



corporate governance







## introduction

In 1999 the Board of the Securities Market Commission (CMVM) approved the first package of recommendations concerning the governance of quoted companies, setting out to improve mechanisms to protect investors in the security markets. Since then, it has encouraged far-ranging reflection on the subject, in prolonged processes of public consultation in which all the agents of the market have generally taken part.

As a result, this first package of recommendations has been reformulated, and some of the recommendations have been transformed into obligations, standardising the content of the annual report on the structure and practices of the corporate governance that have been implemented.

CORTICEIRA AMORIM welcomed the initial recommendations, as well as the subsequent reflections and consequent changes to the applicable regulatory framework, as an opportune and pertinent contribution whose adoption will favour all entities, private or collective, whose interests are involved in the company activity. Their positioning in relation to company governance has been analysed critically in the light of these recommendations. Due consideration has been given to the effective advantages of implementing them in full, and the circumstances in which the company operates.

Over all, the main purpose of the changes has been to strengthen the audit system within the company and to increase transparency.

The publication of Decree-Law no. 76-A/2006, of 29 March, which approved the reformulation of the Portuguese Companies' Act (Código das Sociedades Comerciais), changes the models of corporate governance, strengthening the role and the independence of the members of the governing bodies with competencies in auditing the company activity. Thus, throughout recent months, the Structure and Practices of Corporate Governance Committee has been promoting a process of reflection which was intended not only to review and improve the internal norms and processes of corporate governance, guaranteeing the fulfilment of the new law requirements as well as the governance model efficacy in safeguarding the respective interests, but also to analyse the new structural models and their fitness for the reality of CORTICEIRA AMORIM.

The present Report has thus been drawn up in compliance with the provisions of article 245-A of the Portuguese Securities Code and no. 1 of article 1 of CMVM Regulation no. 7/2001, incorporating the alterations introduced by CMVM Regulations no. 11/2003, 10/2005 and 3/2006.

The information stipulated in articles 447 and 448 of the Portuguese Companies' Act has also been included.



**CHAPTER 0:  
DECLARATION OF COMPLIANCE**

The analysis carried out makes it possible to state that CORTICEIRA AMORIM demonstrates a **good degree of adoption of the Recommendations** issued by the CMVM on the Governance of Companies, as may be inferred from the explanations presented in the following notes:

**"I - Disclosure of Information**

1. The company must ensure the existence of permanent contact with the market, respecting the principle of equality of shareholders and preventing asymmetries in access to information by the Investors. To such an effect the company must create an investor relations office."

**RECOMMENDATION FULLY ADOPTED.**

CORTICEIRA AMORIM has a Department of Investor Relations, described in paragraph 8 of Chapter 1, which guarantees complete compliance with this recommendation.

**"II - The Exercise of Voting Rights and Representation Rights by Shareholders**

2. The active exercising of voting rights, whether directly, by post or by proxy, should not be restricted. To this end, the following examples are considered to restrict the active exercise of voting rights:
  - a) the imposition of a period of more than five working days between the deposit or blocking of shares and permission to participate in the general meeting;
  - b) any statutory restriction on postal voting;
  - c) the imposition of a requirement that postal votes be received more than 5 days in advance;
  - d) the non-availability of voting slips for shareholders wishing to submit their vote by post."

**RECOMMENDATION PARTIALLY ADOPTED.**

In accordance with the company statutes, in the General Meetings the Shareholders' vote by correspondence is admitted only in specific situations (the alteration of the company statutes and election of members of the Board of Directors).

In these cases, the reception of the vote declaration must occur in the five working days before the General Meeting is held, thus adopting the period of time proposed by the Recommendation.

A model for exercising the right to vote by correspondence (postal voting), in compliance with the regulation, complying with the Recommendation, is available at company headquarters.

The blocking of shares for participation in the General Meeting must be carried out for a period not less than twenty days.

### **“III - Corporate Rules**

3. It is recommended that companies establish an internal control system, for the efficient detection of risks linked to their activity, as a mean of safeguarding their assets and enhancing the transparency of their corporate governance practices”.

#### **RECOMMENDATION FULLY ADOPTED.**

CORTICEIRA AMORIM has at its disposal a manual of internal control procedures, drawn up in collaboration with PricewaterhouseCoopers, that clearly sets out responsibilities and procedures to prevent and reduce situations of risk. Furthermore, organic units considered necessary to reduce risk and improve the quality and integrity of the information disseminated to the market have been created, as described in paragraph 3 of Chapter 1.

“4. Measures adopted to prevent the success of takeover bids should respect the interests of the company and its shareholders. Measures considered contrary to these interests include defensive clauses intended to cause an automatic erosion of company assets in the event of the transfer of control, or of changes to the composition of the board which prove detrimental to the free transferability of shares and the free assessment by shareholders of the performance of members of the board.”

#### **RECOMMENDATION FULLY ADOPTED.**

To the best of CORTICEIRA AMORIM's knowledge, there are no limits to the voting rights, restrictions on the transfer of shares, special shareholders' rights and para-social agreements.

### **“IV - Board of Directors**

5. The board should be composed of a number of members who provide effective guidance for the management of the company and the persons responsible for said management.

5-A. The board of directors should include a sufficient number of non-executive directors, whose role it is to continuously monitor and assess the management of the company by the executive members of the board. Members of other corporate bodies may exercise ancillary roles or, at the very most, substitute board members, if the supervisory powers involved are equivalent and exercised in fact.”

#### **RECOMMENDATION FULLY ADOPTED.**

The Board of Directors, the body which is responsible for effective direction in managing the company, is made up of seven members, four of whom are not executives and three of whom carry out executive functions, thus proving the existence of an adequate number of non-executive directors.

## corporate governance

**“6. The non-executive members of the board of directors must include a sufficient number of independent members. When there is only one non-executive director, he/she must also be independent. Independent members of other corporate bodies may exercise ancillary roles or, at the very most, substitute board members, if the supervisory powers involved are equivalent and exercised in fact.”**

### RECOMMENDATION NOT ADOPTED.

In the meeting of the General Assembly, held 31 March 2005, the board members were elected for the mandate of three years in course (2005-2007). No independent director was part of this.

It is important to mention that, at the date of the election referred to above, the CMVM Recommendation in force at that date was fully adopted, in respect of the existence of independent members on the board of directors, namely through the nomination of Mr José Fernando Maia de Araújo e Silva, member of the Board of Directors with executive functions not associated with any other interest group. Nevertheless, given the alteration to the Recommendation, in November 2005, the non-adoption of the same is noted, insofar as the abovementioned director exercises executive functions.

**“7. The board of directors should create internal audit committees, with the power to assess the corporate structure and its governance.”**

### RECOMMENDATION FULLY ADOPTED.

The company has a Structure and Practices of Corporate Governance Committee, which promotes those activities necessary for the revision or improvement of the internal norms and procedures of corporate governance, guaranteeing their efficacy in safeguarding the respective interests, as well as analysing the new structural models, such as those resulting from the recent reformulation of the Portuguese Companies Act, and ensuring their fitness for the reality of CORTICEIRA AMORIM.

