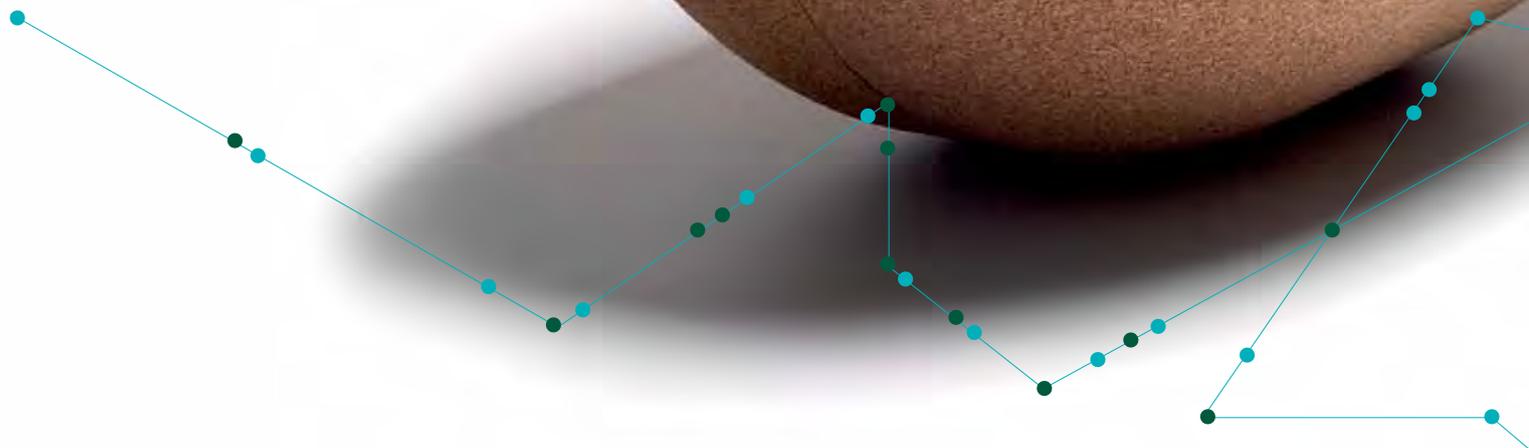




2011

Sustainability Report



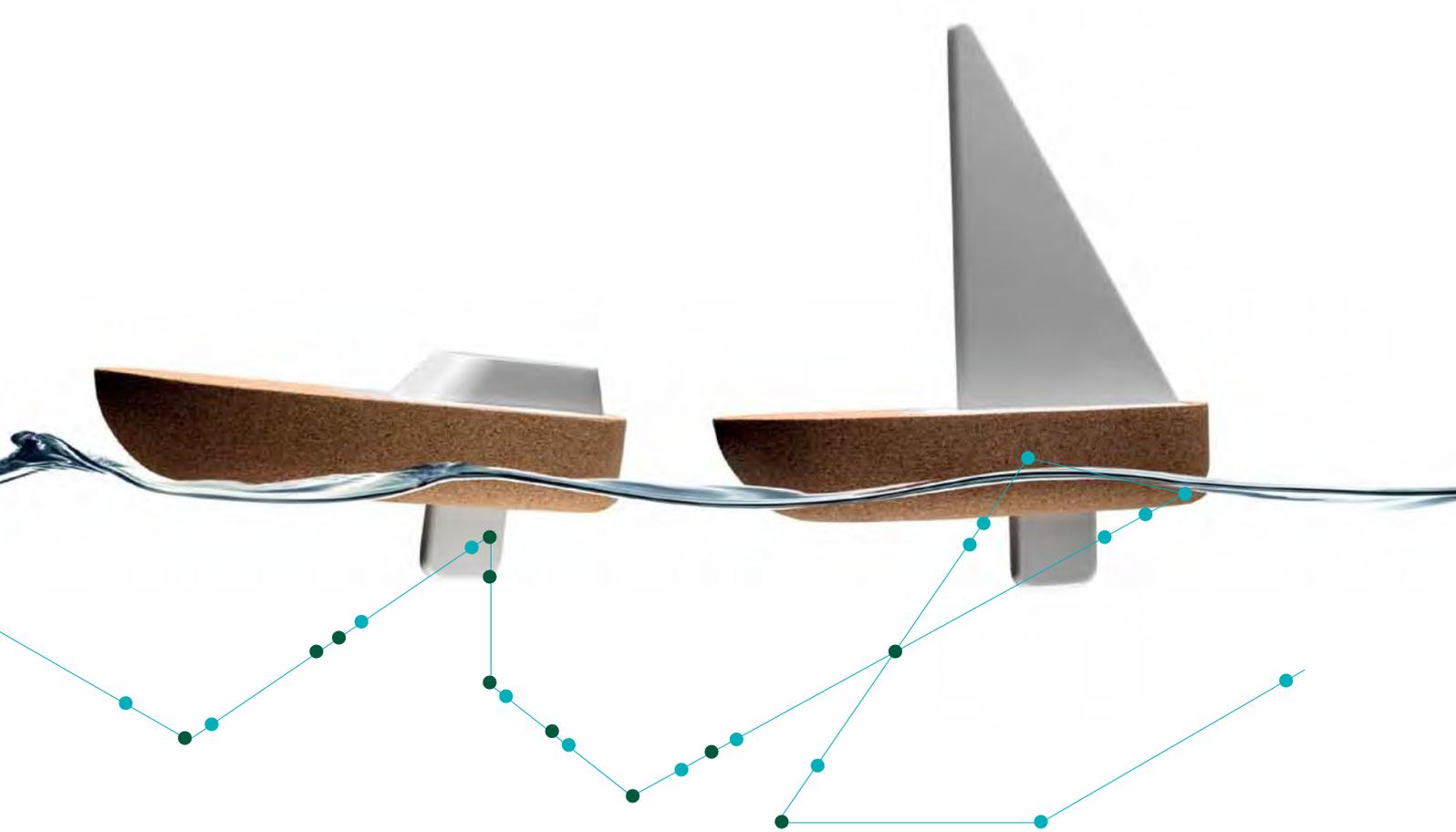
CORK • INNOVATION • DESIGN



CORTICEIRA AMORIM's long history reflects the dedication, determination, audacity and vision with which successive generations have revolutionised the cork industry.

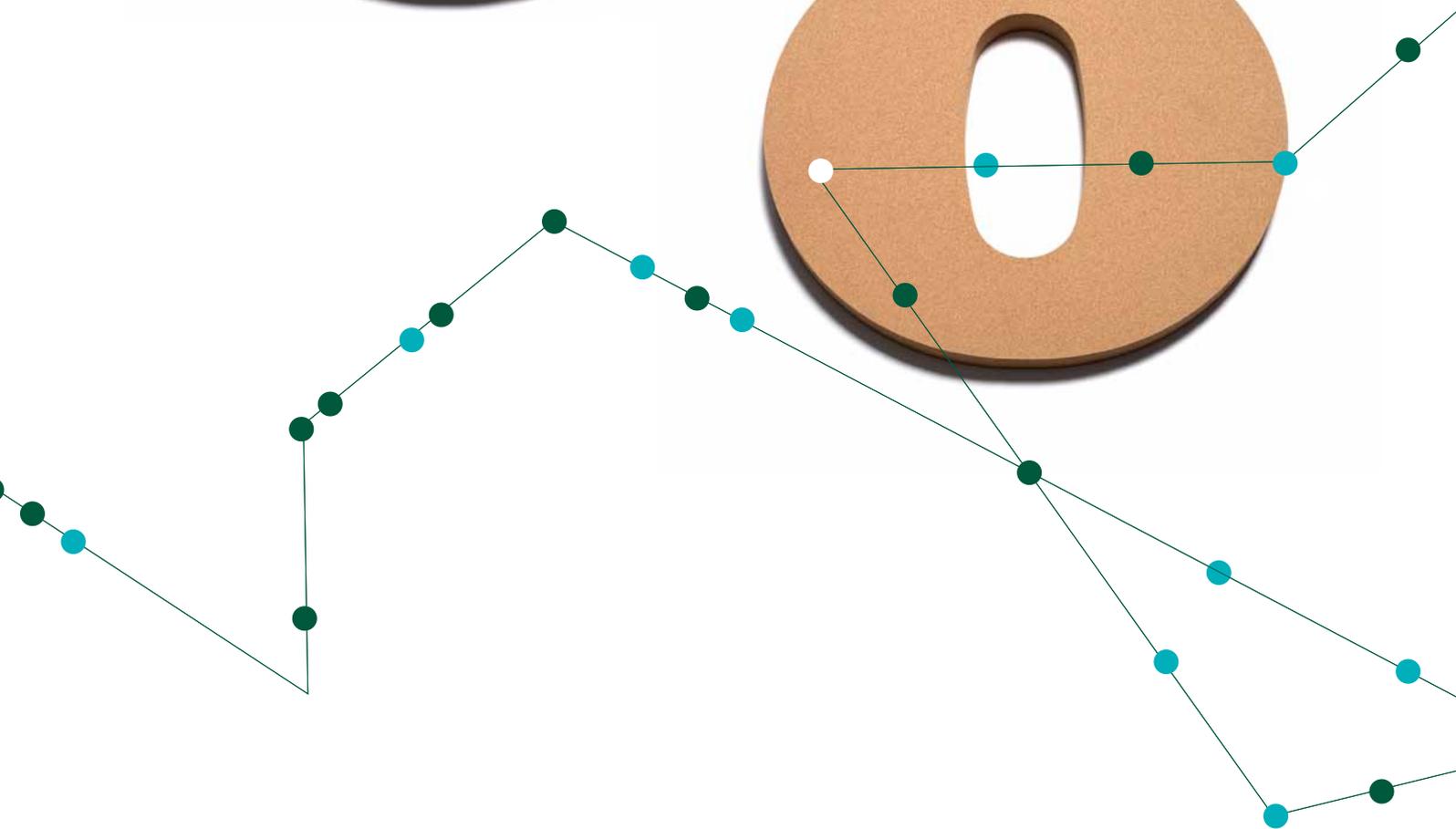
Today, the Group is known for promoting, processing and adding value to cork. The result is a vast portfolio of products and solutions that are technically flawless, inventive, creative and environment-friendly.

From the simplest product to the most complex solution, CORTICEIRA AMORIM exports a valuable and remarkable heritage to the four corners of the earth: the cultural roots of cork, the versatility of the material, the most advanced manufacturing technologies and vast scientific knowledge in which the Group continues to invest.



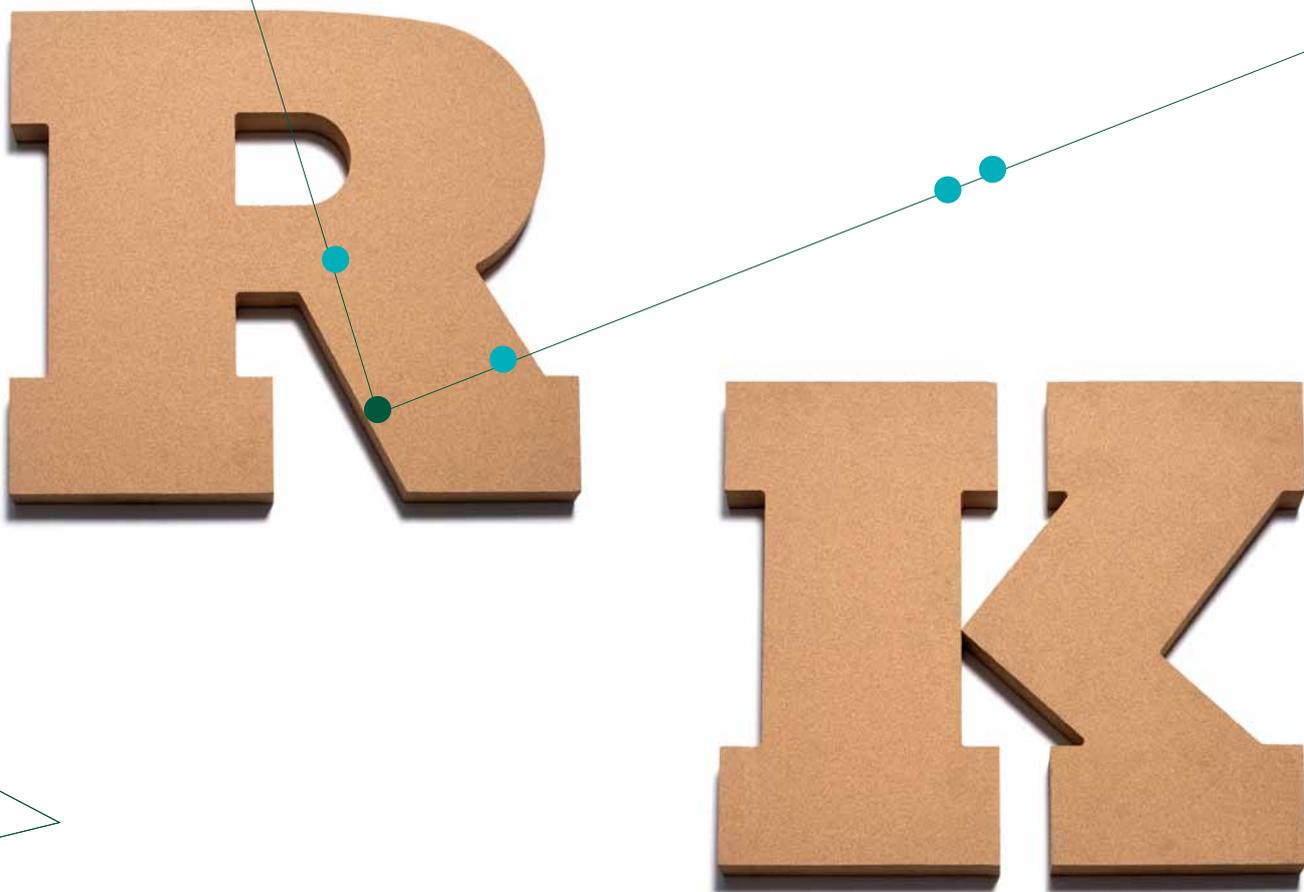
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INDEX

Chairman's Message	4
2011 Highlights	6
01 • CORTICEIRA AMORIM Presentation	8
02 • Corporate Governance and Sustainable Development Strategy	18
03 • Natural Choice Programme	24
04 • Priorities and Challenges	28
05 • Performance Indicators	44
06 • Report Framework and GRI Index	54
07 • Verification Report	62



CHAIRMAN'S MESSAGE

CORTICEIRA AMORIM realized, early on, that integrating the principles and practices of sustainable development into its business had a positive impact upon the results and the performance of its companies. Ever since, key strategic choices have been made on this premise, an approach backed up by the economic growth enjoyed by the Company in recent years. Once again, and after a record year in 2010, during 2011 CORTICEIRA AMORIM's position as the world leader in cork was further strengthened, with an overall increase in activity and profitability levels.

