cork – Forest in a Bottle,
BBC



CHAPTER IV

Priorities and challenges

4.1. Research, Development and Innovation

4.2. Global warming

4.3. FSC Forest Management System

4.4. Biodiversity

4.5. Training and qualification of human resources

4.6. Health, Hygiene and Safety

4.7. Affirmation and promotion of the environmental advantages of cork

4.8. Summary of aims





Priorities and challenges

4.1. Research, Development and Innovation

Patents:

In 2008, CORTICEIRA AMORIM maintained the sustained efforts of previous years to protect its intellectual property by submitting applications for four new patents with the aim of ensuring the protection of all the intellectual property rights generated by the group and building a broad portfolio of patents. In this way, the company has affirmed itself as an important technological partner on a global scale and as an example of innovation in perfect harmony with nature.

The Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity:

As part of the Business & Biodiversity initiative, CORTICEIRA AMORIM entered into an innovative agreement with the Portuguese Forestry Authority (AFN), the Institute for the Conversation of Nature and Biodiversity (ICNB), QUERCUS – the National Association for Nature Conservation, and the World Wide Fund For Nature (WWF) with a view to The Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity.

Under this agreement, the first award for the best research project on enhancing the value and sustainability of cork oak forests and related biodiversity was awarded in 2008.

A total of 13 projects competed in the first edition of the biggest award to date for research work in this sector. The Jury, composed of representatives of each of the bodies who signed the agreement, awarded the prize to the research team at the Baeta Neves Applied Ecology Centre based at Portugal's Higher Institute of Agronomy (ISA) for its project: "Grazing Exclusion and the Biodiversity of Pastures: Reasons for Grazing Rotation".

BIODIVERSITY HOTSPOT

Cork oak forests provide a habitat for 37 species of mammals and 160 species of birds, some of them threatened with extinction.

The winning project studies the effects of grazing exclusion on the vegetable and animal biodiversity on cork oak forests. On the basis of the research presented, the effects on cork oak forests of preventing grazing for periods of at least six years can be accurately forecast. The practical conclusions of the project suggest rotational grazing is the best way to protect the biodiversity and natural regeneration of cork oak forests.

Seminar on Innovation in the Cork Sector:

On October 10, 2008, CORTICEIRA AMORIM hosted the first seminar on “Innovation in the Cork Industry: the experience of CORTICEIRA AMORIM”.

With the aim of presenting the latest discoveries and potentialities of cork, a natural, high quality raw material, the seminar was attended by about 200 CORTICEIRA AMORIM stakeholders, with a special emphasis on the scientific community and forestry companies.

Aware of the importance of the traditional uses of cork, which will continue for many years to be the foundation of CORTICEIRA AMORIM's business, the company reaffirmed its commitment to research, development and innovation in the belief that the future will be far more restricted for companies who fail to innovate and that cork as a raw material has great potentialities to be explored.

Because of the characteristics of cork, new applications can be developed that differ completely from traditional uses of the raw material. This was the challenge made to the scientific community: to participate in the research endeavour that CORTICEIRA AMORIM has been developing in recent years.

A number of prestigious speakers addressed the seminar including Manuel Heitor, Portugal's Secretary of State for Science and Technology, Helena Pereira, head of the ISA's Forestry Studies Centre, who has had a prestigious career in the cork sector, Guta Moura Guedes of Experimenta Design, who brought with her a daring proposal for creativity in the cork sector, and Manuel Carrondo, head of the executive committee of Portugal's Institute for Experimental and Technological Biology (IBET).

CORTICEIRA AMORIM presented the main achievements of its innovation model and of its R&D investments in terms of both the development of new applications and cork products and of actual deals as described.



The Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity
The prize, launched in 2008 by CORTICEIRA AMORIM, was awarded to Portugal's Higher Institute of Agronomy and its researchers.

In the photo: Américo Amorim presents the award to Francisco Rêgo.



CORTICEIRA AMORIM joins YDreams' Invisible Network, a business network for developing revolutionary products.

In the photo: Mariano Gago, Portugal's Minister for Science, Technology and Higher Education, and André Teixeira, Head of New Business Development.

Main projects and activities of CORTICEIRA AMORIM's R&D Centres:

New applications:

- continuing efforts made in 2007, towards the industrialisation of cork products for absorbing different hydrocarbons;
- stepping up efforts to use compounds extracted from cork – a range of activities has been developed with a view to optimising the extraction of cork compounds and analysing them. The aim is to transform the compounds into high value-added products with a wide range of applications from the chemical industry to cosmetics;
- concluding activities related to the European STREP WaCheUp project. Involving eight European partners, the project is focused on transforming waste material (and by-products) produced by the cork and paper pulp industries into high added-value chemical products and on developing and integrating ecological methods into the production cycles for cork and paper pulp to produce such compounds and study their possible applications.

Cork Stoppers BU:

In 2008, the Cork Stopper BU invested in research and development with the aim of improving the quality of the stoppers its produces, increasing its knowledge of the interaction between cork stoppers and wine and advancing product innovation.

Improving the quality of the cork stoppers requires reducing the presence of contaminating compounds with unpleasant aromas, specifically 2,4,6 – trichloroanisole (TCA). In 2008, efforts were made to reduce TCA by installing equipment to treat cork boards with steam before stoppers are cut. The study on which the implementation of this treatment was based showed a 60% efficiency rate in the reduction of TCA. The BU also implemented a second installation of the ROSA Evolution system, resulting in substantial improvements on the first system, which has been in operation since 2007. The level of reduction of TCA and unpleasant aromas was similar to that achieved with the first installation, about 60% for the light programme and 80% for the hard programme, but with a better performance in terms of the visual aspect of the stoppers processed. The combination of a broad range of preventive measures, adopted a long time previously, with the curative measures resulting from the steam treatment of cork boards and the ROSA technology have enabled the BU to consolidate its market leadership in terms of the sensory performance of its products.

A study initiated in 2008 that will continue in 2009 focuses on the migration of TCA through different closures. The study demonstrates the capacity of cork stoppers to seal off air, a property that has not been confirmed in alternative closures, particularly plastic closures, the use of which has resulted in large quantities of TCA being found in bottles after only three months.

A number of projects focused on advancing the study of wine/cork stopper interaction were launched or developed in 2008, including:

- a study of molecules that migrate from cork to wine and their biological nature, in collaboration with the Faculty of Sciences of the University of Porto;
- a study of the influence of the length of stoppers on the ageing of wine;
- a study of the influence of the diameter of champagne stoppers on the retention of gas;
- a study into the effect of oxygen transfer in bottles sealed with capsulated stoppers.

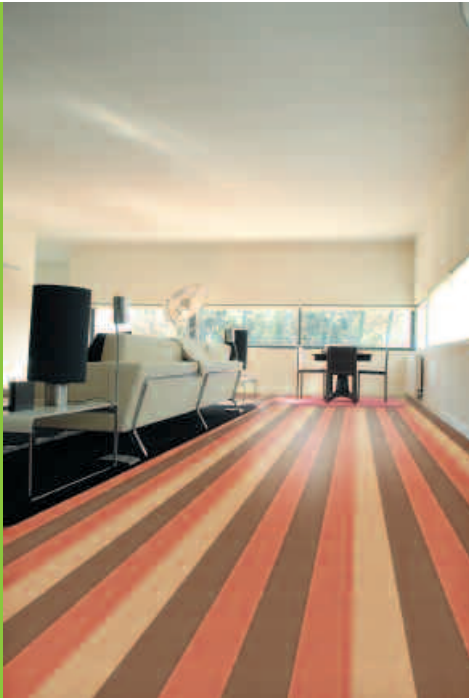
A number of product innovation projects advanced in 2008, including:

- significant progress in the development of an easy-to-open cork stopper that can be removed without a corkscrew, leading to the submission of an application for a new patent;
- a study into how to obtain controlled oxygen transference in natural and technical cork stoppers, including a large-scale bottling experiment in collaboration with the Bureau Interprofessionnelle des Vin de Bourgogne;
- the development of barriers to prevent the ingress of red-coloured compounds from cork stoppers into white drinks with a view to applications in the white spirit drinks market in collaboration with Portugal's Polymers Skills Network, to which the Cork Stopper BU belongs;
- research into ecological glues that are as efficient as glues currently in use, but with the advantage of being environmentally friendly.

As a result R&D projects developed in previous years, CORTICEIRA AMORIM launched Acquamark® in 2008. Based on an innovative water-based covering that envelops the stopper in cork extracts, enhancing its visual characteristics and its sealing capacity, the Acquamark® stopper is aimed at a market segment that seeks the security and prestige of a natural cork stopper, but at a competitive price.



A natural, recyclable and environmentally friendly product, the Acquamark® cork stopper is an example of "Innovation in perfect harmony with nature".



Cork, an excellent thermal insulator.

Cork floor and wall coverings create peaceful, comfortable environments that guarantee energy savings.

Floor and Wall Coverings BU:

In keeping with the product innovation policy of the Floor and Wall Coverings BU – to launch a new product (technical solution) every year and a new design collection every three years – the BU's R&D team focused on identifying market trends and customer requirements with a view to ensuring its product portfolio can leverage sales and increase public awareness of the brands it markets.

Activities and projects launched and developed in 2008 included:

- launching a collection of new Series 4000 designs with new dimensions intended for commercial applications;
- the launch of the **Lino**comfort and **Vinyl**comfort lines for domestic spaces, making use of linoleum and Luxury Vinyl Tiles (LVTs) in a floating floor product that includes an upper layer of cork, providing levels of thermal and acoustic comfort superior to competing products;
- completion, in partnership with Portugal's Institute of Mechanical Engineering and Industrial Management (INEGI – Instituto de Engenharia Mecânica e Gestão Industrial) of a project to increase the dimensional stability of Series 4000 products with a view to re-launching them on the market in 2010;
- conclusion of the development of the 2009 collection, using innovative processes for the cork industry, including painting, decoration and PVC embossing, resulting in the registering of a patent.

Projects currently underway that will continue in 2009 include:

- new solutions for technical flooring using new raw materials that provide products with “self-laying” properties;
- upgrading the **Vinyl**comfort line with products designed with dimensions and technical characteristics for commercial spaces and incorporating exclusive designs;
- developing new looks for the **Ipocork** and **Corklife** brands;
- industrialisation of a new technical solution for Series 4000 products.

Composite Cork BU:

In 2008, the first full year of operations for the Composite Cork BU, the unit's R&D team sought to create, reorganise and expand what it had identified as its priority product ranges in order to strengthen a portfolio of products and solutions designed to meet the needs of current and future markets.

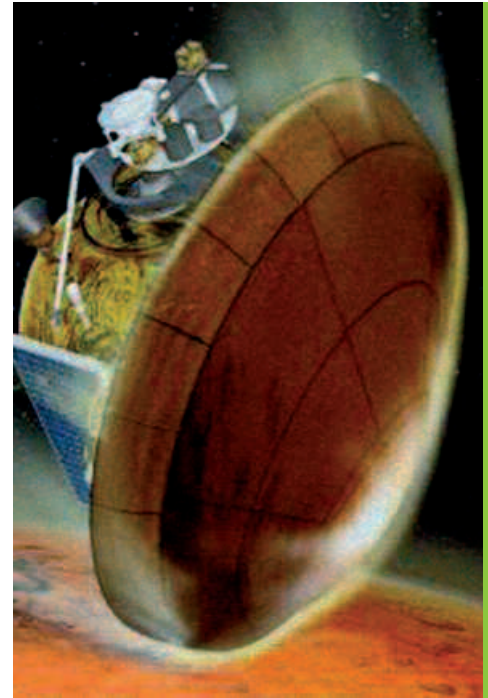
The market appeal of its different product ranges is focused on the performance of its final applications, on the facility with which they can be integrated into the manufacturing processes of its customers and on their environmentally friendly characteristics.