**“8. The remuneration of members of the board of directors should be structured in such a way as to permit the interests of board members to be in line with those of the company, and should be disclosed annually in individual terms.”**

### RECOMMENDATION PARTIALLY ADOPTED.

CORTICEIRA AMORIM discloses the remuneration received by the members of the Board of Directors, identifying the remunerations received by the group of executive members, as well as those received by the group of non-executive members. The company considers that this level of detail is an adequate response to the interests and transparency that the Recommendation is intended to safeguard and so the remuneration received by individual members of the Board of Directors is not disclosed.

"8-A. A declaration on the policy for remunerating members of a company's corporate bodies should be submitted to the attention of shareholders at the annual general meeting."

**RECOMMENDATION NOT ADOPTED.**

The remunerations committee will not submit for the scrutiny of the next General Meeting, to be held 30 March 2007, a declaration on the remunerations policy of the governing bodies, in the terms suggested by the Recommendation.

"9. Members of the remuneration committee or equivalent should be independent as regards the members of the board of directors."

**RECOMMENDATION FULLY ADOPTED.**

In the light of the concept of independence defined in the Recommendations, the members carrying out the functions of the Remunerations Committee meet the conditions of independence in relation to the Board of Directors of the company.

"10. A proposal should be submitted to the general meeting with regard to the approval of plans for the allotment of shares, and/or options to purchase shares or based on variations in share prices, to members of the board of directors and/or employees. Said proposal should contain all information necessary to ensure that the plan is correctly assessed. The proposal should be accompanied by the rules of procedure for the plan, or, if these have not yet been drafted, by the general conditions for the plan."

**RECOMMENDATION FULLY ADOPTED.**

Although this specific situation has not yet arisen in CORTICEIRA AMORIM, it is company policy to facilitate all elements relevant for an appropriate and well founded appreciation of the proposals presented for discussion and deliberation in the Shareholders' General Meeting.

"10-A. The company should adopt a policy whereby alleged irregularities occurring within the company are reported, containing the following information: the method through which the irregular practices are reported internally, including the persons permitted to receive such information, the manner in which such reports are to be dealt with, including confidential treatment of the information, if such is the wish of the person making the declaration. The general direction of this policy should be disclosed in the corporate governance report."

**RECOMMENDATION NOT ADOPTED.**

CORTICEIRA AMORIM does not have a policy of communicating irregularities in the terms of this recommendation. However, given the importance of the interests that this subject seeks to safeguard, the Structure and Practices of Corporate Governance Committee is giving due thought to the means most suitable for such communications, in order to assure the protection of data and workers, as well as the attribution of competencies for receiving communications and overseeing the policy to be implemented.

**"V - Institutional Investors**

11. Institutional investors should take into consideration their responsibility to contribute to the diligent, efficient and critical use of the rights conferred on them by the securities they hold or whose management has been entrusted to them, particularly with regard to information and voting rights."

RECOMMENDATION NOT APPLICABLE TO CORTICEIRA AMORIM.

**CHAPTER I  
DISCLOSURE**

**1. Distribution of competencies between the various bodies and departments of the company in the framework of the company decision-making process.**

The Board of Directors of CORTICEIRA AMORIM is responsible for the effective control in directing the activity of the company, being the body competent to take decisions of a strategic nature.

In addition to the members who constitute the Board of Directors, meetings of this body include the presence of their Adviser. The role of Adviser to the Board of Directors was created in 2001, and has to date been carried out by Mr Américo Ferreira de Amorim.

The Board of Directors of CORTICEIRA AMORIM is made up of four non-executive members and three executive members, in addition to the decision-making referred to in the first paragraph of this paragraph, in its meetings the Board of Directors scrutinises the most important aspects of the company's activity, including the relevant matters which have been decided, or simply analysed by the Executive Board.



CORTICEIRA AMORIM's operating activity is structured in six Business Units (BU). Adopting a management model based on the concept of Strategic-Operational Holding, the Business Units are co-ordinated by the Executive Commission of CORTICEIRA AMORIM, which has wide-ranging powers of management, with the exception of those powers which for legal or statutory reasons are reserved to the Board of Directors.

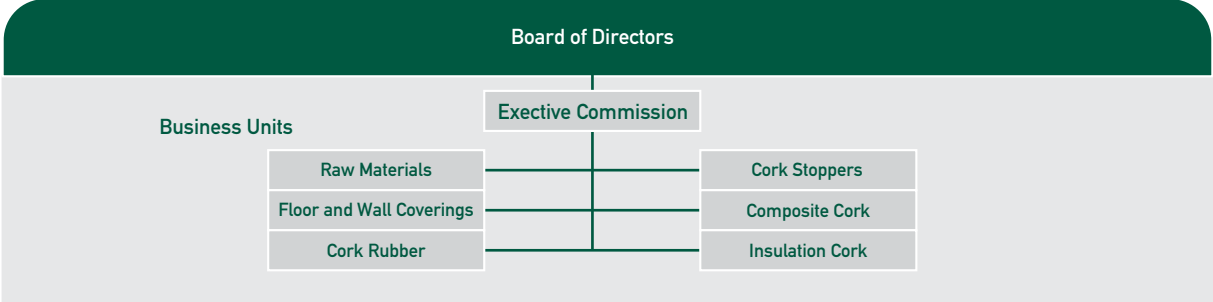


The Executive Commission is made up of three members, being constituted, at 31 December 2006, by:

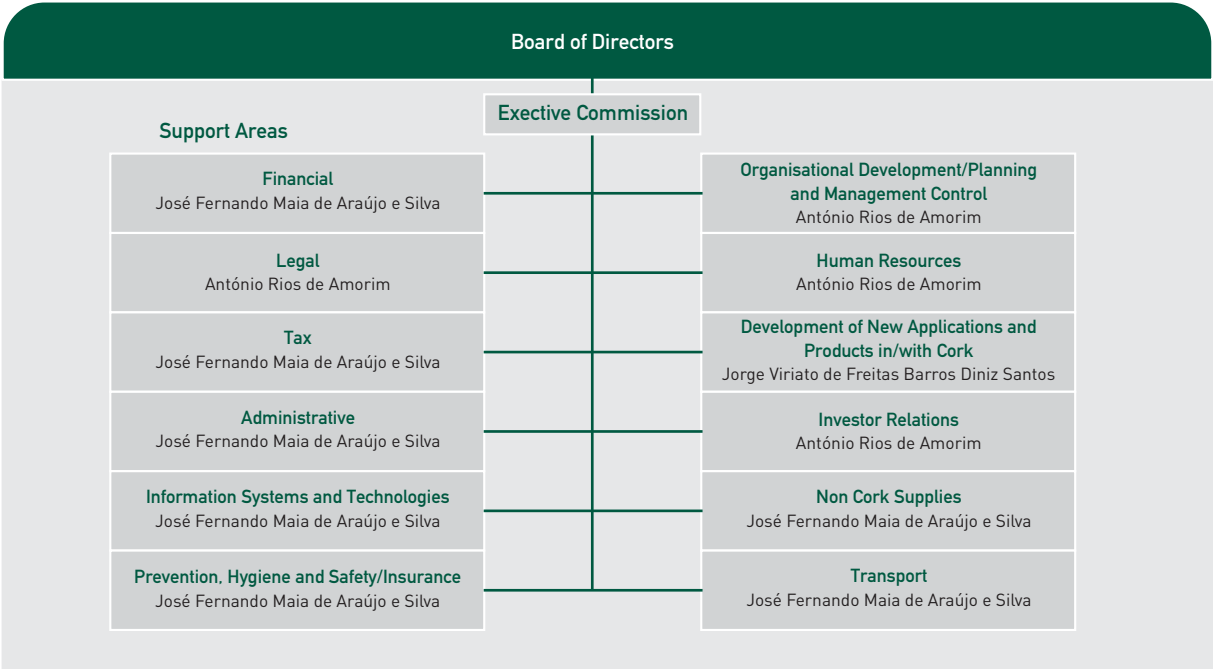
- António Rios de Amorim (Chairman);
- José Fernando Maia de Araújo e Silva;
- Jorge Viriato de Freitas Barros Diniz Santos.