In light of the current economic and financial environment, this is a remarkable achievement. In a year in which the world economy grew approximately 3.8%, CORTICEIRA AMORIM increased its activity by 8.3%, obtaining its best results ever. In the same year in which Portugal was forced to request external financial aid, the company bolstered its profitability levels and created jobs, bucking the trend in place in Portugal, where the unemployment rate has been gradually rising and is now among European Union's highest.

Of decisive importance to this performance was the new international status enjoyed by cork as a sustainable raw material with unequalled characteristics, which adds value to the products and solutions which use it. In short, cork is clearly positioned as a product for the future.

During the year proclaimed International Year of Forests, at a national level the cork oak was appointed Portugal's National Tree. As a result, 2011 will be a memorable year for the cork oak forests, for cork and for CORTICEIRA AMORIM.

At the international level, numerous opinion leaders, from a variety of fields, are describing the cork industry and cork oak forests as a genuine example of sustainable development. World-renowned cinema stars, designers, scientists, oenologists and architects are among the countless influential celebrities proclaiming the virtues of a sector and an ecosystem which simultaneously have a positive impact on society and communities, while providing economic prosperity and a set of environmental services fundamental to humankind.

The existence of an undercurrent drawing attention to the need for a change in paradigms of economic development and the emergence of concepts such as the «green economy» have served to highlight the unique nature of the cork sector and the cork oak forests, a rare example of an economic activity which makes viable and fosters an important set of ecosystem services. CORTICEIRA AMORIM has closely followed this issue, heading the execution of studies and promotion of forums with a view to developing mechanisms to allocate real economic value to the environmental services resulting from cork oak forest management.

2011 was also the concluding year of the InterCork programme, the largest ever campaign for international promotion of cork, which achieved remarkable results. All over the world, the use of cork as a an optimal solution for construction, combining technical and environmental performance, is growing, and in the wine industry there is strong evidence that in 2011, just as in 2010, cork stoppers increased their market share in relation to plastic and aluminium closures.

Finally, the year under consideration was marked by the launch of MATERIA - CORK BY AMORIM, a new collection of everyday items made from cork with unique signatures which signal a milestone in the development of design using cork and the recruitment of Portuguese and international designers to create new concepts which add value to this raw material, opening doors to innovation in cork-based products.

Indeed, innovation will remain one of the highest priorities of CORTICEIRA AMORIM, a Company increasingly recognised for its outstanding work in development and innovation in the cork sector. It is in the conviction that this path has been marked by success after success, but also in the certainty that there is an entire universe of applications for cork yet to be discovered, that CORTICEIRAAMORIM has launched the CORK.IN Innovation Programme. Under the tagline «Innovative Nature», CORK.IN aims to create within CORTICEIRA AMORIM a propitious environment for the development of new ideas, fostering the creativity of our employees and implementing, where possible, proposals which are of benefit to the Organisation. Stimulating our Employees' motivation and creativity and generating ideas by means of an appropriately structured innovation programme are the principles upon which CORK.IN is based.

In this report, the main steps taken in 2011 towards Sustainable Development are described. We are aware that it has been a positive year, with a number of initiatives and strategic choices contributing to an evolution which bucks the trend dominating the business environment in which we operate. From the marked internationalisation of the Company's activities, enabling reduction of market risks, to the financial solidity built over the years, enabling reduction of financial risks, from the concerted efforts of a wide range of stakeholders aimed at developing the entire value chain to international recognition of the technical potential of cork solutions and their social and environmental performance, many were the factors which contributed to a situation in which, despite the adversities faced in important markets, CORTICEIRA AMORIM is able to look to the future with optimism.

The challenges and uncertainties faced by Humanity are varied and complex. It is the task of society and of companies to interpret these challenges and develop solutions, albeit in the certainty that these solutions must make use of sustainable models. CORTICEIRA AMORIM works in constant collaboration with its stakeholders on these development models, in the conviction that cork will remain a choice for the future.

Yours cordially,



António Rios de Amorim



2011 HIGHLIGHTS

The increase in activity seen in most of the Business Units (BU) resulted, in itself, in greater demand on the resources allocated to industrial and commercial activity. The alignment of resources and efforts with a view to the overall increase in CORTICEIRA AMORIM's activity was reflected, as will be seen below, in historic levels in the main economic and return indicators.

In relation to the objectives set out for 2011, performance was positive and in line with the established targets as regards sustainability.



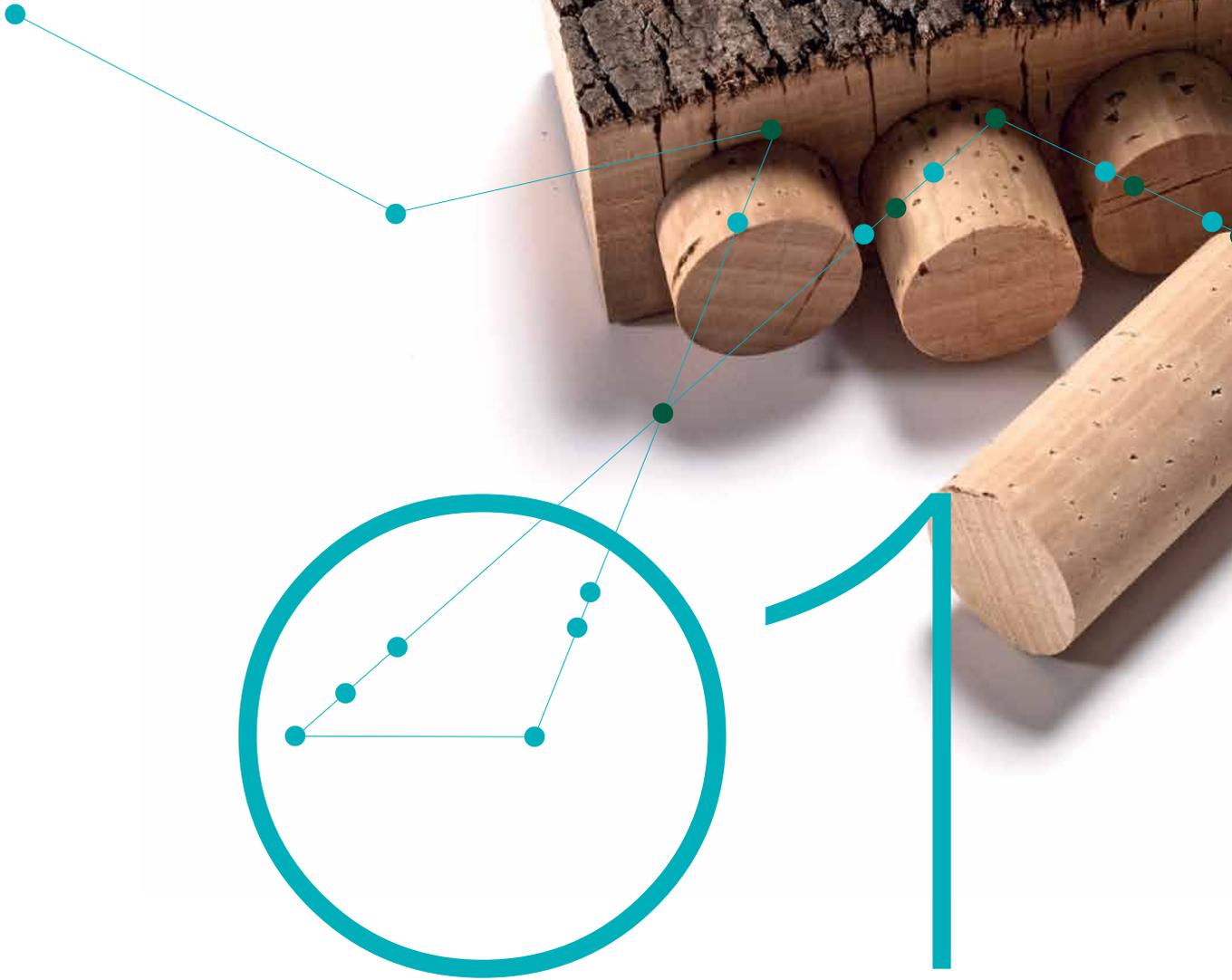
Objectives	Target for 2011	Status	2011 Initiatives with greatest impact	Page
Increase knowledge and foster best practices in sustainable forest management	Award for «Best Practices in Cork Oak Forest Sustainability and Associated Biodiversity» Providing a free technical advisory service to at least ten forestry producers		Within the scope of the «Sustainability of the Cork Oak and Associated Biodiversity» initiative, these two objectives were achieved	38; 39
Strengthen the organisational culture aimed at Innovation	Implementation in Portugal of an innovation programme to mobilize the whole Company		Implementation of the innovation programme CORK.IN	30 to 32
Remuneration of the environmental services of the cork oak forest ecosystem	Produce scientific papers on the value of the environmental services of the cork oak forest ecosystem Presentation, in specialised forums, of proposals for the remuneration of the environmental services of the cork oak forest		2011 saw increased recognition by the scientific community of the important role of the cork oak forest in this field. This increase was reflected in the publication of scientific papers and the presentation of proposals and methodologies in various forums	39; 40
Reduce CO ₂ emissions	Reduce the carbon intensity of the activity by 19% on the reference year (2006)		Carbon intensity reduced by over 40% in relation to 2006	36; 37
Reduce water consumption	Reduce the ratio water consumption (m ³)/Sales by 4%		Water consumption/sales ratio reduced by 4.7%	47
Encourage the recycling of cork stoppers	Increase the collection of used cork stoppers by 10%		Collection of cork stoppers increased by 10.4% in relation to 2010	46
Strengthen the position in the Sustainable Construction sector	Produce a value proposition for the sustainable construction sector		New advertising approach for sustainable cork solutions for construction	41; 42



Achieved



In progress





CORTICEIRA AMORIM PRESENTATION

«Cork oak forests and cork are a universal legacy and a heritage passed down to us all by our distant ancestors, and preserving them is a collective obligation.»

Assunção Cristas, Portuguese Minister for Agriculture,
Sea, Environment and Land Use

1. CORTICEIRA AMORIM PRESENTATION

1.1. ORGANISATIONAL PROFILE

Identification of the Organisation

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

Main products and services

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

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

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

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

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

Operational structure of the Organisation

Adopting a management model based on a strategic-operational holding concept, the BU are coordinated by the Executive Board of CORTICEIRA AMORIM, empowered with broad management powers.

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

The organisational chart presented on the following pages shows the current structure in effect at CORTICEIRA AMORIM, identifying the companies included in the consolidated group to which this sustainability report refers.



CORK IS A 100% NATURAL, RENEWABLE AND RECYCLABLE RAW MATERIAL. CORK OAK FORESTS FORM THE BASIS OF ONE OF THE WORLD'S 35 BIODIVERSITY HOTSPOTS, AND PROVIDE A HABITAT TO SOME OF THE PLANET'S MOST ENDANGERED SPECIES. THEY HELP TO CONTROL EROSION, REGULATE THE WATER CYCLE AND COMBAT DESERTIFICATION AND GLOBAL WARMING.



1.2. ORGANISATIONAL CHART

AMORIM NATURAL CORK

RAW MATERIALS

Amorim Florestal, S.A.