In 2008, a support software programme for sealing applications (TechSeal and T&D) was launched on the market, as well as a software programme for acoustic applications (ACM) to assist users in designing products incorporating CORTICEIRA AMORIM materials.

Products and applications developed in 2008 included:

- Noise Reduction Technology (NRT) – the increasing interest shown by the floor coverings market for products that stand out for their strong acoustic performance (the reduction of impact and percussive noise) led to the development of flooring components using Noise Reduction Technology (NRT), including backing and inlay solutions. A top layer suitable for the latest digital printing technology is also in development. In addition to their acoustic properties, NRT products have a number of characteristics that provide customers with the potential to introduce important innovations in the products they manufacture;
- ACM Residential – a range of acoustic and thermal insulation products (ACM), previously geared towards transport equipment, has been expanded to include residential applications, interior and exterior doors, windows, walls and roofs. The applications benefit from innovative characteristics, including the fire-resistant properties required for doors in public buildings, hospitals, etc. This product range will be officially launched at trade fairs at the beginning of 2009, as will products using NRT;
- CORECORK – a range of new composite cork solutions that resulted in the official launch of the CORECORK product range at the COMPOSITES 2008 trade fair (Essen, Germany). Products using these applications were developed and adapted in response to growing environmental concerns, that is, the need to supply the market with components manufactured from sustainable, renewable and recyclable raw materials. The project will be expanded in 2009 with a view to extending the range to include products with distinctive characteristics, specifically fireproofing, in response to the demand for such applications from the aeronautic, naval and general transport sectors;
- Thermal Protection Systems (TPS) – introduction into the market of solutions designed for aerospace applications, specifically for spacecraft heat shields and thermal protection in general. These products were officially launched in 2008 at the Essen trade fair.

In 2008, CORTICEIRA AMORIM also participated in European R&D programmes in the aerospace area, specifically in a European Space Agency (ESA) project to identify cork composites with space applications (the project was launched at the end of 2007)



A rare example of innovation, CORTICEIRA AMORIM is an important technological partner on a global scale.

In the photo: A heat shield developed and tested by ESA that is made using cork composites.



TechSeal® is used in gas regulators.
A innovative gasket that meets high standards of quality, safety and performance.

and with the European Aeronautic Defence and Space Company (EADS N.V.) in the AEROFast – “AEROCapture for Future spAce tranSporTation” (a project in the start-up phase), which is seeking to develop solutions involving the use of cork for the next generation of space-vehicle heat shields.

A project was also launched in partnership with Dyn’Aero in the area of composites for the aeronautical industry, which seeks, among other objectives, to secure approval for an aircraft in which composite cork materials account for up to 20% of its total weight.

Insulation Cork BU:

Aimed at advancing the use of cork in cutting-edge architecture, Amorim Isolamentos began production of ecological cabins. The new product was produced by a consortium, including Amorim Isolamentos, created to target the ecological tourism market and to produce cabins for nature reserves and other protected areas.

Ecological cabins differ from the traditional model of mountain shelter. They are built using recycled and recyclable materials and designed for use in nature reserves and other protected areas. Due to its environmentally friendly characteristics, Amorim Isolamentos expects growing interest in a product for which Japan is currently the main export market.

4.2. Global warming

The phenomenon of global warming is one of the biggest challenges humankind has faced. The importance of this issue is clear in the priorities identified by CORTICEIRA AMORIM’s customers and by most of its stakeholders.

In this context, CORTICEIRA AMORIM’s intervention has focused above all on the following guidelines:

- increasing knowledge relating to the impact of products and the ecosystem they make viable;
- internal and external initiatives to raise awareness of the issue;
- improving the performance and efficiency of manufacturing processes.

Initiatives aimed at **increasing knowledge relating to products and the ecosystem they make viable** include:

A life cycle assessment (LCA) of cork stoppers was submitted for external critical analysis by the three independent bodies:

- an independent LCA specialist – Yvan Liziard;
- an independent cork specialist – João Santos Pereira of the Higher Institute of Agronomy (ISA) of Lisbon Technical University;
- the Associations of Plastics Manufacturers in Europe.

An aluminium association was also contacted, but declined an invitation to collaborate in the review process.

The results of the critical analysis of the LCA were taken into consideration in the final version of the report and included in the LCA report together with responses from PricewaterhouseCoopers/Ecobilan, the entity that conducted the study in compliance with ISO standards 14040 and 14044.

As the external critical analysis had not been completed when the 2007 Sustainability Report was published, the main conclusions relating to energy and greenhouse gas emissions are provided below:

Non-renewable energy consumption

	Cork	Aluminium	Plastic
Production	22.8	436.6	485.5
Transport	11.5	5.0	4.2
Bottling	67.4	0.0	67.4
End of life	0.4	0.3	-60.3
Total consumption of non-renewable energy (MJ/1,000 closures)	102.0	441.9	496.7

Conclusions:

- higher non-renewable energy consumption by aluminium and plastic closures due to the energy consumed in raw material production;
- in the case of cork stoppers, bottling is the phase that consumes the most energy;
- positive impact for plastic closures at the end of their useful life, as recycling averts the need to produce new plastic.



Cork oak forests are important retainers of carbon dioxide, contributing to the reduction of the greenhouse gas emissions that cause climate change.

The cork stoppers sold annually by CORTICEIRA AMORIM retain more than 25,000 tons of CO₂. Recycling these products is crucial to prolong this retention.

Greenhouse gas emissions (GHG)

	Cork	Aluminium	Plastic
Production	-3,183.5	36,749.9	12,719.0
Transport	920.9	402.3	339.6
Bottling	3,272.3	0.0	3,272.3
End of life	524.0	20.3	-1,497.5
Total emissions (g CO ₂ eq./ 1,000 closures)	1,533.7	37,172.4	14,833.4

Conclusions:

- the production of aluminium closures produces the largest of amount of GHG, followed by plastic closure production;
- in the case of cork stoppers, bottling is the phase when most GHG are produced;
- positive impact for plastic closures at their end of their useful life, as recycling averts the need to produce new plastic;
- positive impact in terms of GHG for cork stoppers as each 45x24 stopper retains 6.4g of CO₂, corresponding to the carbon incorporated into each stopper through photosynthesis.

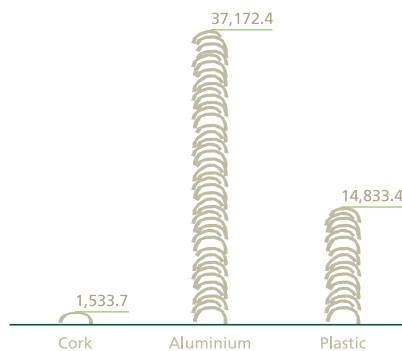
In regard to alternative closures, the study includes only the production of raw and intermediary materials used in their manufacture. The impact of the production process involved in manufacturing alternative closures (for transforming these materials into plastic or aluminium closures) was not taken into account because of a lack of information in the public domain.

For a more detailed analysis of the methodology and results of this study, the final report is available at www.corticeiraamorim.com.

New studies on CO₂ retention by cork oak forests:

In 2008, CORTICEIRA AMORIM, ISA and a forestry producer signed a partnership agreement aimed at carrying out additional studies on the CO₂ retention capacity of cork oak forests. Measuring the flow of CO₂ between the vegetation and the atmosphere using the turbulent flow covariance method makes it possible to calculate Net Ecosystem Productivity (NEP) and provides for accurate time discrimination (e.g. reliable readings every 30 minutes), enabling the identification of intra and inter-annual variations.

Total Emissions (g CO₂ eq. / 1,000 closures)



As part of this project, a carbon flow measuring tower was installed in a cork oak forest in 2008.

CORTICEIRA AMORIM's guidelines for reducing greenhouse gases also include promoting **awareness-raising initiatives** with a view to changing the behaviour of individuals and organisations. In 2008, these included:

- a) initiatives that formed part of the first Amorim Sustainability Week, including:
 - the distribution of energy-saving light bulbs to all employees with savings equivalent to more than €100,000 during the useful life of the bulbs and a reduction of CO₂ emissions of more than 400 tonnes;
 - a no-car day on June 5 – World Environment Day – leading to the removal of 363 cars from the roads;
 - information workshops designed not only to raise employee awareness of global warming issues, but also to inform employees of the good practices they can adopt;
 - information seminars on renewable energy sources, to raise awareness of the more environmentally friendly solutions now available;
- b) participation in conferences and seminars on the issue of global warming;
- c) the production of informative material to encourage individuals and organisations to undertake positive action in this area;
- d) the launch, in the last quarter of 2008, of a campaign designed to reduce energy consumption and to encourage employees to adopt best energy practices. The campaign will continue in 2009, with concrete results expected in subsequent years.

In regard to the goal of **improving the performance and efficiency** of manufacturing processes, initiatives implemented in 2008 covered direct improvements in performance and improvements in performance induced in the value chain and/or resulting from voluntary actions.

In this context, the initiative for The Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity merits special mention for the results it produced, above all, in terms of good practice, making a free technical advice service available to forest producers seeking to reward and promote good practice in the sustainable management of cork oak forests.



Good Practice Guide, Natural Choice Programme.

CORTICEIRA AMORIM has launched a campaign for reducing energy consumption that seeks to mobilise employees for the adoption of good energy practices.

This initiative, which will contribute decisively to the sustainability of the ecosystem on which the cork sector is based, is also a means for CORTICEIRA AMORIM to contribute to improving the positive impact of cork for CO₂ retention.

In regard to the guideline for **improving the performance and efficiency** of manufacturing processes, important work was carried out by the Energy Efficiency Forum in the following areas:

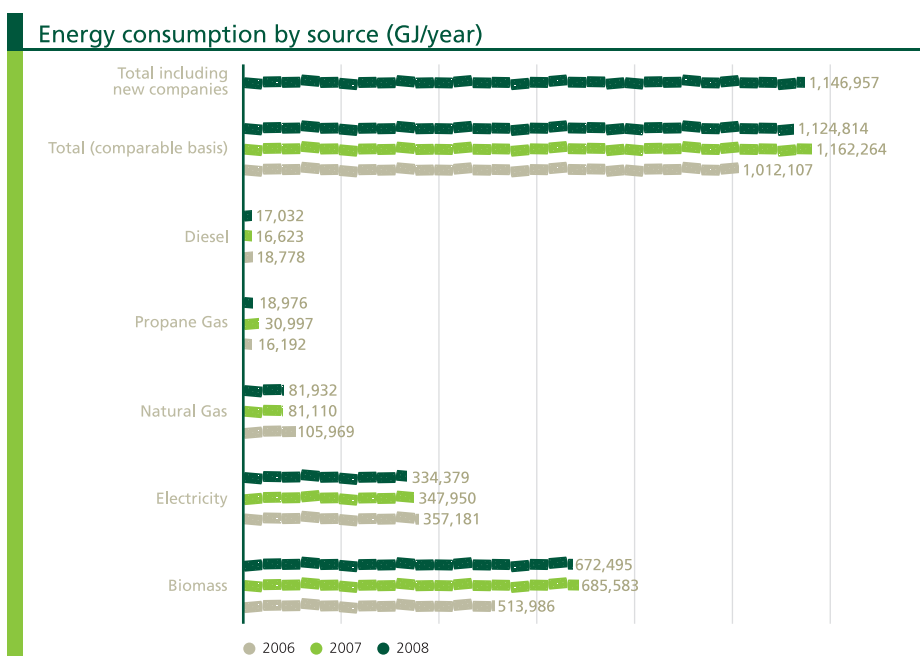
Action plan

Equipment/Process	Action
Dust removal	Control of the duration and operating cycles of compressed air
Compressed Air	Optimisation of equipment and implementation of regular equipment and network maintenance
Thermo-fluid Pumps	Reduction of the flow in partial load circulation
Engines	Regulation of the partial load speed of most equipment
	Research into the engines best suited for specific functions, specifically in terms of efficiency class and nominal power
Natural gas steam generators	Recovery of exhaust heat
	Replacement, whenever possible, by the use of biomass
	Recovery of heat generated by water heating processes
Baking ovens	Reuse of heat between baking cycles
	Increases use of biomass
Granulate driers	Increases use of biomass
Shrink film ovens	Reduction in heat loss
Energy management	Implementation of a system to monitor consumption in real time, to determine the best tariffs and monitor specific consumptions
	Implementation of a biomass management system
Lighting	A thorough study of lighting needs by industrial unit and work posts and the implementation of respective intervention plans
	Reinforcement of translucent elements
	Control of artificial light
	Change to more energy efficient equipment

In addition to the measures outlined before, the result of a growing awareness of the need for energy efficiency, the Forum regularly develops new studies with a view to identifying new opportunities for improvement.