The strategic alignment of the whole organisation is strengthened by the use of the balanced scorecard methodology, in CORTICEIRA AMORIM and in its Business Units. In this context, approval of the strategic objectives, strategic initiatives and priority actions of CORTICEIRA AMORIM and each BU falls to the Board of Directors of CORTICEIRA AMORIM.

Each BU has a Board of Directors made up of non-executive and executive members, including the Director General of the BU, this being the body competent to make decisions concerning all matters deemed relevant. The scheme below shows how the structure of the management of the business is currently organised:



The Support Areas are directed towards monitoring and co-ordinating the activity of the BU and their respective functional areas. While in two of these areas - internal audit and control of capital employed - the monitoring is done by the director Mr. Nuno Filipe Vilela Barroca de Oliveira, in the remaining areas monitoring is carried out by members of the Executive Commission, as shown in the following diagram:



## 2. Specific committees created in the company.

CORTICEIRA AMORIM has a Structure and Practices of Corporate Governance Committee which promotes those activities necessary for the revision or improvement of the internal norms and procedures of corporate governance, guaranteeing their efficacy in safeguarding the respective interests.

## 3. Company's risk management system.

At the level of the Board of Directors and the Executive Commission, the main objective is the integrated vision of those factors considered critical, because of the possible yield and/or associated risks, for the sustained creation of value for the company and the Shareholder.

At an operating level, because of the specific characteristics of CORTICEIRA AMORIM'S operating activity, two critical factors have been identified, whose management is the responsibility of the BU, namely the market and business risks and the raw material factor (cork).

### Market risk and business risk in operating activities:

The management of the market and business risks is in the first instance assured by the five BU that intervene in the market of CORTICEIRA AMORIM end products, that is, Cork Stoppers, Floor and Wall Coverings, Composite Cork, Cork Rubber and Insulation Cork. In the strategic planning of these BUs, supported by the balanced scorecard methodology, key factors for the creation of value have been identified, following a multi-perspective logic that encompasses finance, market/Clients, processes and infrastructures.

Following this logic, strategic objectives and their respective goals are defined, as well as the initiatives to be developed in order to achieve them.

The methodology adopted makes it possible to strengthen the alignment between the delineated strategy and the operational planning, where priority actions to be developed in order to reduce risk and sustain the creation of value are defined for a shorter period. The processes which permit the systematic monitoring of these actions are implemented in the Business Units, and are subject to periodic auditing and monthly evaluation at the headquarters of the Business Unit's Board of Directors.

### The raw material factor (cork):

Aware of how critical this factor is, cutting across all of the BU, the management of purchasing, storage and preparation of the single variable common to all of CORTICEIRA AMORIM's activities, which is the raw material (cork), has since 2002 been concentrated in one autonomous BU, thus making possible:

- specialisation of a team dedicated exclusively to the raw material;
- making the most of synergies and integration of the processing of all the kinds of raw material (cork) transformed in the remaining units;
- managing the raw materials from a multinational perspective;

- reinforcement of presence in producer countries;
- maintaining a historical register of production, updating records of cork-producing forest units;
- reinforcement of the dialogue with production, promoting forest certification, enhancing the technical quality of the product and development of partnerships in the areas of research & development applied to the forest;
- preparing, discussing and deciding within the Board of Directors the direction and pluriannual supplies policy to be developed;
- ensuring the mix of raw materials best suited to the needs of the end products market;
- ensuring the stability of this variable, critical for CORTICEIRA AMORIM's activity, over the course of time.

Within the dependency of the Board of Directors, accompanied by the Executive Commission or an executive director, are Support Areas that act decisively in managing critical factors, including risk prevention and detection. The Financial, Organisational Development/Planning and Management Control and Internal Auditing Areas intervene in this sphere.

**Finance:**

Because it is one of the most internationalised Portuguese companies, in addition to managing liquidity and interest rate risks, CORTICEIRA AMORIM pays special attention to managing exchange rate risk.

While responsible for prevention, audit and management of the abovementioned risks, the main objective of Finance is to support the definition and implementation of global strategies at the financial level and to co-ordinate the financial management of the different Business Units.

**Organisational Development/Planning and Management Control and Area of Internal Audit:**

Within the dependency of the Executive Commission, these two support area work together to reduce the functioning risks of the Organisation. Their two main functions are to assess and review the internal control systems, aiming both to optimise resources and safeguard assets, and to scrutinise the activities carried out, allowing management a reasonable level of certainty that business targets will be met.

**4. Description of the stock market behaviour of the shares.**

As described in Paragraph 6 B) of the Consolidated Management Report.

**5. Information about the policy of distributing dividends adopted by the company.**

In each financial year, CORTICEIRA AMORIM gives due consideration, in the light of the context of its activity, to the proposal for application of results of the financial year to be submitted for the approval of the General Meeting.

In respect of the financial years 2004 and 2005, given the net results obtained and the indebtedness of the company, the General Meeting of Shareholders approved the distribution of an illiquid dividend of € 0.035 and € 0.05 per share, respectively.

With respect to the financial year under consideration, given the net results obtained, more than 20 million euros, and the consistency observed in the company's financial balance, the Board of Directors will propose to the Shareholders' General Meeting the distribution of a gross dividend per share of 0.055 euros.

### **6. Plans to award shares and plans to award options to acquire shares adopted or in force during the financial year.**

CORTICEIRA AMORIM has not adopted nor has in force any plan to award shares or to award options to acquire shares.

### **7. Business and operations carried out between the company and members of its Board of Directors and Auditors, and stakeholders or directors of Companies with which there is a dominating or group relationship.**

No significant operations or business were carried out in the terms set out in this paragraph.

### **8. Market and Investor Relations.**

CORTICEIRA AMORIM ensures the existence of permanent contact with the Market, respecting the principle of equality of shareholders and preventing asymmetries in access to information by the Investors.