Procurement

Amorim Florestal, S.A. Ponte de Sôr – Portugal	100%
Amorim Florestal, S.A. Coruche – Portugal	100%
Amorim Florestal, S.A. Abrantes – Portugal	100%
Amorim Florestal, S.A. Unid.Ind. Salteiros Ponte de Sôr – Portugal	100%
Amorim Florestal España, S.L. Algeciras – Spain	100%
Amorim Florestal España, S.L. San Vicente de Alcántara Spain	100%
Comatral – Compagnie Marocaine de Transformation du Liège, S.A. Skhirat – Morocco	100%
S.N.L. – Societé Nouvelle du Liège, S.A. Tabarka – Tunisia	100%
S.I.B.L. – S.A.R.L. Jijel – Algeria	51%

CORK STOPPERS

Amorim & Irmãos, S.G.P.S., S.A.

Production

Amorim & Irmãos, S.A. Santa Maria de Lamas Portugal	100%
Amorim & Irmãos, S.A. Ind. Unit MPS Paços de Brandão – Portugal	100%
Amorim & Irmãos, S.A. Ind. Unit Raro Vergada – Portugal	100%
Amorim & Irmãos, S.A. Ind. Unit Valada Valada – Portugal	100%
Amorim & Irmãos, S.A. Ind. Unit Coruche Coruche – Portugal	100%
Amorim & Irmãos, S.A. Ind. Unit Champanhe Santa Maria de Lamas Portugal	100%
Amorim & Irmãos, S.A. Ind. Unit Portocork Santa Maria de Lamas Portugal	100%
Amorim & Irmãos, S.A. Ind. Unit Salteiros Ponte de Sôr – Portugal	100%
Francisco Oller, S.A. Girona – Spain	87%

Distribution

Amorim & Irmãos, S.A. Ind. Unit Distribuição Santa Maria de Lamas – Portugal	100%
Amorim Australasia Adelaide – Australia	100%
Amorim Cork Italia, S.p.A. Conegliano – Italy	100%
Amorim Cork Deutschland, GmbH Bingen am Rhein – Germany	100%
Amorim Cork Bulgaria, EOOD Sofia – Bulgaria	100%
Amorim Cork America, Inc. Napa Valley, CA – USA	100%
Amorim France, S.A.S. Eysines, Bordeaux – France	100%
Amorim France S.A.S. Ind. Unit Sobefi Cognac – France	100%
Amorim France S.A.S. Ind. Unit Champfleury Champfleury – France	100%
Victor y Amorim, S.L. Navarrete (La Rioja) – Spain	50%
Hungarokork Amorim, Rt. Veresegyház – Hungary	100%
Korken Schiesser, GmbH Vienna – 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	100%
Société Nouvelle des Bouchons Trescases, S.A. Le Boulou – France	50%
I.M. «Moldamorim», S.A. Chisinau – Moldova	100%
Amorim Cork Beijing, Ltd. Beijing – China	100%
S.A. Oller et Cie Reims – France	87%

COMPOSITE CORK

Amorim Cork Composites, S.A.

Amorim Cork Composites, S.A. Mozelos – Portugal	100%
Amorim Cork Composites, S.A. Corroios – Portugal	100%
Drauvil Europea, S.L. San Vicente de Alcántara – Spain	100%
Corticeira Amorim France, S.A.S. Lavardac – France	100%
Chinamate (Xi'an) Natural Products Co. Ltd. Xi'an – China	100%
Amorim Cork Composites, Inc. Trevor, WI – USA	100%
Amorim (UK) Limited West Sussex – United Kingdom	100%
Dyn Cork – Technical Industry, Lda. Paços de Brandão – Portugal	50%
Amorim Industrial Solutions Imobiliária, S.A. Corroios – Portugal	100%

AMORIM CORK COMPOSITES

FLOOR & WALL COVERINGS

Amorim Revestimentos, S.A.

Production

Amorim Revestimentos, S.A. S. Paio de Oleiros – Portugal	100%
Amorim Revestimentos, S.A. Lourosa – Portugal	100%

Distribution

Amorim Benelux B.V. Tholen – Netherlands	100%
Amorim Deutschland GmbH & Co. KG Delmenhorst – Germany	100%
Amorim Flooring Austria GmbH Vienna – Austria	100%
Amorim Flooring Nordic A/S Greve – Denmark	100%
Amorim Flooring (Switzerland) AG Zug – Switzerland	100%
Amorim Revestimientos, 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. Dalton, GA – USA	25%
Timberman Denmark A/S Hadsund – Denmark	51%

INSULATION CORK

Amorim Isolamentos, S.A.

Amorim Isolamentos, S.A. Mozelos – Portugal	80%
Amorim Isolamentos, S.A. Silves – Portugal	80%
Amorim Isolamentos, S.A. Vendas Novas – Portugal	80%

AMORIM CORK RESEARCH

R&D, INNOVATION

Amorim Cork Research & Services, Lda. Mozelos – Portugal	100%
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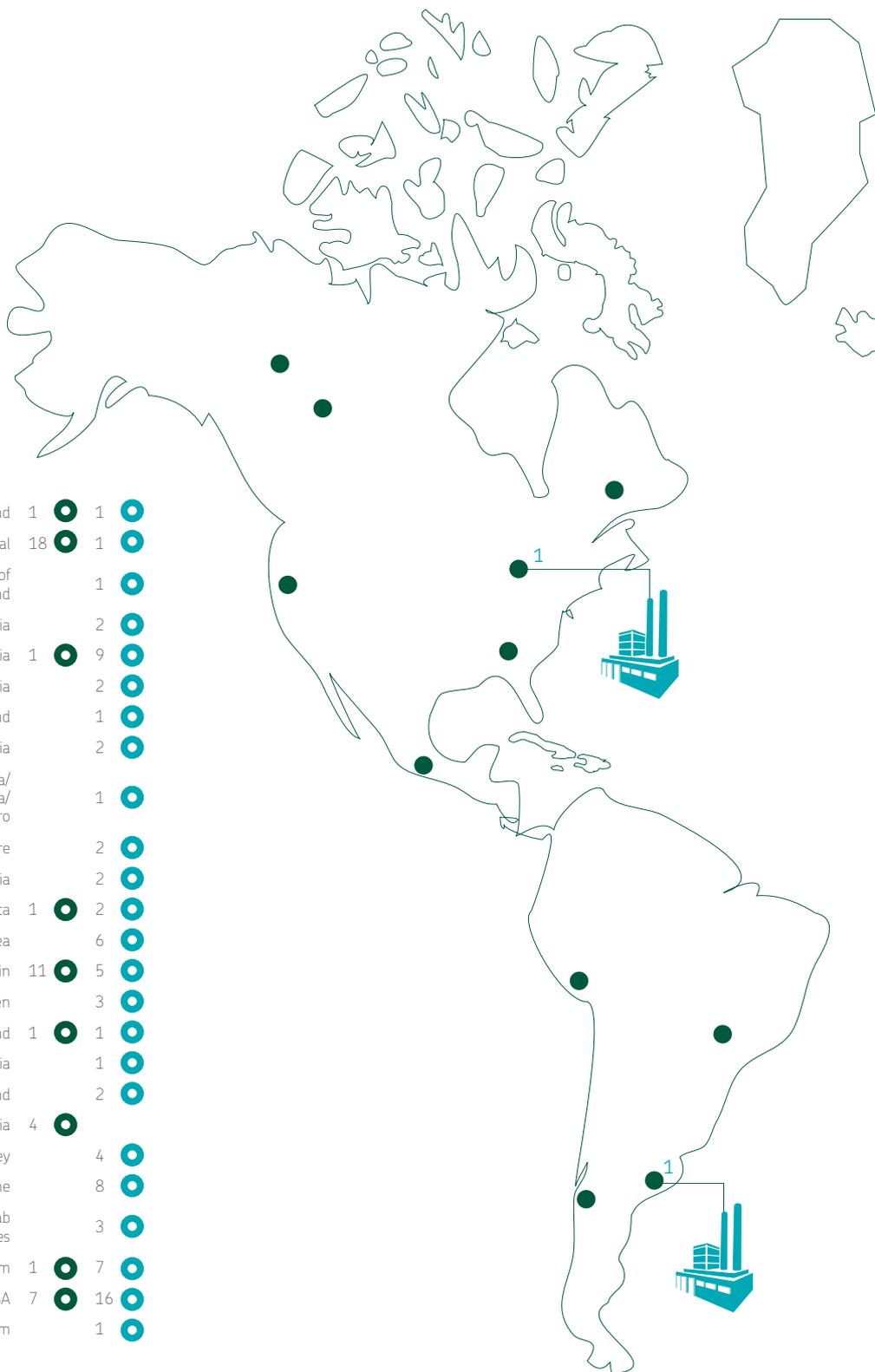
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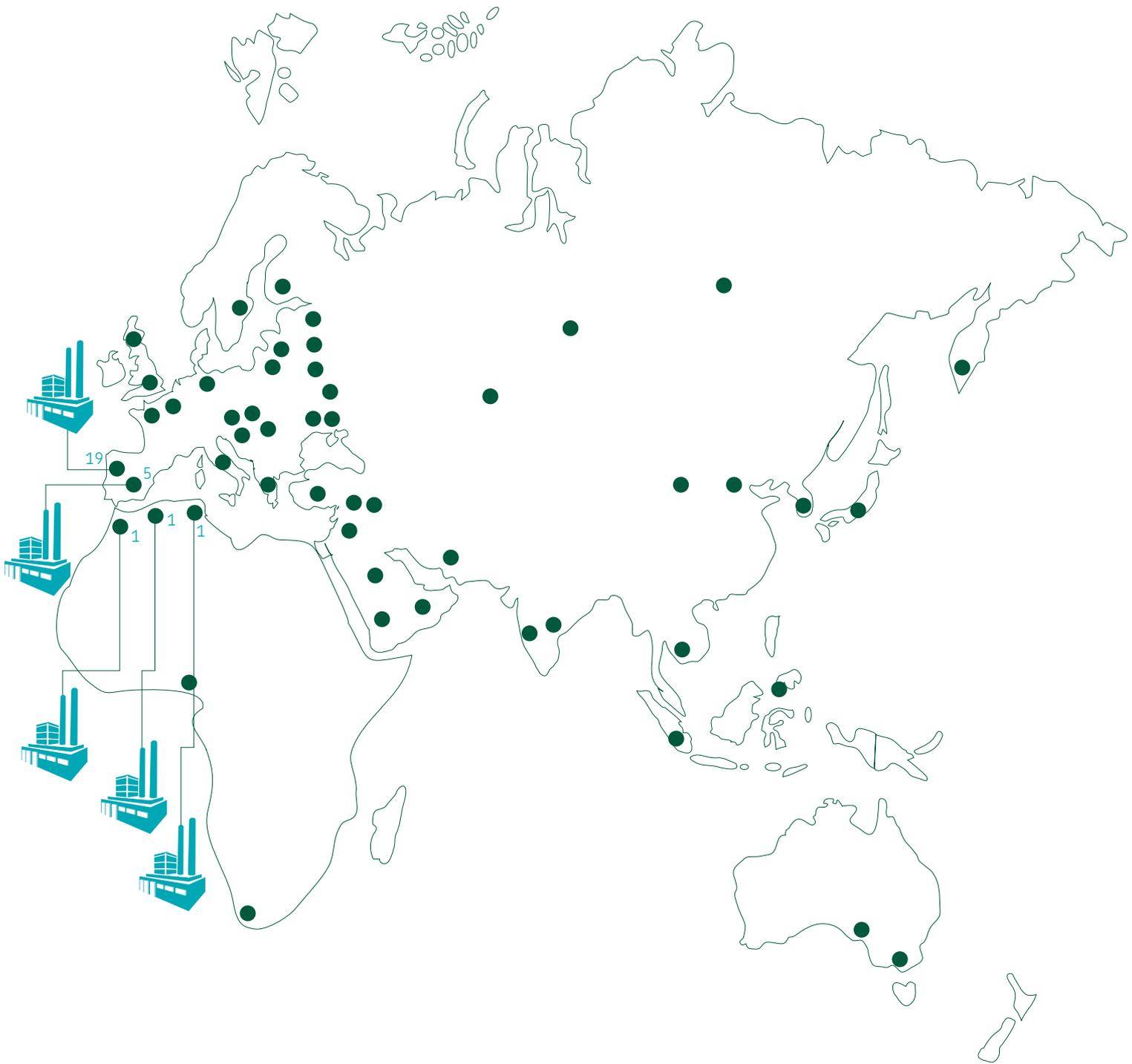
Green: Companies included in the Sustainability Report.