As a result, energy consumption for the consolidated CORTICEIRA AMORIM group, measured in GJ/year, decreased 3.2% in 2008 in comparison with the previous year, allowing for changes in the size of the consolidated group in 2008 (which was augmented by the acquisition of Oller).

On a comparable basis, that is, corrected to allow for this change in the size of the consolidated group, the main reductions were in the consumption of propane gas (down 38.8% on 2007) and electricity (down 3.9% on the previous year).

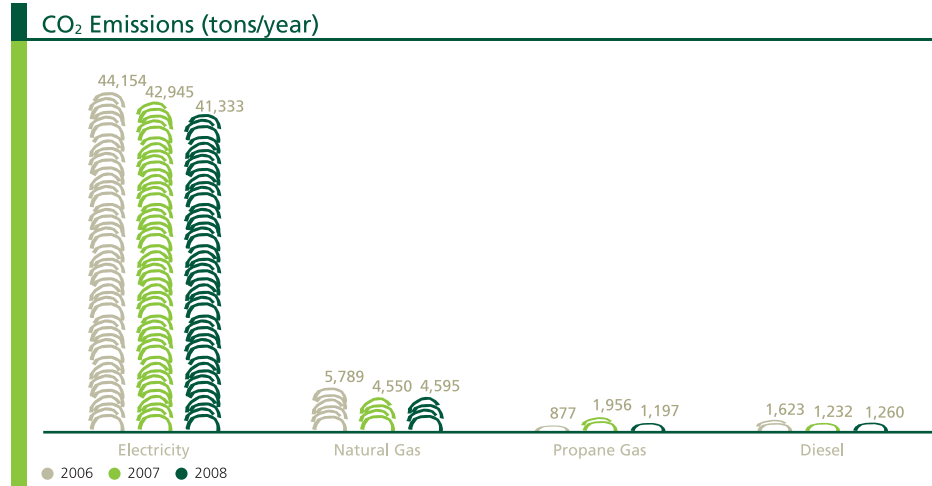


NOTE: In 2008, the natural gas conversion factor was altered (from 38.74 GJ/1000 m³ in 2007 to 38.46 GJ/1000 m³ in 2008) based on the indications of the Portuguese Environmental Agency (the same source used in the 2007 Sustainability Report).

The use of biomass increased slightly in the mix of energy sources used by CORTICEIRA AMORIM (60% in 2008 vs. 59% in 2007). Increased use of biomass, a neutral fuel in terms of CO₂ emissions, and the global reduction in energy consumption enabled CORTICEIRA AMORIM to reduce CO₂ emissions by 4.5% in 2008 (48,385 tons of CO₂) in comparison with 2007 (50,683 tonnes). The mix of energy sources was as follows:

Sustainability recognised by Drinks Business.

CORTICEIRA AMORIM is the only cork company to make the top 25 of the Green List compiled by the most prestigious British wine sector magazine.



NOTE: To calculate the CO₂ emissions associated with the consumption of natural gas, propane gas, diesel and electricity, the factors used were the same as those used in the 2007 Sustainability Report, namely: natural gas: 56.1 kg CO₂/GJ (Source: Instituto do Ambiente); propane Gas: 63.1 kg CO₂/GJ (Source: Instituto do Ambiente); electricity: 445 g CO₂/KWh net (Source: EDP 2006); diesel: 43.1 kg CO₂/GJ (Source: Instituto do Ambiente).

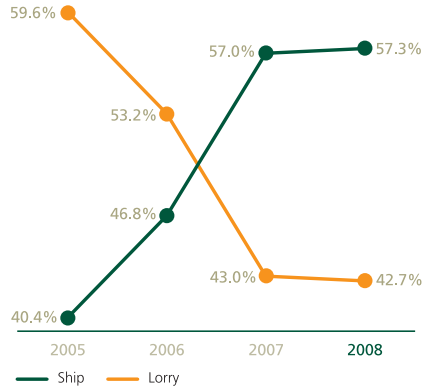
The companies who joined the consolidated group in 2008 produced CO₂ emissions totalling 1,736 tonnes. CO₂ emissions by CORTICEIRA AMORIM in 2008, including these companies, totalled 50,122 tons.

The diversity of CORTICEIRA AMORIM's applications and businesses makes it difficult to define an indicator that clearly represents the evolution of CO₂ emissions as they relate to operations. In the 2007 Sustainability Report, an attempt was made to provide a response to this requirement by analysing the evolution of an indicator representing "CO₂ emissions per kilo of cork consumed". We have since gained greater understanding of the unreliability of this indicator in view of the fact that better raw material use in production processes results in lower consumption. This indicator produces worse results as production processes are optimised, leading stakeholders to conclude (wrongly) that relative performance is deteriorating. This became evident in 2008, when the company's activities increased but it consumed 11.5% less cork than in the previous year, resulting in an apparent poorer performance of this indicator, as described above.

In this context, the company is giving consideration to an indicator that would reflect the impact of improved production process on CO₂ emissions with view to subsequent publication and performance analysis.

Most of the emissions associated with transport result from goods transportation carried out by contracted companies. In regard to improving performance in terms of CO₂ emissions, it should be noted that in 2008 greater use was made of sea as opposed to road transport, as shown in the following graph:

Transportation of products



4.3. FSC Forest Management System

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

Although it does not own any forests, CORTICEIRA AMORIM is one of the main promoters of FSC certification of forest management systems in Portugal, and has certified its main industrial units used in manufacturing cork products. In 2008, it strengthened its commitment to this system by implementing the chain of responsibility management system in line with this standard at its S. Vicente de Alcántara and Algeciras industrial units as well at Amorim Cork America and Amorim Cork South Africa, subsidiaries of the Cork Stopper BU.

FSC certification was also awarded in 2008 to Amorim Revestimentos, S.A. (part of the Floor and Wall Coverings Business Unit) for the marketing of wooden flooring. Amorim Revestimentos is a member of the Forest & Trade Iberian Network launched by the World Wide Fund for Nature (WWF), an alliance of about two dozen Portuguese and Spanish companies that encourages the responsible consumption of cork, timber and paper as a contribution to preventing further degradation of the world's forests.

It is important to note that in 2007, 17% of the timber imported by the Iberian market came from countries where international bodies recognise illegal tree felling to be a problem. According to the WWF Barometer, Portugal is among the countries where public policies to combat illegal timber trading have been inadequately applied.





Cork certified by FSC.

CORTICEIRA AMORIM is one of the main promoters of FSC forestry management certification in Portugal and the first to obtain certification for industrial units in the cork sector.

All the companies that belong to the WWF's Forest & Trade Iberian Network are committed to developing and implementing a Programme for the Responsible Purchasing of Forestry Products, gradually increasing their purchases of products certified by credible organisations, such as the FSC, which guarantee the legal origin and sustainability of the products concerned.

Nine CORTICEIRA AMORIM units currently have this certification:

- a Floor and Wall Coverings BU company in Portugal;
- four industrial units belonging to the Raw Materials BU (in Portugal and Spain);
- three Cork Stoppers BU companies in Portugal, the USA and South Africa;
- and a Composite Cork BU company in Portugal.

In 2008, CORTICEIRA AMORIM promoted this certification at various events, presenting the practical cases of its certified units and pointing out the growing number of customers, particularly in the wine industry, who regard FSC certification as a positive distinguishing factor.

In the case of forestry producers, the importance of a Forest Management System has not only been recognised, but there is also a growing interest in certification. By November 2008, more than 35,000 hectares of cork oak forest in the Iberian peninsula had been certified.

In 2008, the WWF and UNAC (Portugal's Mediterranean Forest Union) announced the launch of a joint effort aimed at the preservation and efficient management of cork oak forests. UNAC is committed to obtaining FSC certification for 150,000 hectares of cork oak forests (20% of Portugal's total cork oak forest) before 2011.

In 2008, CORTICEIRA AMORIM supported the participation of FSC Portugal in the most important international event for FSC certification – the FSC's General Meeting, an event held every three years, which took place in South Africa in November.

One of the measures envisaged under the protocol agreed between CORTICEIRA AMORIM, AFN, ICNB, QUERCUS and the WWF is to provide free technical advice to forestry producers to help them identify and adopt best practices in cork oak forest management. Although FSC certification is not a direct and immediate effect of this advice service, which is totally financed by CORTICEIRA AMORIM, it is believed it will advance the adoption of good practices, contributing to the sustainable management of cork oak forests.

4.4. Biodiversity

As part of the Business & Biodiversity initiative and the Programme for the Enhancement of the Value and Sustainability of Cork Oak Forests, an innovative agreement was signed in October 2007 between CORTICEIRA AMORIM, the AFN, ICNB, QUERCUS and the WWF.

The convergence of interests between these bodies provides a unique and pioneering opportunity to coordinate efforts with a view to defending cork oak forests and preserving biodiversity. The implementation of the agreement is the responsibility of a technical commission made up of representatives of the five organisations involved.

The protocol provides for a range of measures aimed at strengthening the cork sector, particularly at the level of forestry producers, including the provision of a free technical advisory service for identifying and adopting best practices in the management of cork oak forests.

In the first quarter of 2008, CORTICEIRA AMORIM published regulations and provided forms for forest owners to access the service. The service proved highly successful, with 20 cork oak estates covering a total of 5,437 hectares applying to use it during the first year. As a result, it contributed to the sustainable management of a considerable area of cork oak forest, amply fulfilling its purpose. The forest owners who used the technical advisory service also expressed their interest in FSC certification.

As part of this initiative, the first CORTICEIRA AMORIM Research Award for the “Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity” was attributed in 2008. A total of 13 projects from different research centres were submitted. The number and, above all, the quality of the work submitted showed that the objectives set in creating the award had been fully achieved.



Four members of the ISA team that won the first Research Award for the “Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity”.

From left to right: Conceição Caldeira, Miguel Bugalho, Xavier Lecomte and João Santos Pereira.



A European initiative that CORTICEIRA AMORIM has been associated with since October 2007.

The prize was awarded to the research team of the Baeta Neves Applied Ecology Centre at Portugal's Instituto Superior de Agronomia (Higher Institute of Agronomy) for its work on "Grazing Exclusion and the Biodiversity of Pastures: Reasons Using Grazing Rotation".

The winning project provides information on the effects of grazing exclusion on the vegetable and animal biodiversity of cork oak forests. The sequential exclusion from grazing of certain areas is a technique sometimes used to protect the natural regeneration of cork oak forests. The winning research shows how the impact on cork oak forests of preventing grazing for periods of at least six years can be forecast. It concludes that, in management units of the right size, excluding parcels of land from grazing contributes to greater biodiversity and can favour the natural regeneration of cork oak forests.