Thus, the Department of Investor Relations, supervised by CORTICEIRA AMORIM'S Representative for Investor Relations, performs the following duties, namely:

- periodic dissemination of analyses of the evolution of the company's activity and the results obtained, including the co-ordination and preparation of their twice-yearly public presentation delivered in the company headquarters (in person or through audio-conferencing);
- dissemination of relevant facts;
- dissemination of information about main stakeholders;
- reception and centralisation of all questions formulated by the investors and the explanations made available;
- participation in conferences and meetings with investors and analysts.

The Department may be reached at telephone number +351 22 747 54 00, by fax +351 22 747 54 07 or through the email address [corticeira.amorim@amorim.com](mailto:corticeira.amorim@amorim.com).

CORTICEIRA AMORIM has been using the information technology at its disposal for the periodic dissemination of economic and financial information, namely the reports analysing the evolution of the activity and results obtained, as well as in response to specific questions raised by the Investors.

As set out in CMVM Regulation no. 11/2003, CORTICEIRA AMORIM makes available on its website [www.amorim.com/cortica.html](http://www.amorim.com/cortica.html) a vast array of information about its company structure, its activity and the evolution of its business.

The role of Representative for CORTICEIRA AMORIM's Investor Relations is carried out by Mrs Cristina Rios de Amorim Baptista.

Of the actions carried out in 2006, regarding contact with investors, the following are especially noteworthy:

- Participation in the BPI Iberian Small & Mid Caps Conference(Oporto, September);
- Presentation of the activity and half-yearly results, through the audio-conferencing system, thus promoting interaction in the dissemination of that information;
- One-on-one meetings, held by invitation in the premises of investment banks;
- Meetings in the company premises with investors and teams of analysts, who were introduced to the main industrial units.

#### 9. Composition of the remunerations committee or equivalent body.

CORTICEIRA AMORIM'S Remunerations Committee is composed of a Chairman and two Board Members, positions occupied as of 31 December 2006 by:

- Chairman - José Manuel Ferreira Rios;
- Board Member - Álvaro José da Silva;
- Board Member - Américo Gustavo de Oliveira Ferreira.

#### 10. Amount of the annual remuneration of the auditor and other individual and collective persons belonging to the same network, supported by the company and/or by collective persons in a dominating or group relationship.

Service	Value (thousand euros)	%
Legal reviewing of account	381	86.2%
Other services to guarantee trustworthiness	27	6.2%
Tax consultancy	0	0.0%
Other services	34	7.6%
<b>Total</b>	<b>442</b>	<b>100%</b>

The heading "Other services" essentially comprises support for the implementation of administrative mechanisms for compliance with formalities established by law. As far as these services are concerned, these entities do not assume leadership of the subjacent projects, which is always taken on by the appropriate department of CORTICEIRA AMORIM, therefore there can be no question as to the independent functioning of the same.

## CHAPTER II SHAREHOLDER REPRESENTATION AND VOTING RIGHTS

CORTICEIRA AMORIM encourages participation by the Shareholders in the General Meetings of the company, namely by making available, as stipulated in the Portuguese Companies Act, the information required by law for consultation prior to the holding of the General Meeting, with the intention of making available to the Shareholder the information required to make



decisions on the matters placed on the agenda for each General Meeting, whether this decision is expressed by the Shareholder himself, by correspondence or by his proxy. In order to facilitate this access, in accordance with the Regulations of the CMVM, such information is also available on the website [www.amorim.com/cortica.html](http://www.amorim.com/cortica.html).

In relation to the process of representation, the Presiding Committee of the General Meeting checks the validity and compliance of the proxy documents presented, in accordance with what is stipulated by Law and by the company's statutes.

### **1. Statutory rules on the exercise of voting rights.**

CORTICEIRA AMORIM actively encourages Shareholders to exercise their right to vote in the General Meetings of the company, whether by direct vote, by correspondence or by proxy, namely by clarifying the legal procedures necessary for the right to vote to be exercised.

As established in the company statutes, in the General Meetings the Shareholders' vote by correspondence is admitted in the alteration of the company statutes and in the election of members of the Board of Directors.

### **2. Existence of a model for exercising voting rights by post.**

In situations in which this mode of voting is allowed, as set out in the preceding paragraph, CORTICEIRA AMORIM makes available in its headquarters to Shareholders a model for exercising the right to vote by correspondence.

### **3. Possibility and exercise voting rights by electronic means.**

The statutes of CORTICEIRA AMORIM do not allow voting by electronic means. This limitation has not yet been altered because it is believed that the technical conditions that would make it possible to assure verification of the authenticity of the vote declarations and guarantee the integrity and confidentiality of their content are not met.

### **4. Notice required for depositing or blocking shares for participation in the general meeting.**

The period of antecedence established by the statutes of CORTICEIRA AMORIM is twenty days before the date designated for the General Meeting.

### **5. The period required between the date of receipt of voting rights sent by mail and the date of the general meeting.**

In the cases in which voting by correspondence is permitted, as established by paragraph 1 above, the reception of the vote declaration must occur within five working days prior to the date when the General Assembly is held.

### **6. Number of shares equivalent to one vote.**

One vote corresponds to every group of one thousand shares.

## **CHAPTER III CORPORATE RULES**

### **1. Existence, at the level of the internal organisation, of specific rules destined to regulate situations of conflict of interests between the members of the Board of Directors and the company.**

Although there are no formal codes of conduct or internal regulations that correspond directly to this point, CORTICEIRA AMORIM considers that the principles of good business practice are part of the entrepreneurial values upheld by both the members of the company boards and by the other employees.

## 2. Internal measures adopted to control risk in the company's activity.

In accordance with the provisions of paragraph no. 3 of Chapter 1 of this Report.

## 3. Measures that may interfere with the success of takeover bids.

To the best of CORTICEIRA AMORIM's knowledge, there are no limits to the voting rights, restrictions on the transfer of shares, special shareholders' rights and para-social agreements.

## CHAPTER IV

### BOARD OF MANAGEMENT

#### 1. Composition and characterisation of the Management Board

The Board of Directors of CORTICEIRA AMORIM is composed of the Chairman, Vice-Chairman and five Board Members. As of 31 December 2006, these duties are carried out by:

##### Executive Members

###### Chairman:

António Rios Amorim

###### Vice-Chairman:

José Fernando Maia de Araújo e Silva

###### Board Member:

Nuno Filipe Vitela Barroca de Oliveira

##### Non-executive Members:

###### Vice-Chairman:

José Américo Amorim Coelho

###### Board Member:

Joaquim Ferreira de Amorim

###### Board Member:

José da Silva Carvalho Neto

###### Board Member:

Luísa Alexandra Ramos Amorim

In the Shareholders' General Meeting, held on 31 March 2005, the Board Members including the Board of Directors of the company were elected for a mandate of three years. It should be stated that on this date the CMVM recommendation concerning the presence of independent members in the management board was fully adopted, concretely through the nomination of Mr José Fernando Maia de Araújo e Silva, member of the Board of Directors with executive functions not associated with any specific interest groups. Nevertheless, given the alterations introduced by CMVM Regulation no. 10/2005, since that director carries out executive duties, there is non independence of the non-executive members, because they fit into at least one of the categories listed under no. 2 of article 1 of CMVM Regulation no. 11/2003. Given the resignation of the member of the Board of Directors Mr Rui Miguel Duarte Alegre, Mr José da Silva Carvalho Neto was elected in his place by the decision taken in the General Meeting of 31 March 2006. Mr Carvalho Neto is also a non-executive member and not independent because he fits into at least one of the categories listed in the abovementioned legal ruling.