1.3. WORLDWIDE PRESENCE

Algeria	1	●		
Argentina	2	●		
Australia	1	●	6	○
Austria	2	●	3	○
Belarus			6	○
Belgium			7	○
Bosnia			1	○
Brazil	1	●	8	○
Bulgaria	1	●	1	○
Canada			2	○
Chile	1	●	4	○
China	3	●	3	○
Costa Rica			1	○
Croatia			2	○
Cyprus			4	○
Czech Republic			3	○
Denmark	2	●	1	○
Egypt			1	○
England			1	○
Estonia			2	○
Finland			2	○
France	6	●	4	○
Georgia			1	○
Germany	6	●	28	○
Greece			3	○
Hong Kong			1	○
Hungary	1	●	2	○
Iceland			1	○
India			5	○
Iran			2	○
Israel			2	○
Italy	2	●	6	○
Japan	1	●	9	○
Jordan			1	○
Kazakhstan			2	○
Kuwait			1	○
Latvia			1	○
Lebanon			2	○
Lithuania			2	○
Malta			1	○
Mexico			3	○
Moldova	1	●	1	○
Morocco	2	●		○
Netherlands	1	●	3	○
Nigeria			1	○
Pakistan			1	○
Peru			1	○
Philippines			2	○

Poland	1	●	1	○
Portugal	18	●	1	○
Republic of Ireland			1	○
Romania			2	○
Russia	1	●	9	○
Saudi Arabia			2	○
Scotland			1	○
Serbia			2	○
Serbia/Macedonia/Montenegro			1	○
Singapore			2	○
Slovenia			2	○
South Africa	1	●	2	○
South Korea			6	○
Spain	11	●	5	○
Sweden			3	○
Switzerland	1	●	1	○
Syria			1	○
Thailand			2	○
Tunisia	4	●		○
Turkey			4	○
Ukraine			8	○
United Arab Emirates			3	○
United Kingdom	1	●	7	○
USA	7	●	16	○
Vietnam			1	○





Legend

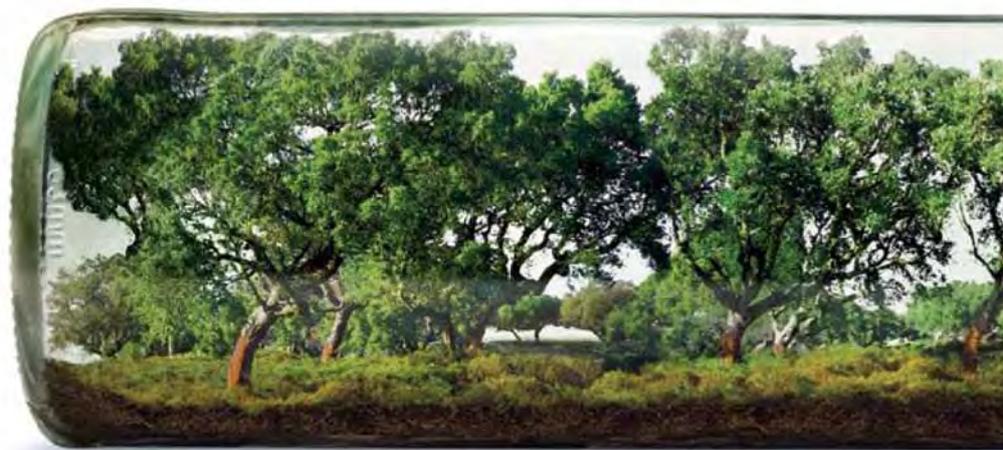
- Geographical Location
- 29 Plants
- 79 Companies
- 227 Key Distribution Players

1.4. MAIN ACTIVITY INDICATORS

Indicators	thousand euros			
	2008	2009	2010	2011
Consolidated sales	468,289	415,210	456,790	494,842
EBITDA	48,367	38,521	66,006	72,437
Net profit	6,153	5,111	20,535	25,274
Total assets	574,721	524,730	561,766	605,053
Net debt	222,962	138,613	102,423	117,424
Equity/Total assets	42.9%	47.6%	47.8%	46.7%
Market capitalization (on 31 December)	107,730	125,020	154,280	179,550
Cork purchased (t)*	117,086	88,445	102,750	126,884
Number of employees (on 31 December)	3,745	3,243	3,247	3,357

* includes winter virgin cork and cork waste

CORK BENEFITS MILLIONS OF PEOPLE IN COUNTLESS DIFFERENT COUNTRIES, AND ITS SOCIAL, ENVIRONMENTAL AND ECONOMIC ADVANTAGES KNOW NO POLITICAL BORDERS. THE CORK OAK FOREST AND CORK ARE A RARE EXAMPLE OF AN ECONOMIC ACTIVITY WHICH SUSTAINS AND PROTECTS A UNIQUE ECOSYSTEM. IT IS OF THE UTMOST IMPORTANCE THAT THIS BE SHARED WITH THE WORLD.



Sales by Business Unit

	2009	2010	2011
Raw Materials (abroad)	1%	1%	1%
Cork Stoppers	57%	58%	59%
Floor and Wall Coverings	27%	24%	24%
Composite Cork	13%	15%	15%
Insulation Cork	2%	2%	2%

Sales by Geographical Area

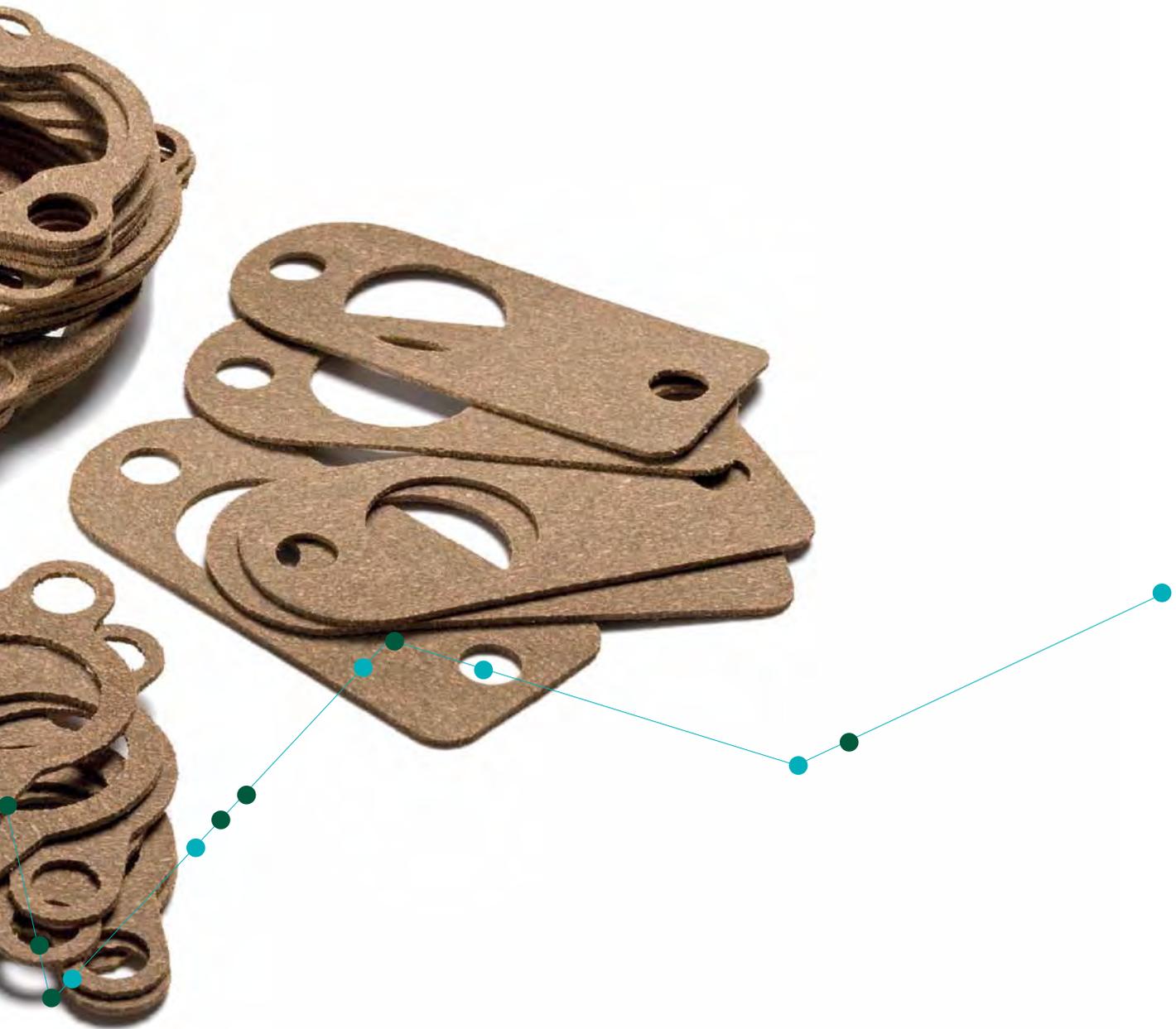
	2009	2010	2011
European Union (a)	59.0%	56.7%	55.4%
Portugal	5.1%	4.5%	4.9%
Rest of Europe	5.1%	5.9%	6.3%
USA	15.8%	16.7%	17.2%
Rest of America	7.1%	7.6%	7.5%
Australasia	6.0%	6.8%	6.9%
Africa	1.6%	1.7%	1.6%

a) Including Switzerland and Norway; excluding Portugal.



MEDIA IMPACT OF THE INTERCORK PROGRAMME:
8,682 ARTICLES IN THE INTERNATIONAL PRESS
623 TV ITEMS AND
28 RADIO ITEMS
96,452 FANS ON FACEBOOK
12,150 FOLLOWERS ON TWITTER.





CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT STRATEGY

Cork's potential for the 21st century is only now beginning to be realised, thanks to significant advances in R&D. High-tech materials for the aerospace industry, composite polymers for the transport sector, top-level sports equipment and materials for architecture and design are just some examples of the versatility and quality of cork.

2. CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT STRATEGY

Adopting good practices in corporate governance is vital for the sustainable development of CORTICEIRA AMORIM. The 2011 Annual Report and Accounts provides a clear and detailed account of the corporate governance structure and practices, describing on the site <http://www.sustainability.amorim.com/en/approach/governance/company-management/> matters considered relevant or complementary to this report, specifically:

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

2.1. CORPORATE MANAGEMENT AND SUPERVISION

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

In addition to Board Members, board meetings are attended by an Adviser, a position created in 2001, and held since that date by Américo Ferreira de Amorim.

Board of Directors			Adviser to the Board of Directors
Executive Directors	António Rios de Amorim	Chairman	Américo Ferreira de Amorim
	Nuno Filipe Vilela Barroca de Oliveira	Member	
	Fernando José de Araújo dos Santos Almeida	Member	
Non-executive Directors	Joaquim Ferreira de Amorim	Vice-Chairman	
	Luísa Alexandra Ramos Amorim	Member	
	Jorge Manuel Seabra de Freitas	Member	
	André de Castro Amorim	Member	

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 BU. In this context, the approval of strategic objectives and priority initiatives for the holding company and for each BU falls to the Board of Directors of CORTICEIRAAMORIM.

2.2. ORGANISATIONAL STRUCTURE FOR SUPPORTING THE MANAGEMENT OF CORPORATE SUSTAINABILITY

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

- interaction with stakeholders: a process considered fundamental for the validation and review of CORTICEIRA AMORIM's strategic options regarding Sustainable Development;
- strategy: definition of the challenges, priorities and aims regarding Sustainable Development;
- operations: implementation of the initiatives and actions necessary for compliance with the aims defined and regular monitoring of performance;
- support structure: the implementation of an organisational structure which allows for the management and the effective alignment between Sustainable Development policies and practices.