4.5. Training and qualification of human resources

CORTICEIRA AMORIM's commitment to promoting, in a structured and guided manner, the adaptation of its human capital to the new contexts and challenges facing the whole organisation is at the heart of the changes, evolutions and consolidation taking place at its BUs.

To achieve this aim, efforts continue to focus on the company's Skills Recognition, Improvement and Certification (RVCC) programme, which seeks to improve the educational qualifications of the group's employees. Performance in 2008 remained on track to fulfil the goal of involving more than 300 employees over the 2007-2009 period. At the end of 2008, when the project had been underway for two years, about 200 employees had participated in the RVCC programme. In 2008, about 200 employees gained their basic education diplomas (9th year of schooling) and more than ten obtained secondary education diplomas (12th year of schooling).

In an approach based on concepts of high performance, the Raw Materials, Cork Stopper and Composite Cork BUs implemented their own projects with a view to strengthening their cohesion and developing a range of skills that will improve their aptness for achieving high performance levels. This medium-term project will continue in 2009.

At the operating level, efforts continued to advance the technical development of staff members through continued investment in the Continuous Improvement programme. Projects aimed at improving technical and management skills also continued.

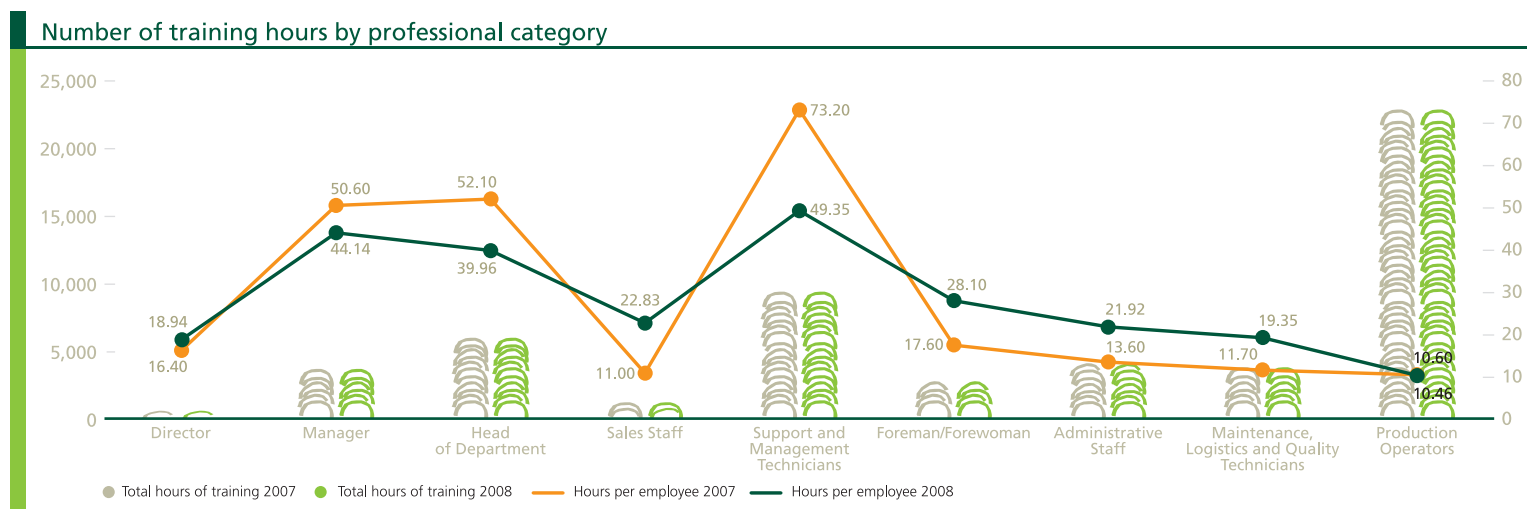
In the area of internal communication, a number of measures were developed and implemented in the form of specific projects and events. These included the CORTICEIRA AMORIM Staff Meeting, the Cork Stopper BU's Alignment to Win programme and a number of alignment meetings organised by the Floor and Wall Coverings and Composite Cork BUs. These provided an effective means of ensuring effective staff communication, alignment and mobilisation in regard to the strategic and operational objectives of the group.

The Raw Materials, Cork Stoppers, Floor and Wall Coverings and Composite Cork BUs participated for the first time in the Great Place to Work survey. The results of this initiative highlighted strong points in comparison with the best practices in the market and also indicated opportunities for general and specific improvements. Action plans were drawn up after the study and are currently in the implementation stage at the four BUs concerned.

Special mention should also be made of the specific communication plan relating to the creation of the new Composite Cork BU, for which 2008 was the first full year of operation. Measures including a specific newsletter; a Learning Maps project (for sharing knowledge about the history of the two BUs being merged and to explain the details of and the reasons for the new BU project); and reciprocal visits to the two industrial plants that comprise the BU (in the north and south of Portugal) reflected the large investment made in this area to ensure the merger was successful from the human resources point of view.

Following a 43% increase in 2007 in the amount of training (54,428 hours) provided, in comparison with 2006, CORTICEIRA AMORIM again increased investment in improving the skills of its workforce to a total of 56,853 training hours and achieving an increase of about 5% in the average number of training hours per employee (16.8 hours in 2008 vs. 16.0 hours in 2007 on the basis of a comparable consolidated group).

In terms of professional categories, special mention should be made of increase of about 60% in the average number of *per capita* training hours provided to team supervisors, administrative employees and maintenance, quality and logistics technicians.



4.6. Health, Hygiene and Safety

In 2008, CORTICEIRA AMORIM reaffirmed the priority it gives to issues related to Health, Hygiene and Safety (HH&S) at Work.



RVCC Diploma Award

Improving employees' self-confidence and broadening their outlook regarding new technologies, the company and the wider world.

In the photo: Paulo Américo, managing director of the Composite Cork BU, awards a diploma to Álvaro Pereira, an employee of the same unit.

The absenteeism target for 2008 was fully achieved, due mainly to a significant improvement at the Composite Cork and Cork Stopper BUs, the units that in 2007 registered the highest levels. As a result, CORTICEIRA AMORIM's overall absenteeism rate decreased from 4.14% in 2007 to 3.61% in 2008. The same BUs (Cork Stoppers and Composite Cork) also made a strong contribution to a decrease in the number of working days lost due to work accidents or work-related illnesses from 181.02 days in 2007 to 165.97 in 2008.

Important investments continued to be made in safety, including the continuous revision of safety plans, including monitoring their effectiveness and appropriateness for the risks involved, and a continued effort to train and raise employee awareness of HH&S issues.

In 2008, health, hygiene and safety training totalled 6,918 hours, a reduction of 29% on 2007 total (9,809 hours). However, it should be noted that training in this area reached its highest level to date in 2007, increasing 133% on 2006. Successive improvements in the main HH&S indicators reflect the results of the continuous investments made in this area.

BUs implemented a number of activities in this area in 2008, including seminars and the distribution of teaching materials. The HH&S Forum continued to play a fundamental role in the sharing of good practices between the BUs and in improving skills in this area. The Forum, which comprises a member of the Executive Board, CORTICEIRA AMORIM's Risk manager and HHS managers from the BUs, meets twice yearly to discuss an agenda dedicated to specific themes and has a corporate website that facilitates the organisation and systematisation of information sharing in this area.

Accident rates at CORTICEIRA AMORIM remain much lower than the average for the sector. The large investments the company has made in employee training, together with investments in improving manufacturing processes and working conditions, resulted in a further significant improvement in the main indicators in 2008.

Health and Safety Indicators

	2007	2008
No. of deaths	0	0
Accident frequency index	8.2	7.3
Work-related Illness Rate	2.2	0.9
Lost Working Days Rate	181.0	166.0
Absenteeism rate	4.14%	3.61%
Total employees	3,406	3,425

Definitions:

Accident frequency index = No. of Accidents/Hours Worked x 200,000.

Work-related Illness Rate = No. of Cases of Work-related Illness/Hours Worked x 200,000.

Lost Working Days Rate = No. Days Lost/Hours Worked x 200,000.

Absenteeism Rate = Days Missed/Days Worked.

4.7. Affirmation and promotion of the environmental advantages of cork

As world leader in the sector, CORTICEIRA AMORIM plays an important role in affirming and promoting the environmental advantages of cork as a natural raw material with unique characteristics.

Although cork is used in a wide range of products consumed in more than 100 countries, CORTICEIRA AMORIM believes the advantages associated with cork, above all the environmental advantages, are not widely known on a global scale.

The affirmation of these advantages is primarily based on technical and scientific demonstrations, in line with internationally recognised and validated parameters. For a number of years CORTICEIRA AMORIM has been the main promoter of this international affirmation of cork products, specifically through research and development projects.

Initiatives in 2008 deserving special mention include the impact made by and the positive reception given in leading markets to the conclusions of the comparative life cycle analysis of cork stoppers and plastic and aluminium closures. The conclusions of the study, which was carried out by PricewaterhouseCoopers and based on internationally recognised methodologies, clearly demonstrate the environmental advantages of cork stoppers. To communicate the methodology and results of the study to the largest possible number of customers, consumers and decision-makers, CORTICEIRA AMORIM organised and participated in a number of events and press conferences in the USA, the UK and Germany, beyond Portugal. Positive responses were expressed in the different markets relating not only to the conclusions of the study (which are favourable to cork stoppers), but also to the fact that CORTICEIRA AMORIM had been the first company in the world to present a life cycle analysis that compares the three types of closure in compliance with ISO standards 14040 and 14044. It remains the only comparative study of these characteristics. The full report is available at: www.corticeiraamorim.com.

Besides the many promotional activities carried out in 2008 – detailed under the Main Events section of the Annual Report and Financial Statements for 2008 – the launch of the Green Cork programme, a structured project for recycling cork stoppers, and the Save Miguel campaign deserve special mention.

Green Cork:

CORTICEIRA AMORIM participated in the genesis of the Green Cork programme, an initiative by the Portuguese environmental organisation Quercus to promote the recycling of cork stoppers in Portugal. All revenue from the programme is used to finance



Green Cork

A pioneering programme for recycling cork stoppers, the revenue of which is reinvested in preserving Portugal's indigenous forests.

In the photo: Rolhinhas, collections bins placed in all CORTICEIRA AMORIM's industrial units.



CORTICEIRA AMORIM's inauguration of the world's first cork stopper recycling unit
António Amorim (Chairman of CORTICEIRA AMORIM), Humberto Rosa (Portuguese Secretary of State for the Environment) and João Teixeira (Dolce Vita Shopping Centers).

part of the “Creating forests, protect biodiversity” project, which will plant only indigenous Portuguese trees such as the cork oak (*Quercus Suber*). As part of the programme, a cork collection programme was introduced, involving the installation of containers in about 10,000 restaurants, cafés, supermarkets and shopping centres.

In addition to being the first recycling programme to help finance nature recovery and conservation programmes, the Green Cork programme will use existing distribution channels (thanks to the efforts of the partners involved), providing a collection system that does not increase CO₂ emissions or involve additional costs, ensuring that all proceeds are channelled into tree planting. The programme will function as a pilot project in Portugal that will subsequently be expanded to other countries.

The main objectives of the Green Cork programme, part of the International Year of the Planet Earth, are to:

- encourage a new recycling practice in Portugal with the aims of attaining a cork stopper recycling rate of 30% within four years;
- prolong the retention of CO₂ by cork stoppers;
- raise public awareness of the real environmental advantages of cork products in supporting an ecosystem with unique characteristics (in terms of CO₂ retention, protecting biodiversity and combating desertification);
- contribute through the planting of new trees to the sustainability of the cork oak and the biodiversity related to the tree;
- internationalise cork stopper collection and recycling.