In respect of the members of the Board of Directors of CORTICEIRA AMORIM, in post, the following information should be noted:

**António Rios de Amorim (Chairman):**

Chairman of the Board of Directors and Executive Board of CORTICEIRA AMORIM since March 2001. He was Delegated Director of Amorim & Irmãos (1996-2001), Administrator of Sociedade Figueira-Praia (1993-2006), responsible for operations in Amorim - Empreendimentos Imobiliários - which promoted the Torres de Lisboa and Arrábida Shopping projects (1993-1995), Executive Administrator of Amorim Hotéis, SA, with responsibility for developing the Ibis and Novotel chains in Portugal. He was awarded the degree Bachelor of Commerce by the Faculty of Commerce and Social Sciences of the University of Birmingham (1989), and attended *The Executive Program in Business Administration: Managing the Enterprise* - Columbia University Graduate School of Business (1992) and Managerial Skills for International Business - INSEAD (2001). He was an associate of the European Round Table of Industrialists - the only Portuguese entrepreneur to belong to this association (1991-1995). President of the Portuguese Cork Association (since 2002) and of the Confédération Européenne du Liège (since 2003). In February of 2006 he was honoured, by His Excellency the President of the Republic of Portugal, with the title of Comenda de Grande-Oficial da Ordem de Mérito Agrícola, Comercial e Industrial, a Portuguese honorific order which recognises major agricultural, commercial and industrial merit.

Date of first appointment to the Board of Directors: 29 March 1990

Date of first appointment as Chairman of the Board of Directors: 31 March 2001

Date of end of mandate: 31 December 2007

**Positions held in other companies:**

Company	Position Held
<b>CORTICEIRA AMORIM Group</b>	
Amorim Florestal - Indústria, Comércio e Exploração, SA	Chairman of the Board of Directors
Amorim Florestal España, SL	Chairman of the Board of Directors
Amorim & Irmãos IV, SA	Chairman of the Board of Directors
Amorim & Irmãos, SA	Vice Chairman of the Board of Directors
Amorim & Irmãos, SGPS, SA	Vice Chairman of the Board of Directors
Amorim & Irmãos VI, SA	Chairman of the Board of Directors
Amorim Florestal - Espanha, SA	Member of the Board of Directors
Amorim Industrial Solutions - Indústria de Cortiça e Borracha I, SA	Chairman of the Board of Directors
Amorim Industrial Solutions -Indústria de Cortiça e Borracha II, SA	Chairman of the Board of Directors
Amorim Industrial Solutions - SGPS, SA	Chairman of the Board of Directors
Amorim Isolamentos, SA	Chairman of the Board of Directors
Amorim Isolamentos II, Lda	Manager
Amorim Revestimentos, SA	Vice-Chairman of the Board of Directors
Corticeira Amorim - Indústria, SA	Chairman of the Board of Directors
Korke Schiesser GmbH	Manager
<b>Other Companies</b>	
Afaprom - Sociedade Agro-Florestal, SA	Member of the Board of Directors
Amorim, SGPS, SA	Member of the Board of Directors
Amorim Capital, SGPS, SA	Member of the Board of Directors
Amorim Desenvolvimento, SGPS, SA	Member of the Board of Directors
Amorim - Investimentos e Participações, SGPS, SA	Member of the Board of Directors
Amorim - Serviços e Gestão, SA	Chairman of the Remunerations Committee
Cimorim - Sociedade Agro-Florestal, SA	Member of the Board of Directors
Corpóreo - Compra e Venda de Imóveis, SA	Member of the Board of Directors
Interfamília II, SGPS, SA	Member of the Board of Directors
Luxor, SGPS, SA	Vice-Chairman of the Board of Directors
Resiféria - Construções Urbanas, SA	Member of the Board of Directors
S21 - Sociedade de Investimento Imobiliário, SA	Member of the Board of Directors
<b>Other Organizations</b>	
Associação Portuguesa da Cortiça	Chairman of the Board of Directors
Confédération Européenne du Liège	Chairman of the Board of Directors

#### **José Américo Amorim Coelho (Vice-Chairman):**

He studied in the Faculty of Economics of Oporto University (1974-1976). He is Vice-Chairman of the Board of Directors of CORTICEIRA AMORIM, non-executive from September 2005. Up to this date he was Vice-Chairman of the Executive Board of the company, with responsibility for permanently accompanying the Composite Cork, CorkRubber and Insulation Cork Business Units and joint responsibility for accompanying the Raw Materials Business Unit. In the last 27 years he has been executive director of various affiliates of the company. His leadership of the Composite Cork Business Unit (1982-1992) and the Floor and Wall Coverings Business Unit (1992-2002) deserve particular mention.

Date of first appointment to the Board of Directors: 9 October 1987

Date of end of mandate: 31 December 2007

#### **Positions held in other companies:**

Company	Position Held
<b>Other Companies</b>	
Amorim - Entertainment e Gaming International, SGPS, SA	Member of the Board of Directors
Amorim - Hotéis e Serviços, SGPS, SA	Member of the Board of Directors
Amorim Participações Mobiliárias, SGPS, SA	Chairman of the Board of Directors
Amorim Turismo, SGPS, SA	Member of the Board of Directors
Bingo Plus - Turismo e Animação, SA	Member of the Board of Directors
CHT - Casino Hotel de Tróia, SA	Member of the Board of Directors
Ebanus - Investimentos Imobiliários e Turísticos, SA	Member of the Board of Directors
Goldtur - Hotéis e Turismo, SA	Member of the Board of Directors
Grano Salis - Investimentos Turísticos, Jogo e Lazer, SA	Member of the Board of Directors
Having - Investimentos Hoteleiros, SA	Member of the Board of Directors
IHP - Investimento Hoteleiro de Portugal, SA	Member of the Board of Directors
Portis - Hotéis Portugueses, SA	Member of the Board of Directors
Portotel - Sociedade de Investimento e Gestão de Hotéis, SA	Member of the Board of Directors
Prifalésia - Construção e Gestão de Hotéis, SA	Member of the Board of Directors
Return - Investimentos Hoteleiros e Jogo, SA	Member of the Board of Directors
Soamco - Investimentos, Lda	Manager
Sociedade Figueira Praia, SA	Member of the Board of Directors
Tróia Península - Investimentos, SGPS, SA	Member of the Board of Directors
Turyleader, SGPS, SA	Member of the Board of Directors
Upsite - Investimento Hoteleiro de Portugal, SA	Member of the Board of Directors

#### **Joaquim Ferreira de Amorim (Board Member):**

Entrepreneur and company director. He belongs to the third generation of the Amorim Family and has around fifty years of professional activity in the area of cork in the Group. He joined the management team which undertook the verticalisation of the cork business in the 60s, and in the 80s and 90s, he invested in the internationalisation of the business, taking CORTICEIRA AMORIM to world leadership in the cork sector.