ACOUSTICORK®
UNDERLAYS WERE
AWARDED THE GRADE
A+ BY THE BRE AS PART
OF AN ENVIRONMENTAL
PRODUCT DECLARATION
(EPD) ASSESSMENT, THE
FIRST AWARDED TO A
CORK-BASED ACOUSTIC
INSULATION PRODUCT.

mission:

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

values:

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

Interaction with stakeholders

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

To find out more about the latest stakeholder consultation process conducted by CORTICEIRA AMORIM, visit: <http://www.sustainability.amorim.com/en/stakeholders/stakeholders-consultation/market-praises-corticeira-amorim/>

Strategy

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

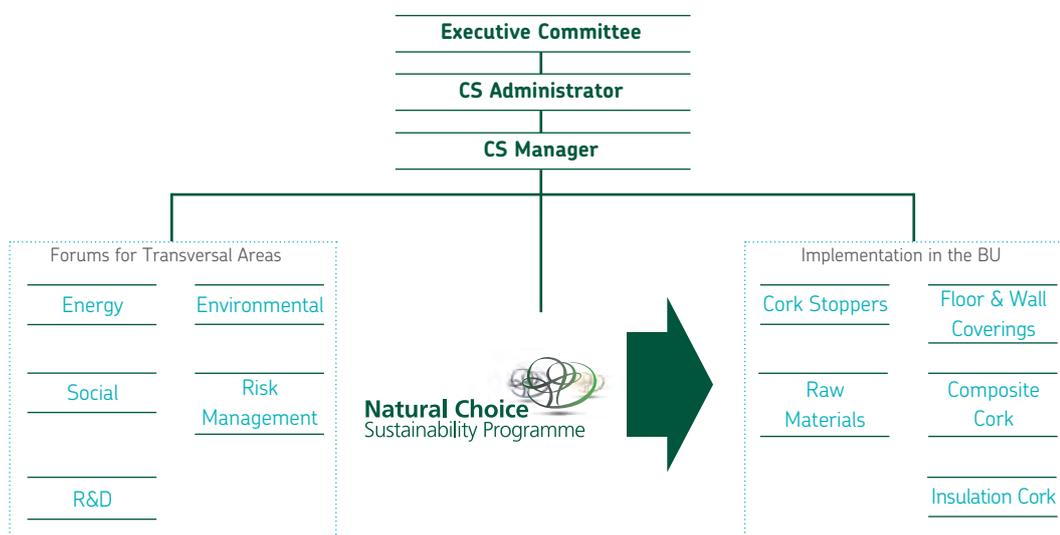
The integration of processes into the strategic perspectives of the balanced scorecard has reinforced sustainable development practices via alignment of different management subsystems that promote efficiency, as shown on <http://www.sustainability.amorim.com/en/approach/integrated-management-system/policies-and-management-systems/>

Operations

In order to coordinate all CORTICEIRA AMORIM activities relating to sustainable development in a single programme and to mobilise the whole group in support of this civic initiative, CORTICEIRA AMORIM has implemented the «Natural Choice» sustainability programme. The Natural Choice Programme aims to raise the awareness of employees and society in general, as citizens responsible for future generations, of the need to adopt more environmentally friendly behaviours and to engage everyone in this challenge, as shown with more detail on <http://www.sustainability.amorim.com/en/actions/news/>

Support Structure

<http://www.sustainability.amorim.com/en/approach/governance/management-of-corporate-sustainability/> outlines the organisational structure adopted by CORTICEIRA AMORIM for Sustainability Management, shown schematically in the following figure:

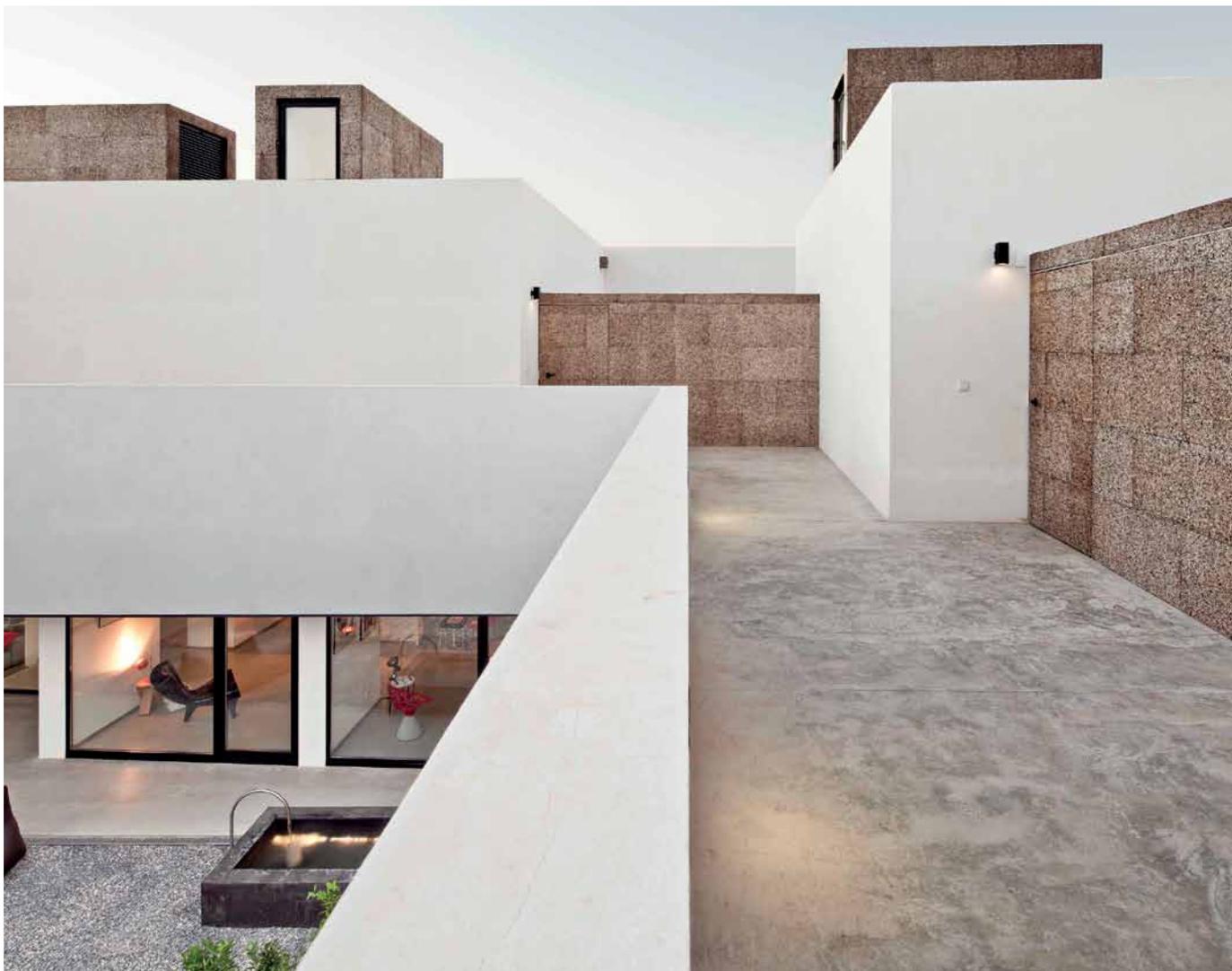


2.3. STAKEHOLDER CONSULTATION – RESULTS

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

In early 2011, CORTICEIRA AMORIM completed a consultation process, the methodology and results of which are presented at <http://www.sustainability.amorim.com/en/stakeholders/stakeholders-consultation/market-praises-corticeira-amorim/>

CORK IS A UNIQUE RAW MATERIAL, WITH ADVANTAGES RANGING FROM ITS MAKE-UP TO THE COUNTLESS BENEFITS ARISING FROM ITS USE. 100% NATURAL, RENEWABLE AND RECYCLABLE, CORK FEATURES THERMAL, ACOUSTIC AND ANTI-VIBRATION INSULATION AND FULLY MEETS THE NEEDS OF SUSTAINABLE CONSTRUCTION.







NATURAL CHOICE PROGRAMME

The cork industry is a social, environmental and economic mainstay for millions of inhabitants of disadvantaged areas (southern Europe and northern Africa). Thanks to cork oak forests, Portugal is able to show the world that sustainable development is a reality, and that the cork industry is a paradigm for this concept.

3. NATURAL CHOICE PROGRAMME

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

The main aims of this Natural Choice Programme are to:

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

A central part of the motivational and support structure for the programme is comprised by a team of around one hundred Sustainability Ambassadors, who play a fundamental role as agents of the shift towards Sustainable Development and are responsible for the implementation of the Natural Choice Programme. During 2011, the need arose to establish a new organisational structure for the team of Sustainability Ambassadors, more in tune with the organisation and processes defined for each Business Unit.

IN THE INTERNATIONAL YEAR OF FORESTS, CORTICEIRA AMORIM SUPPORTED THE «DISCOVERING THE FOREST» COMPETITION, AN INITIATIVE AIMED AT PRIMARY AND SECONDARY SCHOOL PUPILS AND PROMOTED BY THE PORTUGUESE COMMITTEE FOR CELEBRATIONS OF THE INTERNATIONAL YEAR OF FORESTS AND RURAL DEVELOPMENT.

Up to 2011, the Ambassadors were organised into groups according to the geographical dispersion of facilities located in Portugal, which in some cases comprised employees from different BU. From 2011 onwards, in order to reinforce the integration of sustainability in the different business areas, it was deemed appropriate for each BU to adopt its own organisational structure, with its own Sustainability Ambassadors, while nonetheless retaining the guidelines and transversal initiatives established for all of CORTICEIRA AMORIM.

This new organisation enables a more effective alignment of the efforts of the Sustainability Ambassadors towards the objectives of the Natural Choice Programme and the objectives of each BU. At the CORTICEIRAAMORIM level, an Annual Ambassadors' Meeting is held, where ambassadors receive the first copies of the sustainability report and are invited to reflect upon and discuss the sustainability topics which are of priority to the Organisation.

The 2011 Annual Ambassadors' Meeting, held in cooperation with external entities, fostered, as usual, reflection and knowledge-sharing on the topics «Services provided by Ecosystems» (including a presentation of the conclusions of the study promoted by CORTICEIRA AMORIM) and «Waste Management», in cooperation with LIPOR – Greater Porto Inter-municipal Waste Management Service.



Among the motivational initiatives that took place during 2011 are the following highlights:

CAMPAIGNS SHOWING SOLIDARITY WITH LOCAL COMMUNITIES

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

Employees of the various CORTICEIRA AMORIM Companies mobilised campaigns to collect food and clothing to provide for the needs of impoverished families in their local communities, where necessary giving priority to those cases most directly related to the employees of the Company or their relatives.

A number of causes were embraced by the Sustainability Ambassadors and Agents in this respect.

Besides these initiatives, campaigns were initiated involving both the Company and its employees with a view to resolving the social issues of greatest concern in the local community, alongside the usual campaigns promoted in order to collect books, school textbooks and materials, toys, electric appliances and cash donations which were channelled towards the causes identified.

A large number of these initiatives were carried out without significant visibility or public awareness. At CORTICEIRA AMORIM, this is deemed to be the most appropriate course of action in most situations – resolving problems discreetly, without exposing the families or individuals in question. In general, the actions of the Company and employees in this field are only given wider visibility when the causes involved are known to the public, or when the employees and the Company deem that they would benefit from greater public visibility and exposure.

ENVIRONMENTAL EDUCATION

With a view to raising the awareness of society in general as to the need to adopt more environmentally sustainable behaviours, schools and students are defined as a priority target. To this end, the different groups of ambassadors carried out awareness campaigns aimed at students from the first schooling cycle through to university level with dynamic sessions held in schools or school visits to company installations.

Beyond these awareness-raising activities, which involved around 1400 pupils, the following initiatives in the field of environmental education should also be highlighted:

- a children's drawing competition devoted to the topic «Cork and the environment», held in a group of schools in the municipality of Santa Maria da Feira, Portugal;
- under the auspices of the International Year of Forests, CORTICEIRA AMORIM supported, in Portugal, a school competition aimed at primary and secondary school pupils in an initiative promoted by the Portuguese Committee for Celebrations of the International Year of Forests and put into action by a work group comprising the State Secretariat for Forests and Rural Development/National Forest Authority (AFN), Ministry for Education/Directorate-General for Innovation and Curricular Development (DGIDC), UNESCO and the Live Science Agency;
- presentation of CORTICEIRA AMORIM's approach and practices in terms of sustainable development in a number of forums and conferences.

CORK STOPPERS RECYCLING

CORTICEIRA AMORIM Ambassadors and Agents encourage recycling in general and the recycling of cork stoppers in particular. All the industrial units in Portugal have recipients for recycling used cork stoppers and a total of over 1400 kg of cork stoppers have been collected from them.



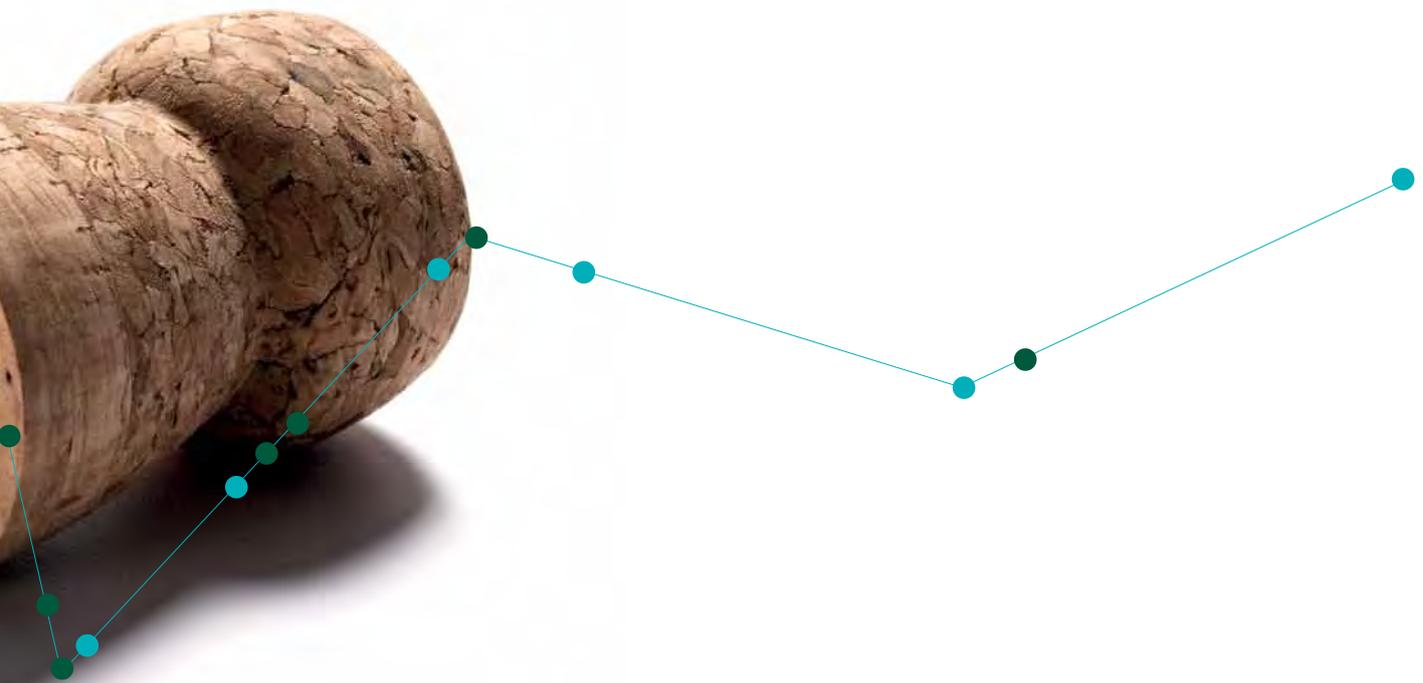
The recycling of cork stoppers was the theme of the 2011 edition of the «World in our hands» trophy. Every year, CORTICEIRA AMORIM sets an environmental challenge for its employees, with a rotating trophy awarded to the Business Unit which wins the current year's challenge. For the latest edition, it was decided that the trophy would be awarded to the BU which collected the most cork stoppers in the second half of 2011. This turned out to be the Insulation BU, which collected 295 kg of used stoppers in the last six months of the year.