The revenue from the Green Cork programme is used to finance the “Creating forests, protect biodiversity” programme run by Quercus, which aims to:

- plant and care for a minimum of 1 million indigenous Portuguese trees;
- create 100 new biological reserves/Earth Condominium Units;
- provide capacity for 2,000 animals at Recovery Centres;
- protect six species from extinction;
- protect 50 hectares of wetlands;
- restore 10km of rivers and streams;
- internationalise the Earth Condominium concept;
- raise Earth Condominium membership to 250;
- produce a documentary film about the concept and application of the programme.

Save Miguel:

In www.savemiguel.com: a short film, a big message and the actor Rob Schneider.

The American actor Rob Schneider is the main character in a short, humorous film that forms part of an international campaign called Save Miguel promoted by CORTICEIRA AMORIM. The main aim of the campaign is to defend natural cork as a unique resource and to appeal for the protection of cork oak groves.

In the film, Rob Schneider takes on the mission of discovering who Miguel is and why he needs help. He discovers that Miguel is a cork oak tree that likes living in Portugal, but which can also be found in Spain and even in Australia. Initially, the actor knows only that Miguel is responsible for protecting innumerable species of animals and plants, helps prevent forest fires and contributes to the economic and social prosperity of more than 100,000 people in several countries.

Save Miguel generated a type of cult following and stimulated discussion about defending cork. Tens of thousands of people all over the world saw the film and participated directly in the initiative through the virtual planting of cork oaks or by signing a statement in support of cork. Every person that subscribes to the planting of a cork oak or wears a Save Miguel t-shirt helps spread the message to other people.

The main focus of the campaign is on promoting the sustainability of cork oak forests and the use of cork. In encouraging people to favour a 100% sustainable product, the Save Miguel campaign has a direct effect at several levels: it raises public awareness of environmental issues and encourages consumers to make conscious choices.

In choosing a bottle of wine with a cork stopper, consumers opt for a closure that is more sustainable and helps combat global warming, forest fires and desertification.

In addition to defending cork, the campaign seeks to provide a voice for the vast majority of consumers in every country who prefer cork stoppers over artificial closures for wine and, at the same time, to draw the attention of these consumers to the incomparable environmental, social and economic advantages of natural cork.

Save Miguel is the first Portuguese campaign to be promoted internationally by a Hollywood actor. It was also supported by the Free Hugs campaign and by the Girl Guides. The success of the campaign could give rise to the creation of new campaigns related to cork and to the defence of other threatened plant species and ecosystems whose importance is recognised.



International campaign
Cork: knowledge leads to protection!

4.8. Summary of aims

Challenges, Objectives and Goals for 2009

OBJECTIVES AND INITIATIVES	GOALS FOR 2009
CHALLENGE: Development of cork oak forests as a guarantee of the ecosystem	
Encourage the use of best practices for sustainable forest management	Award for "Best Practices for Cork Oak Forest Sustainability and Related Biodiversity"
Increase areas with FSC certification ⁽¹⁾	Provide free technical advisory services for at least six forest owners
CHALLENGE: Research and innovation	
Increase the number of patent applications	Submit applications for four new patents
CHALLENGE: Training and qualification of Human Resources	
Improve employees' educational qualifications	Improve the educational qualifications of 300 employees between 2007 and 2009
CHALLENGE: Affirmation and promotion of the advantages of the use of cork	
Encourage the recycling of cork stoppers	Increases the amount of cork stoppers recycled in Portugal under the Green Cork programme by at least 25%
	Introduce the recycling programme in at least one other country
CHALLENGE: Leadership for responsible competition	
Reduce CO ₂ emissions	A 2.5% reduction on 2008
Reduce water consumption	A 4% reduction on 2008
Introduce a code of conduct for suppliers	By the end of 2009

⁽¹⁾ CORTICEIRA AMORIM will continue to be one of the most active companies in promoting FSC certification, but it is outside the scope of its responsibilities to define or administer targets in this area.

“Cork, a material that dates back thousands of years and has exceptional natural qualities, has great potential for innovation and will undoubtedly play a fundamental role in the scientific and economic future of Portugal.”



*in Design Cork for
future, innovation
and sustainability*



CHAPTER V

Performance indicators

5.1. Environment

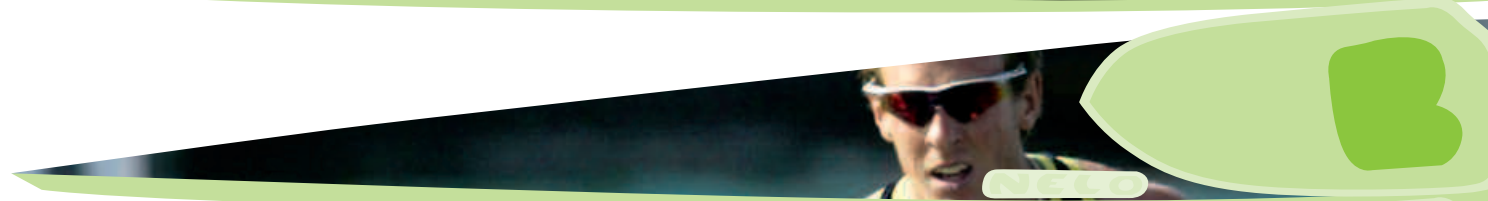
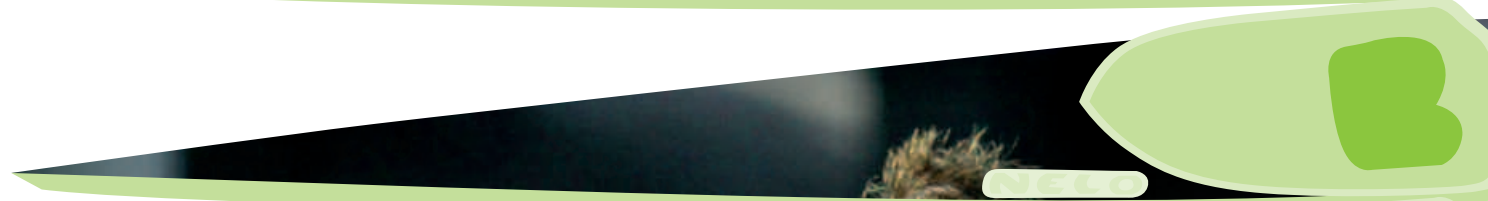
5.2. Human Resources

5.3. Economics

5.4. Human Rights

5.5. Society

5.6. Product Responsibility





Performance indicators

The operational launch of an information system ensured CORTICEIRA AMORIM was able to improve its systematic analysis of information, standardising criteria and procedures, strengthening its consistency and thereby boosting the implementation of improvement actions over the course of 2008. The company, in 2009, will continue to channel resources into further refinements of this information system, particularly in terms of developing userfriendly working environments and producing outputs better adapted for the analysis of results and corresponding decision-making.

5.1. Environment

Materials Consumption:

	Tons		
	2006	2007	2008
Cork	132,079	133,752	120,346
Other raw materials	2,929	7,809	4,983
Chemical products	12,453	13,807	13,825
Packaging material	6,900	8,097	8,294
Paper	n.a.	77	40
Total	154,361	163,542	147,488

Throughout 2008, CORTICEIRA AMORIM experienced a decrease in the total of materials consumed, particularly in terms of cork. It should be noted that almost all of this drop stems from the agglomerates unit (thus without any impact in terms of cork forest purchases/consumption), which did, however, see a slide in demand in some applications as a result of the economic slowdown registered globally in sectors such as construction and the automotive industry.

CORK AND SPORT

The intrinsic characteristics of cork enable an endless range of applications.

Another facet of the lower consumption of materials resulted from a boost to operational efficiency levels that in turn led to less material being used for producing the same amount of final products.

The inclusion of Oller in the consolidated accounts explains a 2,426 ton increase in the materials consumed, of which over 85% related to cork consumption.

Recycling:

The main advantage 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.

In 2008, the Green Cork programme, an innovative initiative at various levels, was launched in Portugal. One notable aspect of the programme was the scale, importance and diversity of the partners involved, including Quercus, Modelo Continente supermarkets, Dolce Vita shopping centres, Biological, Delta Cafés, Hovercal, in addition to CORTICEIRA AMORIM itself. Another innovative facet is the close connection between the act of recycling and the “Creating Forests” projects, which seeks to plant a million native trees, and is backed by the Portuguese Presidency and Parliament. The incorporation of recycled stoppers into an already established logistical circuit allows CORTICEIRA AMORIM to finance this project, which simultaneously enables an extension to the life cycle of cork. As a result of Green Cork, CORTICEIRA AMORIM became (as from the beginning of 2009) the first cork company in the world to be licensed to recycle waste cork. The Green Cork programme has resulted in the collection of around 12 tons of used stoppers, that is, over 3 million in total, after just six months of operation. This result, while still far from the four-year objective (the return 90 million stoppers to Portugal for recycling), clearly demonstrates the high level of acceptance gained by the project across society and represents a good indication of the programme’s success.

The new Cork Waste Recycling facility has been rendered viable by the maximisation of production at Amorim Cork Composites. The cork taken in by this unit is subject to manual sorting before being ground and treated with super-heated steam to eliminate odours and impurities – an innovative technology developed by the company’s R&D department.

The granulate produced from the recycled corks can be applied in many of the products currently manufactured by CORTICEIRA AMORIM, including: wall and floor coverings, insulation, competition kayaks, aerospace applications and fashion design products.

In 2008, as a result of other programmes launched by CORTICEIRA AMORIM – such as ReCORK America in the United States – and partnerships established with other cork recycling programmes (mostly located in Europe), CORTICEIRA AMORIM incorporated 147 tons of used stoppers in the production of other high added-value cork products,



CORTICEIRA AMORIM transformed 147 tons of used cork stoppers into other high added value cork products.

Photo: Geoff Smith, Whole Foods Market (California), the largest organic supermarket chain in the world and ReCORK America partner.

corresponding to the recovery of 1% of the stoppers sold annually by the company. The decrease on the previous financial year stems from the slowdown of some recycling programmes in Europe. CORTICEIRA AMORIM has sought to counter this trend by internationalising its Green Cork programme. Efforts in 2008 included seeking out partners for the implementation of the Green Cork programme beyond Portugal, especially in Spain.

In terms of cork and rubber applications, the incorporation of recycled rubber dropped by 33%, primarily due to a decline in sales of cork and rubber products.

Consumption of recycled materials

Tons

	2006	2007	2008
Tyre granulate	275	667	448
Cork stoppers	16	222	147
Other cork products	-	124	37
Total of recycled materials	293	1,014	632

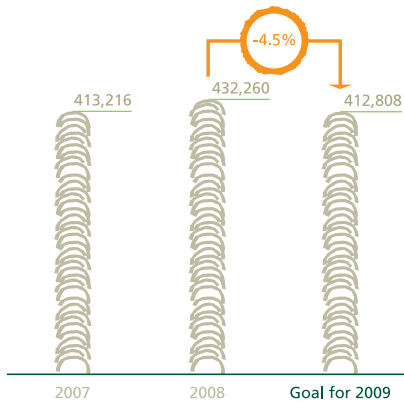
Water consumption:

As a result of improved information systems – including water consumption centres not covered in previous years – and the introduction of manufacturing processes that had a favourable impact on overall technical product performance, but which raised levels of water consumption, CORTICEIRA AMORIM experienced a 19,043 cubic metre increase in water consumption in 2008, of which 4,826 cubic metres was due to the inclusion of Oller into the consolidated group.

Aware of the scope for improvement in this field, in 2008 CORTICEIRA AMORIM undertook a thorough study of the main areas and processes driving water consumption and set out a working plan that, over the medium term, will ensure a consistent reduction in water consumption. The implementation of this plan begins in 2009 with the early benefits of the work expected to be visible in the same year. In this context, the company has set the objective of cutting water consumption by 19,452 cubic metres. The key measures planned for 2009 include:

- replacement of the second cork boiling phase by board steam treatment, a innovative process introduced in late 2008 that resulted not only in lower water consumption, but also in the better technical performance of the products involved;
- promotion of awareness campaigns designed to lower consumption at the individual employee level;
- redesign of the garden irrigation system;
- research of new technical solutions for reusing water.