Date of first appointment to the Board of Directors: 9 October 1987

Date of end of mandate: 31 December 2007

Positions held in other companies:

Company	Position Held
<b>CORTICEIRA AMORIM Group</b>	
Amorim & Irmãos, SGPS, SA	Member of the Board of Directors
Amorim & Irmãos, SA	Member of the Board of Directors
Moraga - Comércio e Serviços, SA	President of the Board of Directors
S.A.M. Clignet & Cie	President of the Audit Committee
<b>Other Companies</b>	
Amorim - Investimentos e Participações, SGPS, SA	First Vice-Chairman of the Board of Directors
Amorim Capital, SGPS, SA	Member of the Board of Directors
Amorim Desenvolvimento, SGPS, SA	Member of the Board of Directors
Amorim - Entertainment e Gaming Internacional, SGPS, SA	Member of the Board of Directors
Amorim Turismo, SGPS, SA	Vice-Chairman of the Board of Directors
Ancarin - Investimentos Imobiliários e Financeiros, SA	Chairman of the Board of Directors
Bingo Plus - Turismo e Animação, SA	Member of the Board of Directors
Casa de Mozelos Gestão de Imóveis, SA	Chairman of the Board of Directors
CHT - Casino Hotel de Tróia, SA	Member of the Board of Directors
Evaesco, SGPS, SA	Chairman of the Board of Directors
Famorin - Sociedade Financeira e Mobiliária, SGPS, SA	Chairman of the Board of Directors
Florinvest - Sociedade Agrícola, SA	Chairman of the Board of Directors
Grano Salis - Investimentos Turísticos, Jogo e Lazer, SA	Member of the Board of Directors
Interfamília II, SGPS, SA	Member of the Board of Directors
Interfamília VI, SGPS, SA	Chairman of the Board of Directors
Investife - Investimentos Imobiliários e Financeiros, SA	Chairman of the Board of Directors
Norbrasin, Investimentos Imobiliários, SA	Chairman of the Board of Directors
Prifalésia - Construção e Gestão de Hotéis, SA	Member of the Board of Directors
Resinfe - Investimentos e Promoção Imobiliária, SA	Vice-Chairman of the Board of Directors
Return - Investimentos Hoteleiros e Jogo, SA	Member of the Board of Directors
Sociedade Agrícola Triflor, SA	Chairman of the Board of Directors
Sociedade Figueira Praia, SA	Member of the Board of Directors
Tróia - Península Investimentos, SGPS, SA	Member of the Board of Directors
Turyleader, SGPS, SA	Member of the Board of Directors
Vatrya - Consultadoria e Marketing, Lda	Manager

**José Fernando Maia de Araújo e Silva (Board Member):**

Graduate in Economics from the Faculty of Economics of the University of Oporto (1974). Executive Director of CORTICEIRA AMORIM since 2002. He was Vice-Chairman of Sonae Indústria (1999-2002) and member of the Board of Directors of Spred (1998-1999), Sonae Participações Financeiras (1996-1998) and Tafisa (1993-1995). Responsible for the financial co-ordination and control of management of the industrial area of the Sonae Group (1989-1990) and the financial co-ordination of Sonae Investimentos (1991-1993). He was Director of Soserfin (1987-1988) and Director of the International Department of the BESCL (1984-1986). He began his professional activity in the Faculty of Economics of the University of Oporto as a lecturer in various subjects (1975-1983). Also in this Faculty he was responsible for the subject of International Financial Management (1987-1988) in the postgraduate course for Financial Analysts. Since 1991, he has been a guest lecturer at the Catholic University of Portugal, where he is responsible for the subject of International Financial Management, in the Management course.

Date of first appointment to the Board of Directors: 16 September 2002

Date of end of mandate: 31 December 2007



#### Positions held in other companies:

Company	Position Held
CORTICEIRA AMORIM Group	
Amorim & Irmãos, SGPS, SA	Chairman of the Board of Directors
Amorim & Irmãos, SA	Chairman of the Board of Directors
Amorim Revestimentos, SA	Member of the Board of Directors
Amorim Florestal - Indústria, Comércio e Exploração, SA	Member of the Board of Directors
Amorim Industrial Solutions - Indústria de Cortiça e Borracha I, SA	Member of the Board of Directors
Amorim Industrial Solutions - Indústria de Cortiça e Borracha II, SA	Member of the Board of Directors
Amorim Industrial Solutions, SGPS, SA	Member of the Board of Directors
Amorim Isolamentos, SA	Member of the Board of Directors
Amorim Isolamentos II, Lda	Manager
Champcork - Rolhas de Champanhe, SA	Member of the Board of Directors
Corticeira Amorim - Indústria, SA	Member of the Board of Directors
Portocork Internacional, SA	Member of the Board of Directors

#### Nuno Filipe Vilela Barroca de Oliveira (Board Member):

He graduated in Company Administration and Management from the Catholic University of Portugal. Non-executive director of CORTICEIRA AMORIM, from March 2003 until September 2005, he then proceeded to carry out executive functions from that date. Non-executive director of various companies in the Amorim Group (from 2000) and executive director of Barrancarnes (2000-2005). After a year in the commercial area of Møre Codfish (Norway), he took part in the Comett programme and held an internship in Merrill Lynch (London), then began his professional activity in the Banco Comercial Português Group, where, for three years, he collaborated in the areas of Studies and Planning, International Area and Investment Funds.

Date of first appointment to the Board of Directors: 28 March 2003

Date of end of mandate: 31 December 2007

#### Positions held in other companies:

Company	Position Held
Other Companies	
Amorim - Investimentos e Participações, SGPS, SA	Member of the Compensation Committee
Amorim - Serviços e Gestão, SA	Member of the Compensation Committee
Natureza, SGPS, SA	Member of the Board of Directors

#### Luísa Alexandra Ramos Amorim (Board Member):

Degree (DESE) in Marketing from ISAG. Director of Amorim - Investimentos e Participações (since 2002). Executive Director of Natureza, S.G.P.S. (since 2002) and Director of Marketing of J. W. Burmester (2000-2002). She began her professional activity in the Amorim Group as Assistant in Hotel Management in Amorim Hotéis e Serviços and the Sociedade Figueira Praia (1996-1997), having collaborated in different business areas of the Group, in Portugal and abroad, between 1998 and 2000.

Date of first appointment to the Board of Directors: 28 March 2003

Date of end of mandate: 31 December 2007

Positions held in other companies:	
Company	Position Held
Other Companies	
Amorim - Investimentos e Participações, SGPS, SA	Member of the Board of Directors
Bucozal - Investimentos Imobiliários e Turísticos, Lda	Manager
Quinta Nova de Nossa Senhora Carmo - Sociedade Agrícola, Comercial e Turística, Lda	Manager

**José da Silva Carvalho Neto (Board Member):**

He graduated from the University of Oporto with a degree in Chemical Engineering. Administrator of various companies in the Amorim Group since January 2004. He began his professional career in Mabor Portugal, which later became part of the Continental Group, where for more than 30 years he has carried out the following functions:

Head of Personnel and Management of Human Resources in Mabor Portugal (1 year); Director of Production, Mabor Portugal (4 years); Director and Administrator of the Mabor Factory in Luanda, Angola (18 months); Commercial Director of Continental and Mabor in Portugal (2 years); Director of Restructuring Project, Administrator and Chairman of the Continental Group - tyres - in Portugal (8 years) and Chairman of the Continental Group in Mexico.