The collection of this significant amount of stoppers in Portugal was possible thanks to the energy and enthusiasm of our employees, who promote recycling and the Green Cork programme to their relatives, friends and communities throughout the year.

LEARNING ENTREPRENEURIALISM

Under the auspices of the Porto Futuro programme – a partnership between CORTICEIRA AMORIM, Porto Municipal Council and the Leonardo Coimbra (son) Schools Group – and with the support of the Junior Achievement Portugal association, in 2011 CORTICEIRA AMORIM was once again involved in the volunteer project entitled «Learning Entrepreneurialism».





PRIORITIES AND CHALLENGES

Nothing compares to the quality of a cork stopper. Intrinsic qualities such as unparalleled flexibility, impermeability, resistance and an unequalled capacity for managing micro-oxygenation combine perfectly, ensuring the proper development of wine and preservation of its essence.

4. PRIORITIES AND CHALLENGES

4.1. RESEARCH, DEVELOPMENT AND INNOVATION

4.1.1. CORK.IN Program

CORTICEIRA AMORIM launched the CORK.IN program in 2011 – the Company’s innovation program – in all its BU, with an initial purpose of fostering an organisational culture focused on innovation and value creation.

This programme originates from a concept of innovation based on the **implementation of changes or new developments that add value.**

The adoption of this concept makes it clear that innovation is a process that cuts across the entire Company and its stakeholders, starting with the employees. CORK.IN aims to drive four types of innovation:

- **Product innovation:** introduction of new or significantly improved products or services in the market;
- **Process innovation:** implementation of new or significantly improved production processes or goods or services logistics;
- **Organisational innovation:** implementation of new organisational methods for the running of the business, work organisation and/or external relations;
- **Marketing innovation:** implementation of new marketing methods, involving significant improvements in product or packaging design, price, distribution and promotion.

A structured plan for the Management of Innovation was defined for this purpose, comprising:

- Ideas management;
- Knowledge and interface management; and
- Project management

The program’s scope and the work areas developed (and to be developed) are schematically shown in the following figure:

SCOPE OF PROGRAM



In this context, CORTICEIRA AMORIM adopts a Research, Development and Innovation (RDI) policy guided by the following principles:

- develop new products and markets for cork;
- look for new technological solutions concerning the product and processes, in partnership with customers, suppliers and other entities;
- strengthen the brands' reputations with the constant evolution of supply in response to new market and consumption trends;
- promote an innovation culture through an environment conducive to creativity, critical thinking and initiative among employees, fostering teamwork and mutual assistance throughout the Company;
- create an environment that encourages daring, accepting risk and failure as a component of the innovation process;
- enhance innovative practices;
- provide ongoing training of employees to promote their professional and personal fulfilment;
- facilitate internal and external communication, establishing new and improved channels for the exchange of information;
- seek to implement the best management and monitoring practices in order to continuously improve the processes and identify improvement opportunities.

As the original aim of CORK.IN is to promote a (internal) culture oriented to innovation and value creation, the focus in this first phase of implementation was on Ideas management, since it was the programme's concept that will drive creativity (the raw material of innovation) and, more directly, mobilize employees in identifying and developing opportunities for value creation.

Hence, the Idea management component of CORK.IN was implemented in 2011, initially in the Composite Cork BU (which acted as pilot unit for later implementation throughout CORTICEIRA AMORIM), followed by the Raw Materials BU and the Insulation Cork BU. Implementation in the Cork Stoppers BU and Floor and Wall Coverings BU as well as all business support areas will occur in the first half of 2012.

A brand image was defined for the launch of CORK.IN. The tools deemed appropriate for effectively communicating the goals, processes, procedures and support structure of the CORK.IN programme were also designed. The tools were developed considering audiences with and without access to computer equipment and the relevant information was provided in a generalized manner to permit the effective involvement of all employees. The need to improve this aspect of the programme (communication) is also acknowledged, which will certainly be one of the areas undergoing improvement in subsequent years.

For effective Ideas management and communication of the programme a technology platform with intranet and internet access was developed, which aims to record and manage all the ideas generated through CORK.IN while also making it easier to obtain relevant information for monitoring and managing the programme.

As indicated above, innovation skills training is, due to its relevance, one of the areas to be developed so that the aims and objectives of CORK.IN may be achieved. In this sense, each BU has been defining the training plan it considers most appropriate to its organisation,

according to its strategy and considering the skills gap. Hence, the main focus of the BU throughout 2011 was on skills training for continuous improvement, not only because it is a component of Innovation that most easily fosters obtaining immediate or short-term results, but also because it ensures all employees are covered – enhancing the culture of innovation intended for the entire Organisation. CORK.IN is intended to strengthen alignment between the training plans and innovation strategy of CORTICEIRA AMORIM and its BU, and it is already anticipating greater focus in the future on work tools that foster creativity and generation of so-called «disruptive» ideas. Apart from training in other fields of Innovation, around 4000 training hours in creativity and the development of new ideas were recorded in working groups, in 2011.



Launched in Amorim Cork Composites in July and Amorim Isolamentos and Amorim Florestal in September, CORK.IN registered 667 ideas in 2011. As the programme will only be rolled out in the two largest Business Units and their support areas in 2012, the number achieved is remarkable and it shows the mobilisation achieved in this first phase.

In terms of R&D activities, the events considered most relevant are described below.

4.1.2. New Products and Applications

4.1.2.1. MATERIA®, CORK BY AMORIM

«Inspire, challenge, risk, question, surprise». These were the general lines drawn for MATERIA®, the new collection of objects in cork commissioned by EXPERIMENTADESIGN for CORTICEIRA AMORIM, presented in 2011.

The international creative community was invited to join CORTICEIRA AMORIM, under the artistic direction of EXPERIMENTADESIGN, for a project that opens up new avenues for cork. Thus, a wide range of creative talents were drawn together to respond to the challenge: to create new uses for cork, capable of meeting the demands of consumers who are increasingly more informed and cosmopolitan. Functionality, distinction and design were combined with the noblest characteristics that cork can imprint on such solutions and... the results were surprising!

In response to the challenge, EXPERIMENTADESIGN invited ten Portuguese and foreign designers to explore the physical and sensory characteristics of this unique material and then convey this in surprising and engaging objects. Designers from

COMBINING THE UNIQUE
 SENSORY CHARACTERISTICS
 AND PERSONALITY OF CORK
 WITH A DARING DESIGN
 PERSPECTIVE, MATERIA®
 IS A COLLECTION OF ITEMS
 WHICH BLEND SEAMLESSLY
 INTO THE EXPERIENCES OF
 EVERYDAY LIFE.



different backgrounds, generations and nationalities were chosen, but they have in common the fact that they develop work easily recognisable as their own. The fact that their work has a strong personality, and therefore a differentiating nature, undoubtedly proved to be an advantage for designing a new line that aims to be diverse and also engaging and relational. Thus, each author imprinted on the collection the orientation and sensitivities they have developed during their careers, in a confluence as surprising as it is enriching. The world premiere was held in Milan during the prestigious Salone del Mobile (13-17 April 2011). The media visibility and strategic importance of this fair give it key event status in the international design calendar.

4.1.2.2. Market Oriented Research

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

The main areas of work intended for new uses of cork are focused on three main areas of action: environmental remediation, 3D materials and cosmetic/food additives.

The promotion of cork as an absorbent material is aimed at presenting cork as a tool for environmental remediation. In addition to following up on the technical matters concerning **CorkSorb**, including certification, other projects on this theme are underway, such as **WaterCork** and **HidroCork**, which study cork's potential for the purification of effluents contaminated with various pollutants.

In relation to CorkSorb, the range of natural cork-based absorbents for the control and clean-up of oil spills, 2011 was marked by the recognition of its relevance in terms of sustainability, in its three-fold environmental and socio-economic components. It was awarded the following prizes:

- Winner of the «Product» category at the Green Project Awards 2011.
- Winner of the «Product» and «Business and Biodiversity» categories of the European Business Awards for the Environment.

The development of cork composites intends to incorporate more sustainable materials in the 3D structures that surround us in our daily lives, through the use of renewable and plant-based raw materials. The use of cork in 3D applications that are generally not accessible to the usual cork agglomerates means the diversification of its applications.

The cosmetic and food areas have been given special attention by CORTICEIRA AMORIM. The mechanical and structural properties of cork as well as its chemical composition have proven to be an inexhaustible source of potential new products. The specific nature of these markets as well as the distance of such product ranges from the Organisation's normal markets generate additional challenges. In an area strongly oriented towards customer requirements, significant strides have been made in the cosmetics field and it is estimated that it may be possible in the short-term to turn that potential into results. In the food area, a long road of essential validations has already started, which precedes the period of product approvals.

4.1.3. Cork Stoppers BU

The R&D effort in the Cork Stoppers BU retained the following fundamental lines of action in 2011:

- product innovation;
- improving the quality of corks produced; and
- increasing the understanding of the interaction between the cork stopper and wine.

In terms of **product innovation**, the highlights among the projects undertaken during 2011 are:

- the study of the contribution of the cork stopper in the fight against the counterfeiting of premium wines;
- the study of new quality attributes of natural cork stoppers that aims to find, through the internal imaging of corks by various processes, a clear idea concerning their performance in the bottle;
- research leading to the optimisation of new types of cork stoppers with attributes that meet consumers' needs;
- the development of a new washing process for cork stoppers, with significant improvements as regards visual quality, colour uniformity and capillary progression in natural cork stoppers.



As regards **knowledge of the interaction of cork stoppers with the wine**, a large number of tests have been carried out, particularly in partnership with clients, to strengthen knowledge on the performance of cork stoppers and/or alternative closures.

The investment in this area by the BU has also included funding and/or following up on doctoral theses that promote further knowledge on this subject. The work undertaken and published articles includes the publication of an article in June and another in October 2011 in the American Journal of Enology and Viticulture, on the migration of volatile compounds through the closures. It is clearly proven in these articles that natural and technical cork stoppers are the ideal closures for liquid and gas, while alternative closures seal the liquid in a bottle but do not seal in the gas, allowing wines and other drinks to be contaminated by small dimension volatile compounds in the environment outside the bottle.

The **improvement in the quality of the cork stoppers** produced is, as is evident, an area of crucial importance since sensory-related requirements have considerably increased and it is increasingly necessary to guarantee corks with no detectable levels of TCA. Thus, in order to improve the corks produced from a sensory angle, several projects were underway during 2011 and further progress in this area has been achieved.

4.1.4. Floor & Wall Coverings BU

The Floor & Wall Coverings BU launched a new collection of flooring in 2011, in order to extend its offer and, simultaneously, to become more competitive in markets like the United States of America and Canada.

The new collection, called **CORK PLANK**, was presented based on three linear designs of cork and seven colours, in the size 1220 mm by 140 mm, with four bevelled sides. The linear and dynamic design of this collection ensures it can be used in any architectural project, combining fashion with a comfortable environment. This collection is available with a new interlocking system, the Loc&Fold system. This system, which is designed to simplify laying the floor, allows the installation to be made with a single movement.

The following product developments and/or solutions should be highlighted for their estimated positive impact on the future activity of the BU:

- **Corkcomfort FastConnect:** the cork flooring currently available in the market is supplied in three possible technical solutions for installation: flooring to be glued to the underlay using appropriate glue; flooring with «male-female» locking systems, commonly called floating flooring; and self-adhesive flooring, i.e. those designed to adhere to the ground incorporating, at the factory, the layer of glue required. This project aims to create an alternative to the existing solutions, so it is very easy to install and has no restrictions where the characteristics of the underlay are concerned, comprising an overlapping system for fastening the tiles to each other, thus guaranteeing the same characteristics as a glued floor in terms of acoustic performance;
- **2012 Collection:** one of the main activities of 2011 was focused on the development of the new collection (rolled out early 2012), in particular a new range of products with a look created using digital printing technology directly on a cork surface. It should be noted that this is an innovation in the cork sector, strengthening the leadership of the Floor & Wall Coverings BU in product innovation.