Water consumption (m³)



Biodiversity:

CORTICEIRA AMORIM does not operate in any 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 section 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.

Atmospheric emissions:

In terms of atmospheric emissions, the reduction in NOx emissions – due primarily to the performance of Wall and Floor Covering BU – was of particular note, while the increase registered in COVs emissions relates to increased processing and emission sources at the Composite Cork BU.

	Tons		
	2006	2007	2008
Particles	76	134	132
SOx	1	1	2
VOC	15	19	30
NOx	236	214	171

NOTE: Emissions calculated from the monitoring of gaseous emissions in 2008.



Cork oak forests are home to species that are either unique or have been granted protected status.

The Iberian lynx and the imperial eagle are two classic examples.

Liquid effluents:

In terms of liquid effluents, the data for 2008 includes the latest findings on the evaporation and absorption of water during the cork boiling phase. As a result, it is estimated that around 30% of water consumed in this phase does not produce effluents – due to the effects of either evaporation or absorption by the cork – hence explaining the difference in the amounts registered for 2007 and 2008.

m³

	2006	2007	2008
Industrial effluents	142,626	151,027	127,655
Domestic effluents	47,470	44,163	44,280
Total	190,096	195,191	171,934

Waste:

In terms of waste, there was a 3.3% rise in total quantity, which was entirely explained by a 7.3% increase in non-dangerous industrial waste destined for recovery.

Tons

	2006	2007	2008
Hazardous waste	254	279	228
Recovery	138	106	72
Elimination	117	172	157
Non-Hazardous waste	19,754	19,475	20,173
Recovery	16,272	15,757	16,914
Elimination	3,482	3,718	3,260
Total	20,008	19,753	20,401

No significant spillages were recorded in 2008 and there was no incidence fines related to environmental issues.

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

5.2. Human Resources

Employment:

This Sustainability Report covers 91.4% of CORTICEIRA AMORIM's employees on December 31, 2008. Regarding changes to the consolidated group in comparison with the 2007 report, it is only necessary to mention the inclusion of the Francisco Oller, S.A. and Amorim Flooring Switzerland, AG, companies which employed 99 and 13 members of staff respectively.

	2006	2007	2008
Total Workforce	3,391	3,406	3,425
Permanent contract	3,040	3,075	3,003
Fixed term contract	351	331	422
Part-time workers	14	52	51

Details of CORTICEIRA AMORIM employees by gender and age range, as well as the impact of the inclusion of the aforementioned companies into the consolidated group in 2008 are shown below.

CORTICEIRA AMORIM workers by age and Male/Female ratio

	Age			Gender		Total
	< 30	30 to 50	> 50	Male	Female	
Director	1	22	14	37	0	37
Manager	1	66	17	72	12	84
Head of Department	4	89	18	87	24	110
Sales Staff	9	89	30	105	23	128
Support and Management Technicians	28	82	19	94	35	129
Foremen/Forewomen	3	92	45	126	14	140
Administrative Staff	43	217	36	145	151	296
Maintenance, Logistics and Quality Technicians	41	214	77	265	67	332
Production Operators	322	1,401	447	1,514	656	2,170
Total 2008	452	2,271	703	2,444	982	3,425
Total 2007	492	2,242	672	2,425	981	3,406
Perimeter effect	20	66	26	42	70	112



Human resources policy at CORTICEIRA AMORIM seeks to mobilise employees in support of the group's strategic and operational objectives.

The level of staff churn (evaluated by exit levels) rose significantly due to a rising number of departures from the Cork Stoppers and Cork Composite BUs. The variation in the latter BU is explained by the merger process resulting in the new CorkComposite Corks BU – leading to new approaches and working processes – given that the number of departures from the Cork Stoppers BU was broadly compensated for by recruiting new members of staff, resulting not only from the impact of reorganisation processes (taking place at some companies) along with the resizing and strengthening of capabilities in critical business areas.

	2006	2007	2008
Total leaves	374	235	338
Total turnover rate	11.0%	6.9%	9.9%
< 30	2.3%	1.6%	2.9%
30 to 50	5.7%	3.5%	4.3%
> 50	3.0%	1.8%	2.7%
Women	3.2%	1.7%	3.5%
Men	7.8%	5.2%	6.4%

Employee churn is unlikely to decline in 2009, given an ongoing reduction in staff numbers. As a consequence of the economic and financial recession in sectors including the automobile industry, construction and the wine sector, as from the beginning of 2009, CORTICEIRA AMORIM had no alternative but to reduce staffing levels at the Cork Stopper and Composite Cork Units by around 190 employees (in accordance with a statement made by the company to the CMVM, Portugal's stock market regulator). To minimise the impact of this decision, CORTICEIRA AMORIM immediately set out a number of the criteria to be observed throughout the process, including: not making more than one member of any family unit, divorced women or widows caring for minors redundant and extending health insurance for those made redundant to cover the following year.

Work and Management Relations:

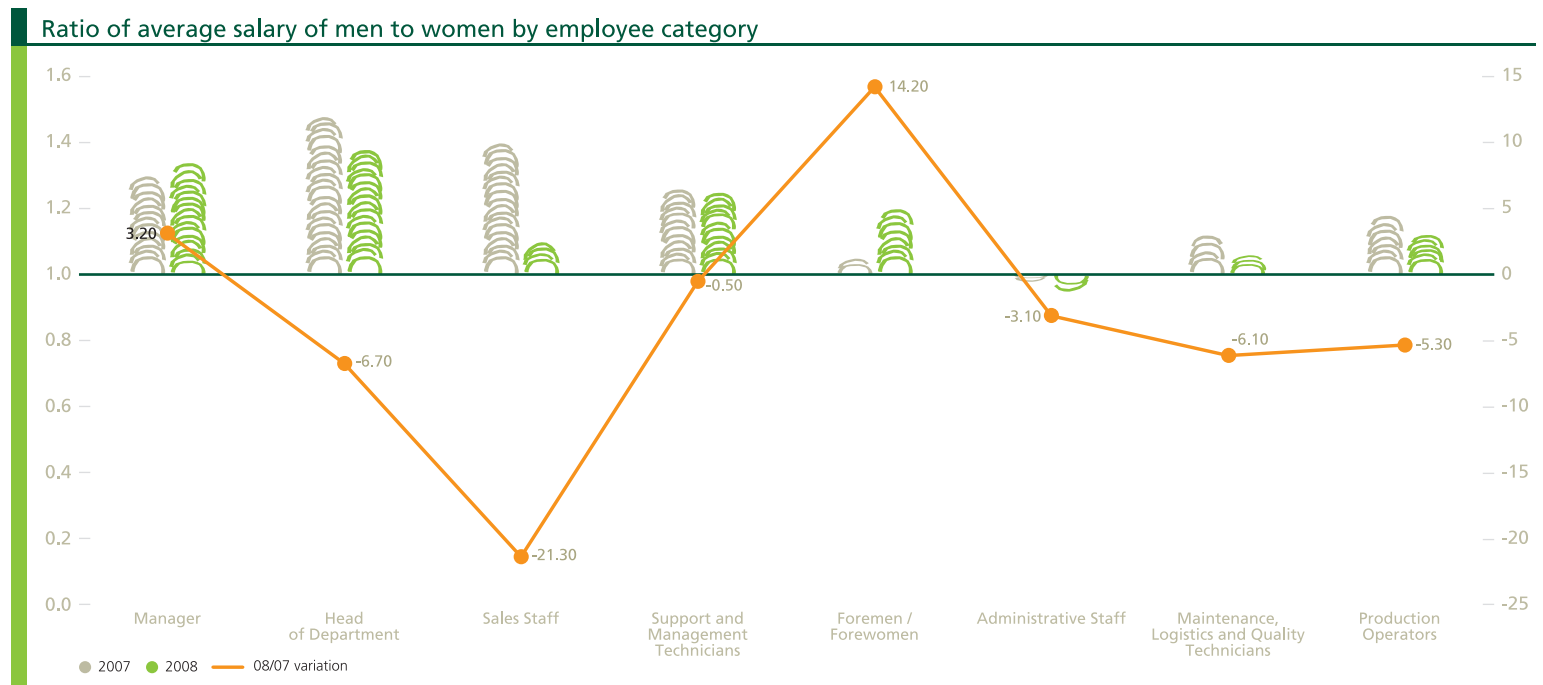
Freedom of association is a right of all employees, and is exercised by 34.6% of CORTICEIRA AMORIM employees covered by this report.

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

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.

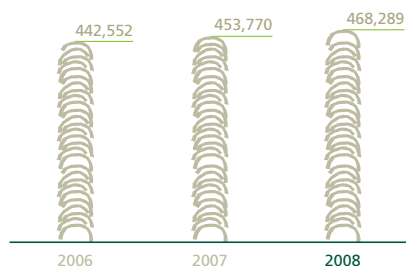
The cork sector is one of the most traditional sectors in Portugal. There has been some discussion regarding the difference in remuneration for functions which are different but considered to be equally demanding. Bearing in mind that there are collective work contracts agreed with the trade unions, this is a sector issue for which CORTICEIRA AMORIM has sought, on its own behalf, the establishment of an agreement which will 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 sector trade unions in 2008.



In six out of eight categories, the average wage increase for females was greater than those awarded to men in the same professional category.

Sales

(Thousand euros)



5.3. Economics

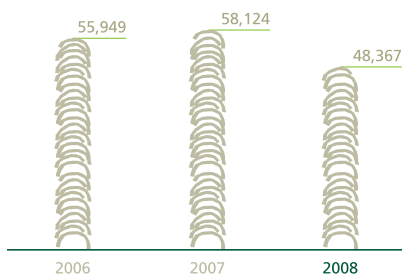
As of the end of the third quarter, CORTICEIRA AMORIM's activities had already suffered the negative impact of the deterioration in the prevailing economic and financial climate. This worsening of the business environment essentially resulted from increased energy, transport and other operational costs. A further negative impact in operational terms was the devaluation of some of the company's main export currencies, especially the US dollar, in conjunction with client resistance, particularly in the American market, to increases in the prices of final products based on respective exchange rate fluctuations. This led to a drop in sales in euro terms in those markets. This fall resulted in tighter margins and consequently to a fall in net income, given that the main proportion of operational costs for CORTICEIRA AMORIM's exporting companies are denominated in euros. In the financial area, the continued rise up to October of indexed interest rates also effected the final rates paid by CORTICEIRA AMORIM, with a corresponding impact on net results.

While up to the end of September, the results of CORTICEIRA AMORIM had been only moderately affected, the steep turndown in the real economy from the beginning of the fourth quarter had a highly negative impact on results. Sectors that represent the core of CORTICEIRA AMORIM activities, such as civil construction and the automotive industry, cut back sharply the level of orders from the company, resulting in the lowest sales levels for many months in November and December. This had a significantly adverse effect on results, which turned negative in the fourth quarter.

In exporting over 90% of its sales to more than 100 countries, CORTICEIRA AMORIM could not expect to be immune to the serious economic crisis described above. Throughout the year, clients placed orders at the last minute with extremely challenging delivery terms. This caused serious problems in the logistical, industrial and commercial areas. These changes in the placing of orders and the consequent tightening of deadlines were of particular relevance in orders placed by the major multinationals. 2008 represented an unprecedented year in how the monthly sales of CORTICEIRA AMORIM behaved in such an erratic fashion, swinging sharply between months of weak sales to months that beat existing records.