Date of first appointment to the Board of Directors: 31 March 2006

Date of end of mandate: 31 December 2007

Positions held in other companies:	
Company	Position Held
Other Companies	
Amorim & Ruas, SA	Legal Representative
Amorim Broking - Investimentos e Participações Financeiras, SA	Chairman of the Board of Directors
Amorim Broking, SGPS, SA	Member of the Board of Directors
Amorim Desenvolvimento, SGPS, SA	Member of the Board of Directors
Amorim Energia, BV	Director
Amorim Investimentos Energéticos, SGPS, SA	Member of the Board of Directors
Amorim Trading - Comércio de Importação e Exportação, SA	Member of the Board of Directors
Amorimgest, Lda	Manager
Bucozal - Investimentos Imobiliários e Turísticos, Lda	Manager
Cores da Paisagem, SA	Chairman of the Board of Directors
Época Global, SGPS, SA	Chairman of the Board of Directors
Investimentos Ibéricos, SGPS, SA	Chairman of the Board of Directors
Imoeuro, SGPS, SA	Member of the Board of Directors
Maporal - Matadouro de Porco de Raça Alentejana, SA	Chairman of the Board of Directors
Natureza, SGPS, SA	Member of the Board of Directors
Power, Oil & Gas Investments, BV	Director
Quinta Nova de Nossa Senhora do Carmo - Sociedade Agrícola, Comercial e Turística, Lda	Manager
Recato da Madeira - Investimentos Financeiros e Gestão, SA	Member of the Board of Directors
Resultactual, SGPS, SA	Chairman of the Board of Directors
Tendência Verde, SA	Chairman of the Board of Directors

## **2. Other bodies with management competence**

Adopting a management model based on the concept of Strategic-Operational-Holding, the BU are co-ordinated by the Executive Commission of CORTICEIRA AMORIM, which possesses wideranging powers of management, with the exception of those powers which for legal or statutory reasons are reserved to the Board of Directors.

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

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

This Committee's activity makes it possible to strengthen internal control systems, introducing continuous evaluations and implementing actions intended to improve the levels of performance of the business, as well as to contribute to more effective detection of risks linked to the activity, as presented in paragraphs 1 and 3 of Chapter I of the present Report.

## **3. Exercise of functions by the administrative body of the company.**

The Board of Directors of CORTICEIRA AMORIM is responsible for the effective control in directing the activity of the company, being the body competent to take decisions of a strategic nature.

There is no specific delimitation of competencies between the Chairman of the Board of Directors and the Executive Commission, apart from that deriving from Law. Currently, the role of Chairman of these two bodies is carried out by the same person, although this is through choice, not imposed by law or statute.

The Executive Commission is prohibited from making decisions which, in legal terms, cannot be delegated by the Board of Directors, namely, the co-opting of administrators, the request for the convocation of general meetings, annual reports and accounts, to stand bail or give personal or real guarantees on behalf of the company, change headquarters, increase capital, mergers, demergers and transformations of companies.

The conditions of procedures, decision-making procedures, interaction and reporting are guaranteed, so that the Administrative Organ is at all times informed of relevant matters, and decisions taken by the Executive Committee.

No list has been drawn up of conflicts of interest between exercising the role of company director and any other roles carried out in other companies or organisations, just as no limit has been set for the number of positions that may be accumulated.

Nine meetings of the Board of Directors of the company and twenty-one meetings of the Executive Commission were held in 2006.

## **4. Remuneration policy.**

The remuneration of the Administration is structured in such a way as to promote the alignment of the board members' interests with the company's interests, on a fixed basis, with a variable component which derives from the results of the activity carried out and the economic and financial situation of the company.

## **5. Remuneration received by the members of the administrative body as a whole.**

The whole group of members of the Board of Directors who, in the terms of paragraph 1 of Chapter IV of the present Report, carry out executive duties, received remunerations amounting to 867 thousand euros (729 thousand euros of fixed remuneration and 138 thousand euros of variable remuneration), for the performance of duties either in the governing body of CORTICEIRA AMORIM or in the governing bodies of the associated or affiliated companies that constitute that company. The non-executive members of this body are not remunerated.

As set out in paragraph 1 of Chapter I: “The strategic alignment of the whole organisation is strengthened by the use of the balanced scorecard methodology, in CORTICEIRA AMORIM and in its Business Units.”

Thus, the variable component of the remuneration of the executive members of the Board of Directors corresponds to a performance-related bonus that derives from the verifiable extent to which those goals, objectives, strategic initiatives and priority actions set out have been fulfilled.

The adoption of the abovementioned methodology, which considers financial and non-financial indicators in evaluating performance, permits the Remunerations Committee to assess in each financial year the objective degree of fulfilment of these goals, deciding, as a result of this fulfilment, whether to attribute the abovementioned bonus.

In respect of the financial year 2006, since fulfilment of such aims has been noted, it has been decided to award a bonus to the executive members of the Board of Directors to the total value of 138 thousand euros.

### **6. Description of the general policy lines for communicating irregularities that have allegedly occurred within the company.**

CORTICEIRA AMORIM does not have a formal policy for communicating irregularities in the terms of the CMVM recommendation. However, giving consideration to the importance of the interests which this matter seeks to safeguard, the Committee for Structure and Practices of Corporate Governance is giving due thought to the means most suitable for such communications, in order to ensure the protection of data and workers, as well as the attribution of competencies for receiving communications and overseeing the policy to be implemented.

## **CHAPTER V**

### **OTHER INFORMATION**

#### **1. Information stipulated in terms of article 245-A of the Portuguese Securities Code**

##### **a) Structure of capital, including indication of shares not admitted to trading, different categories of shares, rights and duties inherent to the same and percentage of capital that each category represents**

CORTICEIRA AMORIM's share capital amounts to 133 million euros, represented by 133 million ordinary shares with a nominal value of 1 euro, which grant the right to dividends.

All of the shares issued by the company are admitted to trading on the Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A..

##### **b) Any restrictions on the transmissibility of shares, such as the need to obtain approval for the transfer or limitations on the holding of shares**

The company statutes do not include any restriction of this type and, to the best of the company's knowledge, there is no other kind of restriction on the transfer of shares.