4.1.5. Composite Cork BU

The Composite Cork BU recorded another year of great activity in the RD&I area in 2011, most notably:

- in the construction area, **CORKwall** was confirmed as a product with the potential for use in the refurbishment of exterior facades and interior walls, which acts as acoustic and thermal insulation and finishing. It is applied by spraying. In 2012, CORKwall was awarded the Tektónica Innovation Award, another important recognition of this solution's potential;
- in the floating flooring area, the new version of **top layer NRT 94** available in rolls consolidated its market position as a component aligned with the current technological trends of this industry, ensuring the acoustic and thermal insulation of floating floors and allowing the final design of the floor to be imprinted on the surface by direct printing or digital printing;
- the **AEROfast** project led by EADS/Astrium finished, fulfilling its objectives of preparing a future unmanned space mission to Mars. In this project, the BU developed and validated a new material for heat shields that can be used on missions with very high thermal insulation requirements, which also ensures the continued use of cork-based materials in future European and US space missions of this century;
- the **I-BUS** project also concluded with the final manufacture of a demonstration module of a new bus interior featuring various components (floor, inner and outer panels) made of composite materials with **CoreCORK** core, thus generating appreciable weight reductions, thereby reducing energy and CO₂ consumption. The industrialization of some of the solutions developed is now expected, after the international presentation at BusWorld 2011;
- in the area of train interiors, the **ECOTrain** project was developed. This project is expected to be completed in early 2012 with the presentation of new solutions for train floors and side panels made of composite materials incorporating **CoreCORK**, thus reducing weight and environmental impact over the 30 years envisaged for the use of such railway equipment;
- a prototype for the interior of an executive aeroplane designed using innovative and eco-efficient materials, the result of work by a consortium of Portuguese companies and institutions, which included Amorim Cork Composites, was presented on 1 June 2011. The consortium formed by Amorim Cork Composites, Couro Azul of the CARVALHOS Group, the Institute of Mechanical Engineering and Industrial Management (INEGI) and SET of the IBEROMOLDES Group, together with Embraer and Almadesign, developed an innovative aircraft interior as part of the Lighter, Integrated, Friendly and Eco-efficient (**LIFE**) project.



4.1.6. Insulation Cork BU

The highlights of the R&D activities conducted by the Insulation Cork BU in 2011 are the continuation of **BloCork** – which aims to develop a masonry block using as a raw material lightweight concrete incorporating reggranulate from expanded cork in its composition, as well as the launch of the new product – **Lambourdé** – at Concreta 2011. Lambourdé is an innovative insulation solution composed of an Expanded Cork Agglomerate board with inlaid wooden slats. The advantages of this insulation solution, which is especially focused on the restoration of buildings, are its easy application on walls and floors and the thermal and acoustic efficiency, which are insulation characteristics of cork.

4.2. GLOBAL WARMING

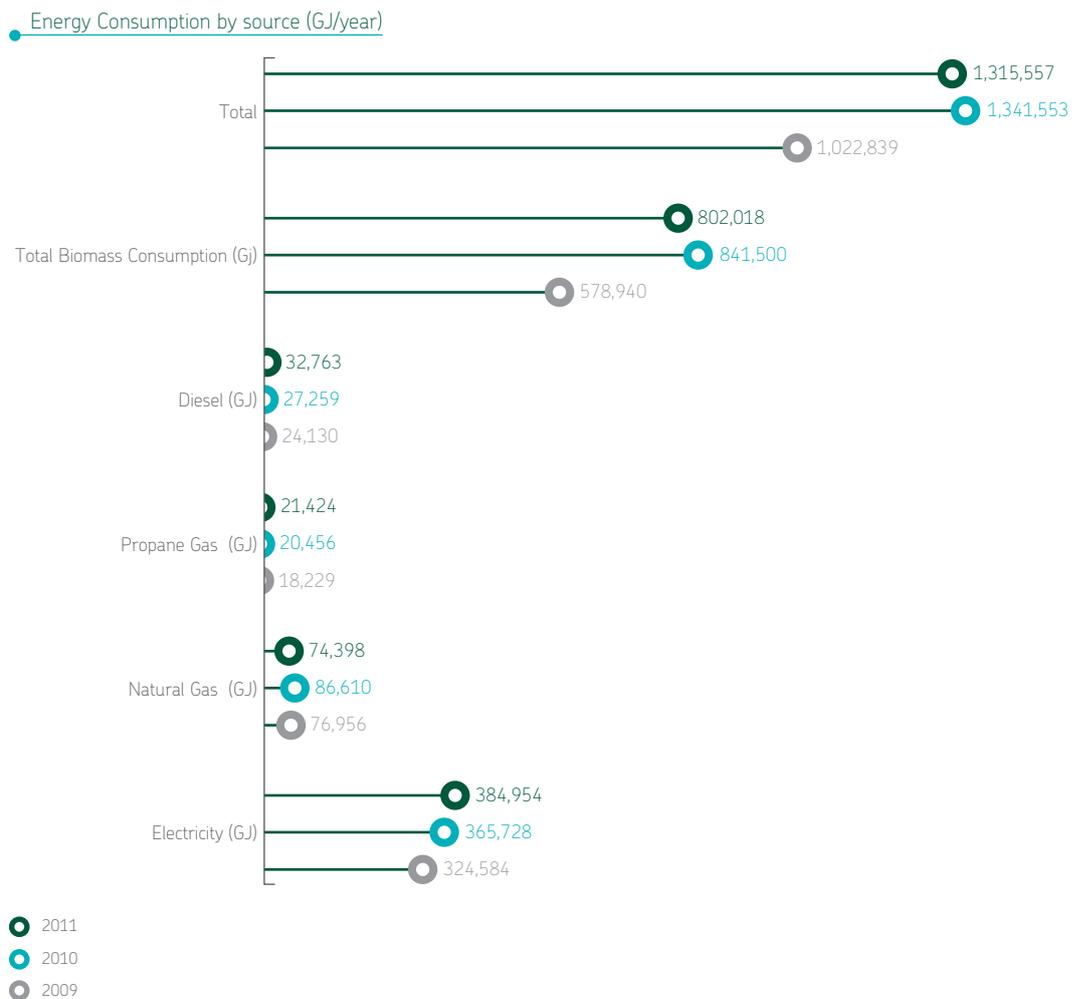
Cork and the cork oak forest ecosystem play an important role in carbon fixing, and consequently in the fight against global warming. According to the latest National Forest Inventory (published in 2010), cork oaks are responsible for retaining 64 million tonnes of CO₂ in Portugal.

As world leader in the cork sector, CORTICEIRA AMORIM is aware of the role it plays in making this important ecosystem viable. The Company's contribution to the fight against global warming includes, on the one hand, the promotion of cork solutions and development of cork oak forests, and, on the other, continuous improvement of its performance in terms of energy efficiency and the resulting reduction of greenhouse emissions.

2011 was no exception to the cycle of major improvements in terms of energy consumption achieved in recent years as a result of the hard work carried out in all our BU.

In addition to audits of the company's processes, which led to the drawing up of action plans to be implemented in the coming years with a view to increasing energy efficiency, various measures were implemented and investment made in the following areas: lighting (in- and outdoor); latest generation engines; thermal energy and the operation of boilers; optimisation of compressed air systems; thermofluid systems and thermal insulation of buildings and equipment.

As a result, in consolidated terms, energy consumption at CORTICEIRA AMORIM, measured in GJ/year, fell (-25,996 GJ in 2011 compared to the previous year¹), despite an increase in activity. A central part in this reduction was played by greater efficiency and optimisation in the consumption of thermal energy, reflected in reductions in consumption of both natural gas and biomass.

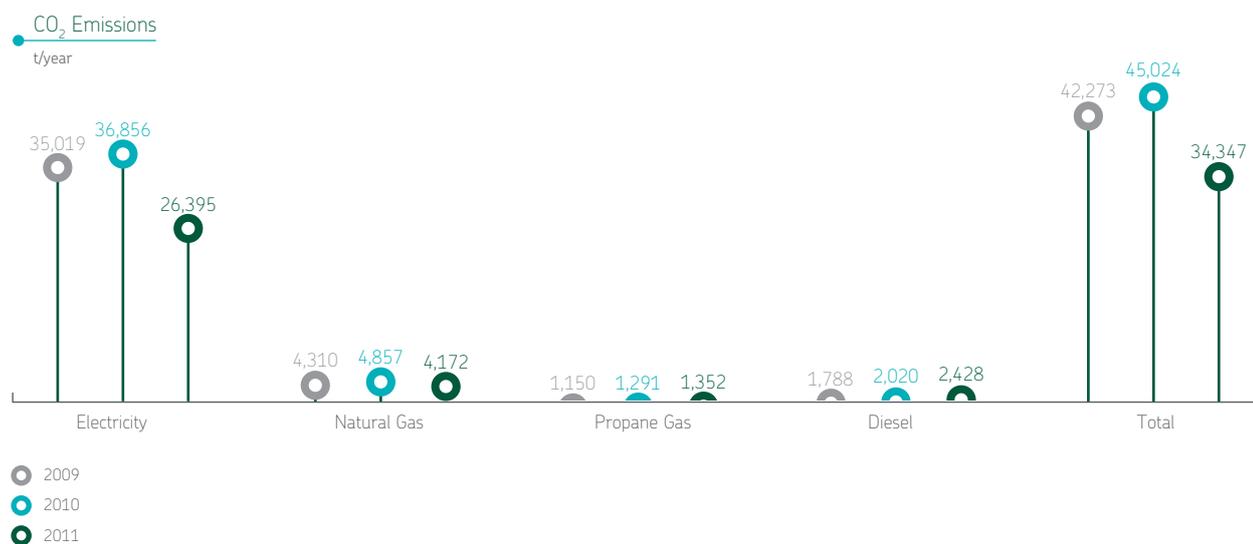


In 2011, the same conversion factors were used as for the previous year based upon information rendered by the Portuguese Environment Agency.

¹ Amorim Argentina, not included in the consolidated group in 2011, consumed 2,342 GJ of energy in 2010.



With biomass (an energy source regarded as neutral in terms of CO₂ emissions) covering around 61% of CORTICEIRA AMORIM's energy needs, and thanks to a higher proportion of renewables in Portugal's energy mix (resulting in a significant reduction of the KgCO₂/KwH factor), in 2011 the Company was able – despite an increase in activity – to report a reduction in CO₂ emissions of around 24% on the previous year.

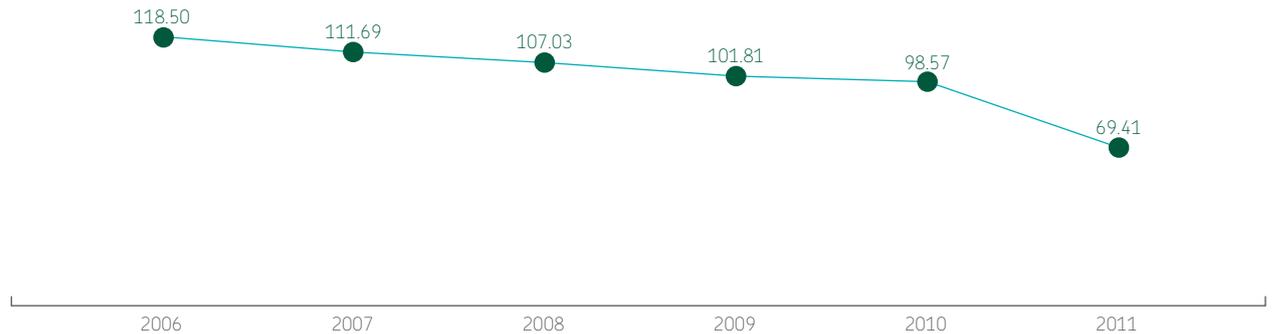


Note: To calculate the CO₂ emissions associated with the consumption of propane gas, natural gas and diesel, the factors used were the same as those applied in the 2010 Sustainability Report, namely: Propane gas: 63.1 kg CO₂/GJ (source: Portuguese Environment Agency); Natural Gas: 56.1 Kg CO₂/GJ (source: Portuguese Environment Agency); Diesel: 43.1 Kg CO₂/GJ (source: Portuguese Environment Agency). As regards electricity, an alteration was made to the conversion factor (from 362.3 g CO₂/KWh, in 2010, to 244.4 g CO₂/KWh in 2011), based on the most recent information from EDP (measured by the 2010 SR).

In relative terms, there has been an even stronger decrease in the level of carbon intensity of CORTICEIRA AMORIM's activity, and by 2011 the figure had fallen below 70 tons of CO₂ per million euros of sales.

Since 2006, when CORTICEIRA AMORIM began consolidated monitoring of its emissions, there has been a reduction of approximately 41% in this carbon intensity indicator.