EBITDA

(Thousand euros)



Consolidated sales reached €468 million, up 3.2% on 2007. This growth is practically equal to that generated by the incorporation of new companies into the consolidated accounts – Oller, Lloset and Cortex (second half of 2008). However, this positive effect had a negative impact in terms of export exchange rate exposure. The average devaluation of the US dollar, by far the group's most important export currency, representing about 16% of total sales, reached 6.8%. Other export currencies slid against the euro, in particular the GBP, ZAR, AUD and CLP (Chilean peso). The joint impact of these devaluations was a 2.2% drop in consolidated sales. The following BUs achieved positive sales growth: Cork Stoppers (+4.5%), Floor and Wall Coverings (+5.6%) and Insulation Cork (+10.6%). Sales were down for the Raw Materials (-3.0%) and Composite Cork (-5.4%) BUs.

In terms of EBIT, the €25.5 million result represents a drop of 31% on 2007. This decline may be summarised as follows: the increase in sales generated by the new companies resulted in an insignificant increase in the gross margin in absolute terms (€2.2 million), with operational costs at the new companies (€9.4 million) more than offsetting the benefit gained. Non-recurring costs (such as imparities and compensation payments) added to this effect together with corrections made to estimates dating back to previous financial years.

Despite the lower level of remunerated debt, the rise in interest rates, in effect for most of the financial year, proved critical to the deterioration of the group's financial performance, with net interest paid rising to €13.4 million (+18.5% on 2007).

It should be noted that the final quarter of the year was negatively affected by simultaneously accounting for imparities and corrections to estimates from previous years as well as prudently not accounting for the deferred taxation resulting from the significant downturn in operational activities.

Finally, it must be highlighted that the negative impact on final results resulting from export currency devaluations is estimated to have risen to €8.5 million.

Wealth generated:

The following table summarises the main economic performance indicators⁽¹⁾:

Thousand euros

	2006	2007	2008
Direct economic value generated	448,880	457,563	471,980
Revenues	448,880	457,563	471,980
Economic value distributed	424,459	423,855	452,628
Operating costs	305,956	307,198	321,114
Employee wages and benefits	91,627	87,806	93,296
Payment to providers of capital	16,028	18,729	21,579
Payments to State Organisations	10,692	10,007	16,406
Community investments	156	114	235
Economic value retained	24,422	33,708	19,352

⁽¹⁾ Concepts used:

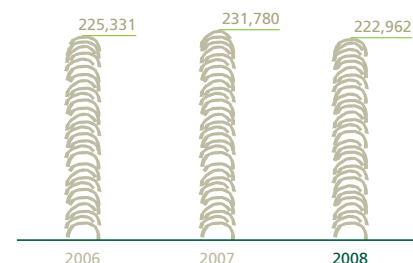
Revenue – corresponds to the sum of the following items: sales and service provision; supplementary income; operating subsidies; internal company work; other operating income; financial income and gains; real estate gains (after the deduction of losses).
Operating costs – Not including amortisations.

Investment in the community – includes only the value of cash donations and not investments in product donations (€6,300 in 2008).

NOTE: Consolidated figures of CORTICEIRA AMORIM (100% of companies included).

Net Debt

(Thousand euros)





Safeguarding and respecting human rights is an integral part of CORTICEIRA AMORIM practices.

Photo: Joaquim Sá (Amorim Cork South Africa), Bernard Fontannaz (Origin Wines), Nuno Barroca (CORTICEIRA AMORIM) donating cork floor and wall coverings to the Fairhills Association.

Contributions to social security systems:

CORTICEIRA AMORIM contributed in all the countries in which it operates, and under the terms of the specific legislation applicable, to local social security systems which cover all its workers. The total amount rose to €15.1 million in 2008.

Financial incentives:

In 2008, the group's Portuguese companies benefited from €215,000 in incentives, aimed mainly at supporting R&D 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. Purchases made in North Africa constitute a significant economic contribution in these countries as well as an equally important social and environmental contribution.

Thousand euros

	2006	2007	2008
Cork purchases			
Portugal	120,121	141,758	105,240
North Africa	8,126	5,159	6,379
Other origins	16,532	20,632	10,429
Total	144,779	167,549	122,048

Local recruitment of staff:

Policies geared at local staff recruitment are combined with efforts to increase staff mobility opportunities between different countries. This latter policy is designed to strengthen and enrich 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 different BUs (which have their headquarters in Portugal). In 2008, around 72% of external company managers and directors 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.

It did not prove possible to implement a code of conduct for suppliers in 2008. Although 2009 is forecast to be particularly demanding in regard to the convergence of supplier interests, CORTICEIRA AMORIM maintains the objective of implementing a code of conduct for suppliers which strengthens the safeguarding and defence of Human Rights throughout the chain of supply.

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 for children, the disabled and the elderly, education, the environment and cultural activities, amongst others. In 2008, total donations to social responsibility initiatives totalled €235,000.

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 with activities on a global scale and sales in more than 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.



With the aim of raising awareness and understanding of sustainability among employees and civil society, Business Units celebrated the first Amorim Sustainability Week, which featured a broad range of environmental and social initiatives.



Wicanders® with Greenguard,
*an important certification that establishes air
 quality standards for closed environments.*



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 inefficiencies that may result from corruption. In this context, no situations of corruption nor any other situation which justified vocational training in this area, besides those resulting from internal audit actions, were identified in 2008.

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 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 certifications for certain products, amongst others:

- certification of 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 series of products (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 in 2008 by GREENGUARD Environmental Institute (GEI) to five Wicanders cork floor and wall covering products.

In regard to this latter certification, it should be highlighted that GEI is an independent non-profit making organisation that monitors the GreenguardSM Certification Programme and establishes air quality standards for closed spaces for products,

environments and building. The GREENGUARD Certification Programme is voluntary and identifies specific products that have been subject to testing so as to guarantee their chemical and particle emissions meet the directives and standards in effect for air quality pollution within closed environments. CORTICEIRA AMORIM products were subject to testing for over 2,000 chemical products in the most advanced stainless steel testing facilities in accordance with the overall standards of the respective ISO norms. At a time when people spend over 90% of their time in closed environments, the GREENGUARD certification brand represents a useful tool for architects, designers and project managers responsible for product specifications as well as procurement organisations seeking to identify, locate, specify and purchase products available on the market with a low level of emissions for closed environments.


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 certifications mentioned above, the following can be highlighted:

- 100% of cork stoppers commercialised comply with the requirements of the SYSTECODE certification and 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 some cases also present the ISO 22000 or HACCP certification. In this way, 75% of the cork stoppers are already commercialised via establishments with ISO 22000 or HACCP certification;
- all cork flooring commercialised in Europe complies with the requirements of the CE marking and, in this way, over 80% of the total flooring produced by CORTICEIRA AMORIM complies with this marking according to the EN14041:2004 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.

Cork trees live for an average of 200 years and in Portugal alone are responsible for the retention of over four million tons of CO₂ per year.



"Protection of Nature and the Environment" stamp issued on August 19, 2005. Reproduced with permission of CTT Correios de Portugal.

“We have the pleasure of welcoming Amorim Revestimentos as a member of the Greenguard Certification Programme. This certification for  Wicanders® cork coverings illustrates the company's continued commitment to good air quality in indoor environments.”

Marilyn Black
founder of Greenguard
Environmental Institute (GEI)

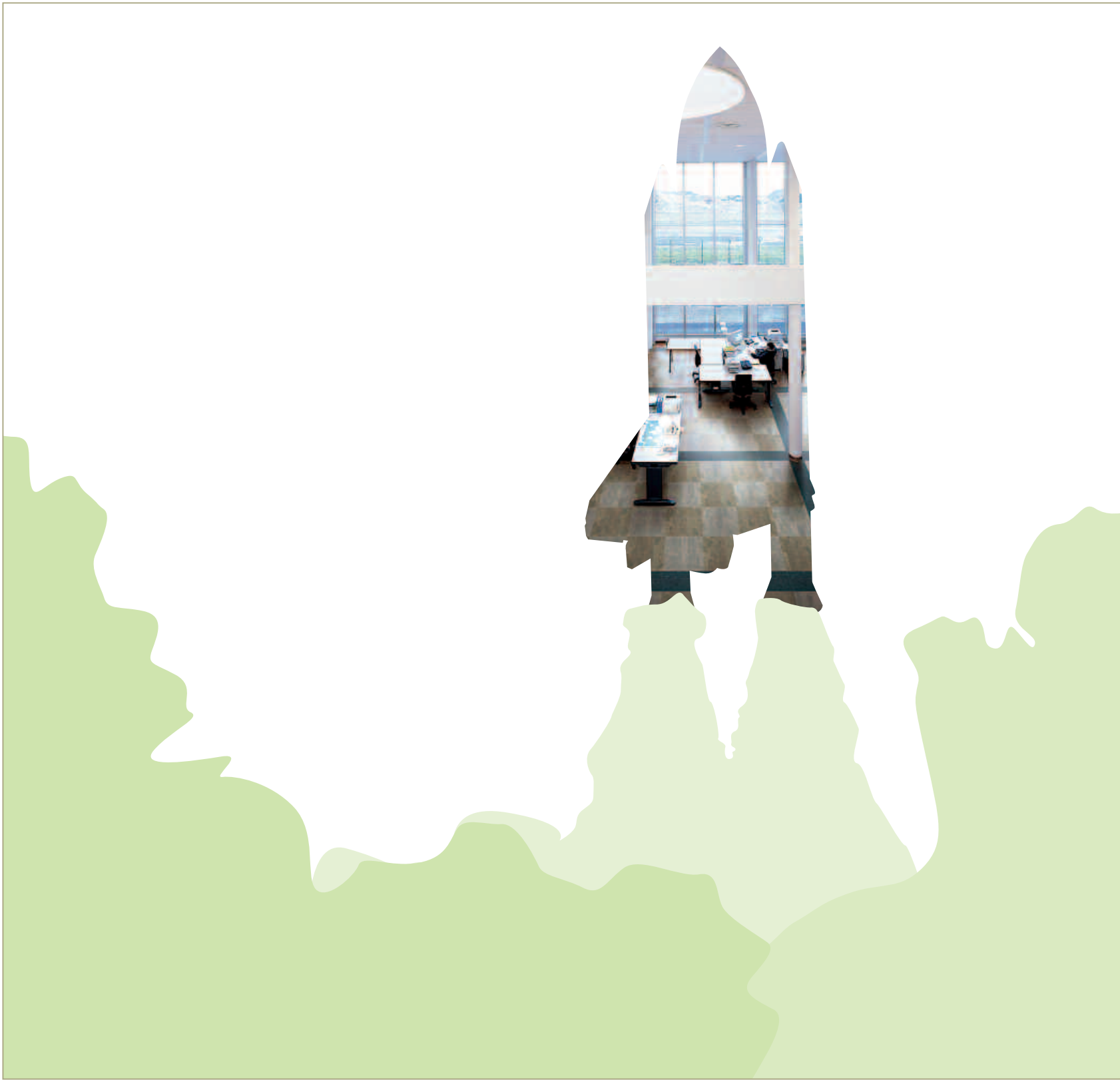


CHAPTER VI

Report framework and GRI index

6.1. Report framework

6.2. GRI Index





Report framework and GRI index

6.1. Report framework

The Sustainability Report prepared by CORTICEIRA AMORIM contains information referring to 2008, including whenever possible, appropriate or relevant information relating to the main indicators for 2006 e 2007 to provide stakeholders with an overall view of the group'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 2008, validation of the Sustainability Report and the group's Annual Report and Financial Statements was charged to PricewaterhouseCoopers.

G3 Global Reporting Initiative (GRI) Guidelines were followed in drawing up this report. In regard to the application of the GRI Report Structure, the report was classified as Level B.