### c) Major stakeholders in the company

Major stockholders, as of 31 December 2006:

Stockholders	Number of shares	Percentage of holding	Number of votes	Percentage of voting rights
Amorim Capital - Sociedade Gestora de Participações Sociais, S.A.	90,162,161	67.791%	90,162	69.116%
Luxor - Sociedade Gestora de Participações Sociais, S.A.	3,069,230	2.308%	3,069	2.353%
Millennium BPC - Investimentos - Fundos Mobiliários, S.A., representing the following funds under its management:	3,936,855	2.960%	3,936	3.017%
FIM Millennium Ações Portugal	1,977,105	1.487%	1,977	1.516%
FIM Millennium PPA	1,959,750	1.473%	1,959	1.502%
Portus Securities - Sociedade Corretora, Lda.	7,400,000	5.564%	7,400	5.673%
Directly	6,400,000	4.812%	6,400	4.906%
Through Shareholder / Stockholder	1,000,000	0.752%	1,000	0.767%

As of 31 December 2006, Amorim - Investimentos e Participações, S.G.P.S., S.A., has an indirect financial stake in CORTICEIRA AMORIM, S.G.P.S., S.A., of 90,162,162 shares which correspond to 69.116% of the voting rights. This indirect stake is held through Amorim Capital - Sociedade Gestora de Participações Sociais, a company held in its entirety on that date by Amorim - Investimentos e Participações, S.G.P.S., S.A..

Amorim - Investimentos e Participações, S.G.P.S., S.A., is held, as of 31 December 2006, by Interfamilia II, S.G.P.S., S.A.. It should be mentioned that as of 31 December 2006, the company had 2,548,357 of its own shares, registered as treasury stock.

### d) Identification of shareholders who hold special rights and description of these rights

There are no company shares or shareholders with special rights.

### e) Mechanisms of control included in any system of worker participation in the capital, insofar as they will not directly exercise voting rights

No mechanisms of control are anticipated in this respect.

### f) Any restrictions on voting rights, such as limitations on voting depending on holding a number or percentage of shares, time limits imposed for exercising the right to vote or systems to flag up rights pertaining to assets

As set out in Chapter II of the present document.



**g) Para-social agreements known to the company that may lead to restrictions in transmissibility of shares or voting rights**

To the company's knowledge, there are no para-social agreements that might lead to the abovementioned restrictions.

**h) Rules applicable to the appointment and distribution of members of the Board of Directors and the alteration of the company statutes**

The rules applicable to the **appointment and replacement of members of the Board of Directors** are those contemplated in the Law with the following specific aspects contained in the company statutes:

The **election** is done through lists, specifying the office held by each member. Voting is done in two stages:

**First:** the isolated election of one director from among people proposed in lists signed by groups of shareholder who hold between 10 and 20% of the share capital. Each list must propose at least two electable people for each one of the offices to be filled. No shareholder may sign more than one of the lists. If in this isolated election lists are presented by more than one group of shareholders, the voting will first deal with all of the lists and then on the people indicated in the list that wins. The lists may be presented up the beginning of the discussion, in the general meeting, of the point in the agenda concerning the election of members of the Board of Directors;

**Second:** the general meeting proceeds to the election of the other directors. All of the shareholders who are present may take part in the respective discussion, whether or not they have signed or voted in any of the lists of the first phase. The general meeting may not proceed to the election of the remaining board members as long as one of the people proposed in the first stage lists has not been elected, unless no list has been proposed.

The **mandate** of the members of the Board of Directors lasts for one year, renewable automatically, to a maximum of three years, as long as at the time of the voting on the management report, accounts of the financial year and application of the results, the shareholders do not suggest replacing one, any or all of them. Every three years, shareholders obligatorily proceed to the election of the members of the Board of Directors, who may be re-elected one or more times.

**The rules applicable to the alteration of company statutes** are included in the Law, with the following specific provisions contained in its statutes:

The Administration of the company is carried out by a Board of Directors made up of a Chairman, a Vice-Chairman and from one to nine Board Members. This statute may only be altered through deliberation by a majority of shareholders corresponding to two thirds of the share capital.

**i) Powers of the management board, namely in respect of deliberations concerning increase of capital**

**The powers of the Board of Directors** are expressed in the Law with the following specific provisions included in the company statutes:

The Board of Directors is, generally speaking, responsible for carrying out all the functions of direction, management, administration and representation of the company and, in particular:

- transfer the company headquarters to any other locale permitted by law, as well as create, in any part of the national territory or abroad, delegations, agencies, branches, subsidiaries, branch offices, offices or other local forms of representation of the company;
- acquire, transfer and charge shares and government bonds belonging to the company and any rights, as well as carry out on any of those operations deemed appropriate;
- acquire, transfer, exchange and lease property, by any acts or contracts, as well as charge them, even through the constitution of real guarantees;
- exercise and promote the exercising of the rights of the company in the companies in which it has a holding;
- acquire, transfer, exchange and encumber real estate in any way;
- negotiate financial borrowing-lending operations with credit institutions, in the terms, conditions and forms that it deems appropriate;
- move bank accounts, deposit and withdraw monies, issue, accept, sign and endorse cheques, letters, promissory notes, invoices and other negotiable instruments;
- confess, desist or acquiesce in any actions, as well as act as arbitrators.

The Board of Directors establishes the rules of its functioning and may delegate to any of its constituent elements the execution of its own decisions, the current management of the company, and competence to decide certain administrative matters. Such delegation may be made to an Executive Commission, whose terms of reference are defined by the Board of Directors. The Board of Directors may name a Consultative Committee whose role it is to give a view, at the request of the Board of Directors, on the company's plans and strategy and on proposals to alter the company statutes, increase capital, issue bonds, merger, demerge, transform and dissolve the company. The Board of Directors establishes the composition, period of functioning and the terms of reference of the Consultative Committee.

The Board of Directors may designate a company Secretary and his substitute and request that a General Meeting of the company be held.

**The powers of the Board of Directors concerning deliberations on increase of capital** are those stipulated in the Law and the specific provisions of the company statutes. These establish that the Board of Directors may decide to increase the share capital, once or more, in the ways allowed by law, to the amount of 250,000,000.00 euros. It is also their responsibility to establish the respective terms and conditions, as well as the form and periods of time for subscription and realisation.

**j) Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements**

There are no agreements in the terms described in this paragraph.

**l) Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid**

The company has not made any agreement with board members or works providing compensation in situations where it is not required by law.

**m) Internal control and risk management systems implemented in the company**

As described in paragraph 3 of Chapter 1 of the present document.

**2. Information included in articles 447 and 448 of the Portuguese Companies Act**

**2.1. - CORTICEIRA AMORIM, S.G.P.S., S.A. shares held and/or traded by the board members**

In compliance with the stipulations of article 447 of the Portuguese Companies Act, it is hereby stated that:

- i) the director Mr José Américo Amorim Coelho continues to hold 20,339 company shares, having not carried out any share transaction during 2006;
- ii) the remaining Board Members do not own, nor have traded any company share capital.

**2.2 Stockholders holding more than 10% of the shares**

In compliance with article no. 448 of the Portuguese Companies Act, it is stated that at 31 December 2006, it is hereby stated that as of 31 December 2006, Amorim Capital - Sociedade Gestora de Participações Sociais, S.A., holds 90,162,161 shares of CORTICEIRA AMORIM, S.G.P.S., S.A., Corresponding to 67.791% of the shares and 69.116% of the voting rights.

Mozelos, February 26, 2007

The Board of Directors of CORTICEIRA AMORIM, S.G.P.S., S.A.