Framework of the report

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

INNOVATION, DESIGN AND R&D
Makes cork coverings and insulation the first choice for eco-construction.

This document is available at company's internet website: 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 IV.

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, whose sustainability information systems do not provide 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 2008 Sustainability Report will be published more than two months earlier than the 2007 report. The information systems at the Chilean company Industria Corchera were not able to produce sustainability indicators in time for the 2008 report, which instead uses the same information that Industria Corchera supplied for 2007.

The companies covered in this report, marked in green in the organisational chart presented in Chapter 1, correspond to 83.8% of CORTICEIRA AMORIM's sales and 91.2% of its employees. In addition to the group companies covered in the 2007 report, information has been added in the 2008 report regarding Francisco Oller, S.A. (an industrial company) and Amorim Flooring Switzerland, AG (a distribution company). Whenever relevant, the effects of this alteration in the consolidation perimeter are noted in the report.

Progressively over the coming three years, CORTICEIRA AMORIM plans to include all its companies in the 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 consultation processes carried out in previous years as well as the interim results of the monitoring process outlined in Chapter 2.3. were taken into account.

The methodology used to calculate indicators used in addition to the GRI G3 Guidelines are explained in the report.

Whenever the data does not refer to all the companies covered, the missing information is indicated. In the same way, whenever the data derives from estimates, the basis on which these estimates have been calculated is explained.



Amorim Isolamentos presented the Eco-cabin project, a new accommodation concept designed for ecological tourism, which has the novelty of being totally covered and insulated with cork.

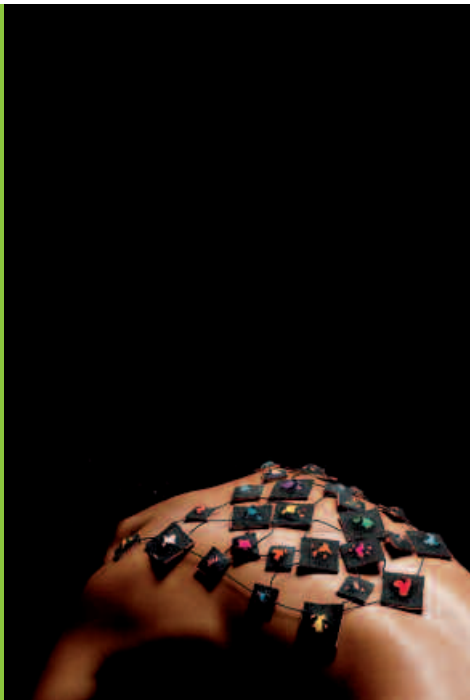
6.2. GRI index

GRI ref.	Description	Value/ Location
1	STRATEGY AND ANALYSIS	
1.1	Statement of the CEO	Page 3-5
1.2	Description of Key Impacts, Risks, and Opportunities	Page 35; 47-69
2	ORGANISATIONAL PROFILE	
2.1	Name of the organisation	Page 11
2.2	Primary products and/or services	Page 11; 12
2.3	Operational structure of the organisation	Page 12; 14-15
2.4	Location of organisation's headquarters	Page 11
2.5	Countries where the organisation operates	Page 16
2.6	Nature of ownership and legal form	Page 11
2.7	Markets served	Page 16
2.8	Scale of the reporting organisation	Page 17
2.9	Significant changes during the reporting period	Page 79; 81
2.10	Awards received in the reporting period	Did not occur
3	REPORTING PARAMETER	
	Report profile	
3.1	Reporting period	Page 91
3.2	Date of the most recent report	Page 91
3.3	Reporting cycle	Page 91
3.4	Contact point for questions regarding the report or its contents	Page 92
	Report Scope and Boundary	
3.5	Process for defining report content:	Page 91; 92
3.6	Boundary of the report	Page 14; 15; 92
3.7	Other specific limitations on the scope or boundary of the report – strategy and projected timeline for providing complete coverage	Page 92
3.8	Basis for reporting	Page 92
3.9	Data measurement techniques and the bases of calculations	Page 92
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	Page 92
3.12	GRI Content Index	Page 93-97
3.13	Assurance	Page 91
4	GOVERNANCE	
4.1	Governance structure of the organisation	Page 21-23
4.2	Indicate whether the Chairman of the Board of Directors is also an executive officer	Page 22; AR&A Page 89
4.3	Members of the Board of Directors that are independent and/or non-executive members	Page 22; AR&A Page 79; 82; 89
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the Board of Directors	Page 24; 25; AR&A Page 114
4.5	Linkage between compensation for members of the Board of Directors, senior managers, and executives and the organisation's performance	AR&A Page 79; 80; 112-114
4.6	Processes in place for the Board of Directors to ensure conflicts of interest are avoided	AR&A Page 74-82

GRI ref.	Description	Value/ Location
4.7	Qualifications and expertise of the members of the Board of Directors	AR&A Page 102-104
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 24; 26
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 95-97
4.10	Processes for evaluating the Board of Directors own performance, particularly with respect to economic, environmental, and social performance	Page 28-29; AR&A Page 79
	Commitments to External Initiatives	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	AR&A Page 95-97
4.12	Externally implemented economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Page 23; 60-62
4.13	Memberships in associations and/or national/international advocacy organisations	Page 23; 84
	Stakeholder Engagement	
4.14	List of stakeholder groups engaged by the organisation	Page 34
4.15	Basis for identification and selection of stakeholders with whom to engage	Page 25; 31-33
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Page 31; 34
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 35
5	PERFORMANCE	
	ECONOMY	
	Management approach	Page 21-31
	ASPECT: ECONOMIC PERFORMANCE	
EC1	Direct economic value generated and distributed	Page 82
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Page 53-59
EC3	Coverage of the organisation's defined benefit plan obligations	Page 82
EC4	Significant financial assistance received from Government	Page 82
	ASPECT: MARKET PRESENCE	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Page 83
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Page 83
	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 82

Design Cork

The great variety of cork products exemplifies the wide range of potential applications of this natural raw material.



GRI ref.	Description	Value/ Location
	ENVIRONMENT Management approach	Page 21-31
	ASPECT: MATERIALS	
EN1	Materials used by weight or volume	Page 73
EN2	Percentage of materials used that are recycled input materials	Page 75
	ASPECT: ENERGY	
EN3	Direct energy consumption by primary energy source	Page 58
EN4	Indirect energy consumption by primary source	Page 58
	ASPECT: WATER	
EN8	Total water withdrawal by source	Page 76
	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 76
EN12	Impacts of activities, products, and services on biodiversity	Page 60; 62-63
	ASPECT: EMISSIONS, EFFLUENTS AND WASTE	
EN16	Total direct and indirect greenhouse gas emissions by weight	Page 58-60
EN17	Other relevant indirect greenhouse gas emissions by weight	Page 58-60
EN19	Emissions of ozone-depleting substances by weight	Page 77
EN20	NOx, SOx, and other significant air emissions by type and weight	Page 76
EN21	Total water discharge by quality and destination	Page 77
EN22	Total weight of waste by type and disposal method	Page 77
EN23	Total number and volume of significant spills	Page 77
	ASPECT: PRODUCTS AND SERVICES	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Page 57
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Page 75
	ASPECT: COMPLIANCE	
EN28	Monetary value of significant fines and total number of non-monetary sanctions	Page 77
	SOCIAL	
	Management approach (LA, HR, SO and PR indicators)	Page 21-31
	ASPECT: EMPLOYMENT	
LA1	Total workforce by employment type, employment contract, and region	Page 78
LA2	Total number and rate of employee turnover by age group, gender, and region	Page 79
	ASPECT: LABOR/MANAGEMENT RELATIONS	
LA4	Percentage of employees covered by collective bargaining agreements	Page 79
LA5	Minimum notice period(s) regarding significant operational changes	It is not defined

GRI ref.	Description	Value/ Location
LA7	ASPECT: OCCUPATIONAL HEALTH AND SAFETY Rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities	Page 65
LA8	Education, training, counselling and prevention programs in place to assist workforce members regarding serious diseases	Page 65
LA10	ASPECT: TRAINING AND EDUCATION Average hours of training per year per employee by employee category	Page 64
LA13	ASPECT: DIVERSITY AND EQUAL OPPORTUNITY Composition of governance bodies and breakdown of employees per category according to gender and age group	Page 78
LA14	Ratio of basic salary of men to women by employee category	Page 80
HR1	ASPECT: INVESTMENT AND PROCUREMENT PRACTICES 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%
HR4	ASPECT: NON DISCRIMINATION Total number of incidents of discrimination and actions taken	Page 83
HR5	ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk	Page 83
HR6	ASPECT: CHILD LABOUR Operations identified as having significant risk for incidents of child labour	Page 83
HR7	ASPECT: FORCED AND COMPULSORY LABOUR Operations identified as having significant risk for incidents of forced or compulsory labour	Page 83
SO1	ASPECT: COMMUNITY Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	Do not exist
SO2	ASPECT: CORRUPTION Percentage and total number of business units analysed for risks related to corruption	Page 84
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	Page 84
SO4	Actions taken in response to incidents of corruption	Page 84



Invite Nature into your home

CorkNature, a range of modern, well-designed products for home and office use.

GRI ref.	Description	Value/ Location
SO5	<p>ASPECT: PUBLIC POLICY Public policy positions and participation in public policy development and lobbying</p>	Page 84
S08	<p>ASPECT: COMPLIANCE Monetary value of significant fines for non-compliance with laws and regulations</p>	€0
PR1	<p>ASPECT: COSTUMER HEALTH AND SAFETY Life cycle stages in which health and safety impacts of products and services are assessed for improvement</p>	Page 85-86
PR3	<p>ASPECT: PRODUCT AND SERVICE LABELING Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements</p>	Page 85-86
PR6	<p>ASPECT: MARKETING COMMUNICATIONS Programs for adherence to laws, standards, and voluntary codes related to marketing communications</p>	Do not exist
PR9	<p>ASPECT: COMPLIANCE Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services</p>	€0

“If we lose the forests,
we lose the fight against
climate change.”



*The Forests Now
Declaration*

CORTICEIRA AMORIM participates actively in the conservation and defence of millions of cork oaks throughout the Mediterranean basin, contributing in this way to the absorption of CO₂.



CHAPTER VII

Assurance





“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.”

Application of the GRI Report Structure: Level B+ of GRI3.
PricewaterhouseCoopers & Associados, S.R.O.C., Lda.

GREEN CORK
CORTICEIRA AMORIM is a pioneer in promoting the recycling of cork stoppers.

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

PricewaterhouseCoopers
& Associados - Sociedade de
Revisores Oficiais de Contas, Lda.
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**Independent verification report
Of the "Sustainability Report 2008"**

(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 2008" (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.

Corticeira Amorim, SGPS, S.A.

The scope of our verification consisted on information from 2008 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)
- Indirect energy consumption by primary source (GRI3 EN4)
- 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 2008 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 2008 Annual Report and Accounts.

(2)

Corticeira Amorim, SGPS, S.A.

Conclusions

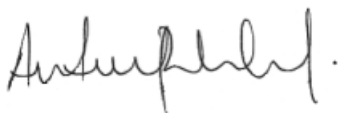
Based on our work described in this report, nothing has come to our attention that causes us to believe that internal control related to the collection, consolidation, validation and reporting of the performance information referred above is not effective, in all material respects.

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 2008 Annual Report and Accounts.

Lisbon, March 5, 2009

PricewaterhouseCoopers & Associados SROC, Lda.
Represented by:



António Joaquim Brochado Correia, ROC

“CORTICEIRA AMORIM is proud of the important role it plays in ensuring the viability of cork oak forests, a totally unique ecosystem that embodies the concept of a future in which humanity develops in harmony with nature.”

António Rios de Amorim
Chairman of CORTICEIRA AMORIM



Technical Data

Title

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Coordination

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