Carbon Intensity of the Activity
 tons CO₂ / 1 million € of sales



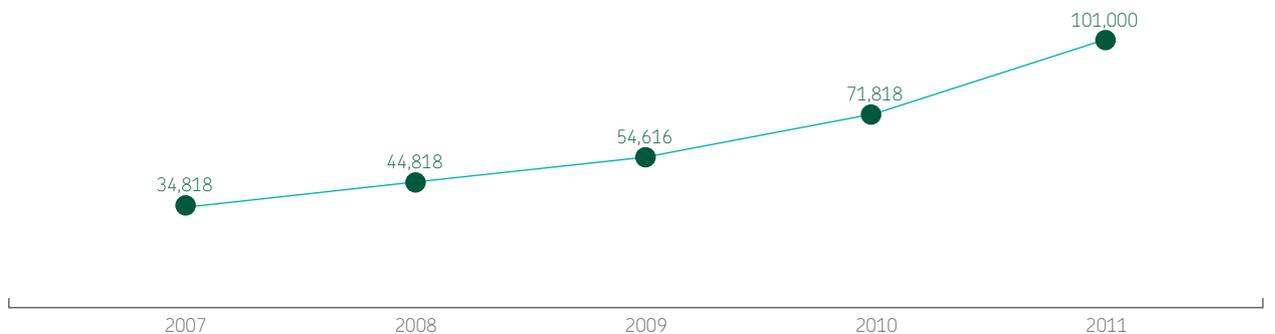
	2006	2007	2008	2009	2010	2011
Total CO ₂ emissions (t)	52,443	50,683	50,122	42,273	45,024	34,347
Sales (million euros)	443	454	468	415	457	495

4.3. FSC FOREST MANAGEMENT SYSTEM

The area covered by cork oak forests in the Iberian Peninsula has increased significantly in recent times, initially as a result of the efforts of certification groups, connected mainly to the forestry producer associations, and more recently by Portuguese State incentives for certification. Cork oak forests currently account for around one third of the total area of certified forests in the Iberian Peninsula, with further growth expected in 2012.

In late 2011, cork oak forests with FSC (Forest Stewardship Council) certification passed the 100,000 ha mark, as shown in the graph below:

FSC Cork Oak Forest in the Iberian Peninsula
 ha



CORTICEIRA AMORIM has been an important player in support of certification, raising the awareness of forestry producers with regard to the usefulness of FSC principles and criteria for more responsible forestry management, and has played a pioneering role in FSC chain of custody certification in the cork industry.

Year upon year, CORTICEIRA AMORIM has increased the number of companies with FSC chain of custody certification; particular highlights of 2011 included the certification of the German unit devoted to the sale of wood coverings and the Neutrocork® stopper factory.

As a result, CORTICEIRA AMORIM now has 30 industrial and/or distribution establishments with FSC chain of custody certification, enabling it to provide its clients with added guarantees of corporate ethics, in the form of preservation of forest resources.

CORTICEIRA AMORIM is a member of the WWF's Forest Trade Iberian Network (GFTN), which encourages responsible consumption of forestry products and aims to halt the destruction of forests worldwide. According to GFTN information from February 2012, the five cork companies which belong to the network (including CORTICEIRA AMORIM) reported a sales volume of close to 540 million euros in 2010, having purchased over 142 thousand tonnes of cork, of which 7% originated from forests certified by the FSC.

In September 2009, the Iberian Network launched the Producers' Group, with the aim of supporting the growth of FSC certification in southern Portugal and helping forest owners to ascertain the value of the areas to be certified in terms of biodiversity and ecosystem services, creating the website <http://www.habeas-med.org/> for the purpose, supported by the «Enhancement of the Value and Sustainability of Cork Oak Forests

FROM 2008 TO 2011, CORTICEIRA AMORIM'S TECHNICAL CONSULTANCY SERVICE WAS APPLIED TO 17,500 HA OF CORK OAK FORESTS.

and Associated Biodiversity» initiative, established when CORTICEIRA AMORIM joined the Business & Biodiversity Initiative.

Another aim of the Producers' Group is to generate a market for ecosystem services which rewards owners who contribute effectively towards improving the services provided by existing ecosystems by means of appropriate management measures. This market tool makes use of independent verification mechanisms such as the FSC to validate owners' best practices.

This process gave rise to the Green Heart of Cork project², which aims to reward agricultural/forestry owners which contribute towards improving the fundamental ecosystem services which benefit the entire population, in terms of carbon fixing, soil formation, regulation of the water cycle or protection of biodiversity, encouraging best agricultural and forestry practices which contribute to the preservation of cork oak forests. The project establishes a platform of companies which support the WWF in preserving cork oak forests, contributing to the economic viability and sustainability of the related activities and at the same time to the conservation of the region's water resources and biodiversity.

The area of intervention, attributes and scope of the Producers' Group is summarised in the table below:

Producers' Group and Ecosystem Services

Attribute	Southern Portugal (ha)	Members (ha)
Total area	3,741,382	24,617
Cork oak forest	692,950	22,658
Classified areas	1,227,976	5,476
Threatened species	1,232,615	5,558
Wide cork oak forests	547,825	4,326
Priority habitats within Natura 2000 Network	355,306	2,911
Cork oak forests in aquifer recharge areas	247,990	12,057
Carbon stored in the cork oak forest	54,568,580 t CO ₂ equivalent	1,155,244 t CO ₂ equivalent

Source: WWF, Iberian Network Bulletin, February 2012

4.4. BIODIVERSITY AND ECOSYSTEM SERVICES

With the goal of rewarding estates and forest owners for best practices in the management and enhancement of the value of cork oak forests and associated biodiversity, the second edition of the forest management best practices award was held in 2011. The award was instituted in the wake of the protocol signed by CORTICEIRAAMORIM, the AFN (Portuguese Forest Authority), the ICNB (Institute for Conservation of Nature and Biodiversity), Quercus and the WWF, as part of the **European Business & Biodiversity initiative**.

In the 2011 edition, the 5000 euro cash prize was awarded to Herdade do Conqueiro, which stood out from among the five finalists for its best practices with regard to species and habitat management, maintenance of ponds, water courses and associated vegetation, conservation and soil improvement measures, and its innovative management plan. The set of best practices it has in place enables Herdade do Conqueiro to harmoniously coordinate cork production, agriculture and livestock with management practices which contribute towards preserving the ecosystem.

² For more information about the WWF project regarding remuneration of ecosystem services, see www.wwf.pt

For the first time since the creation of the award, an honourable mention was awarded to Herdade da Sanguinheira for solutions implemented with regard to the planning and management of its cork oak forests, cork stripping practices and forest infrastructure criteria and planning.

It should be pointed out that although management system certification is not among the criteria examined for the award, **properties which have sought FSC sustainable forestry management certification are, unsurprisingly, those which tend to have the best practices in terms of sustainable management of cork oak forests and associated biodiversity.** Accordingly, since the initiative was launched, it has always been the case that the best practice awards and honourable mentions have gone to certified properties which comply with FSC principles and criteria for responsible forestry management.

Also as part of the European Business & Biodiversity initiative, CORTICEIRA AMORIM has been funding a free technical advisory service for forestry producers since 2008, with the aim of identifying and adopting best practices in the management of cork oak forests and associated biodiversity. In 2011, around 1000 ha of cork oak forests benefited from the initiative, a lower figure than in recent years explained by a drop in applications from owners and the inclusion of larger areas in previous years. This evolution highlights a need to improve the dissemination of this (free) service with a view to increasing the number of forestry owners which make use of it. It is nonetheless worth noting that since 2008, this technical advisory service has been applied to around 17,500 ha of cork oak forest in Portugal, and that most of the beneficiaries subsequently chose to obtain FSC certification of their forestry management systems.

In the second half of the year, it was announced that the two government entities involved in the partnership – the ICNB and the AFN – would be merged to form the Institute for Conservation of Nature and Forests (ICNF). This resulted in the suspension of the regular meetings of the initiative's Technical Monitoring Committee and Evaluation Committee. The organisational structure of the new entity should be finalised during the second half of 2012, after which it will be possible to inject new energy into the partnership and the measures regarded as being best suited to its goals.

With regard to the **evaluation of the environmental services provided by cork oak forests**, the conclusions of the study promoted by CORTICEIRA AMORIM and C.E. Liège have been disseminated and analysed in a number of forums, such as the Business & Biodiversity (B@B) platform workshop, promoted by the European Commission, and the Portuguese Association of Agricultural Economics workshop.

The merits of the methodology proposed in this study were validated by the prestigious RISE Foundation, in a study completed in 2011, the final report of which is due to be published in the first half of 2012. Equally worthy of note is the article «Mediterranean cork oak savannas require human use to sustain biodiversity and ecosystem services»³, published in the journal *Frontiers in Ecology and the Environment*, about the biodiversity and ecosystem services inherent to cork oak forests, the cover feature of the June 2011 edition of this important scientific journal. In addition to highlighting the importance of cork



stripping to the balance of the ecosystem, the article also makes proposals for remuneration of the environmental services provided by cork oak forests.

In late 2011, the Portuguese Forest Authority (AFN) decided that efforts should be pooled with a view to promoting a number of initiatives aimed at ensuring the recognition, appreciation and remuneration of ecosystem services in forest areas, in order to safeguard the sustainability of the public assets associated with these areas. Both CORTICEIRA AMORIM and CE Liège have been active participants in the think-tanks and workshops arising from this initiative, presenting proposals for methodologies and mechanisms aimed at the remuneration of the environmental services provided by cork oak forests.

³ (Bugalho, Miguel N; Caldeira, Maria C; Pereira, João S; Aronson, James; Pausas, Juli G, 2011).

Meanwhile, the BCSD – Business Council for Sustainable Development – has identified «Ecosystems» as a priority area, with the objective of supporting companies' licence to operate, innovate and grow proactively:

- by raising awareness of the business risks associated with the sustained destruction of ecosystems and the loss of the services they provide;
- by promoting the development and acceptance of best practices for mitigation and market approaches which support sustainable management and use of ecosystem services both individually and in cooperation with other interested parties.

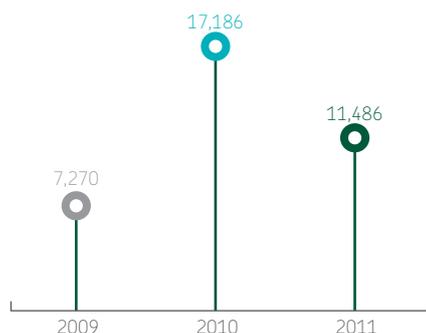
CORTICEIRA AMORIM, a BCSD member since 2007, is part of the work group devoted to this priority area, and seeks to contribute to the goals of the work group by presenting methodologies and case studies.

4.5. HEALTH, HYGIENE AND SAFETY

Year upon year, CORTICEIRA AMORIM reaffirms the importance which it attaches to issues related to Health, Hygiene and Safety (HH&S) in the Workplace. The Company's commitment in this regard is amply reflected in the sustained investment being made, both in terms of the constant revision of insurance plans, and the monitoring of their efficacy or adjustment in light of risks, reiterating its focus on awareness-raising and training of employees.

In matters concerning HH&S, employee training is of fundamental importance to the pursuit of these goals, and remained a considerable investment in 2011 – the volume of training administered exceeded 11 thousand hours – albeit lower than in the previous year, a difference explained by the extraordinary investment made in 2010.

Hours of HH&S Training



Thanks to this commitment to HH&S, CORTICEIRA AMORIM has always boasted accident rates well below the average for the sector. The results of the investment made in HH&S-related training, in particular in 2010, once again reveal an improvement in most major indicators, as shown by the following table:

Accident Rates

	2009	2010	2011
No. of deaths	0	0	0
Accident frequency index	6.1	7.1	5.36
Work-related illness rate	0.8	1.1	1.1
Lost working days rate	205.3	174.8	159.9
Absenteeism rate	3.48%	3.20%	2.97%
Total employees	3,031	3,002	3,002

Definitions:

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

Work-related illness rate = No. of Cases of Work-related Illness/Potential Hours of work x 200,000.

Lost working days rate = No. Days Lost/Potential Hours of work x 200,000.

Absenteeism rate = Days Missed/Potential Days of work.

4.6. SUSTAINABLE CORK SOLUTIONS FOR CONSTRUCTION

CORTICEIRA AMORIM has three BU operating in the construction sector (Insulation Cork, Floor and Wall Coverings and Composite Cork), and has identified potential for improvement in the approach to this segment, which includes structured and integrated communication of the sustainable cork solutions for construction, and also a concerted effort of the sales teams of the three BU in order to reach a greater number of stakeholders.

It was in this setting that, in 2011, CORTICEIRA AMORIM launched **BCORK**, the most comprehensive website for sustainable cork solutions for construction – www.bcork.amorim.com. This project aims to make technical information about existing cork products and applications available to the various players in the sector, and to contribute to greater dissemination of the environmental and technical advantages associated with the use of this material. The design and launch of BCORK followed a stakeholder consultation process aimed at understanding the information requirements of the market and the functionalities it most values.

BCORK was unveiled in 2011 in Portuguese only, with English, Italian, Spanish, French, German and Russian versions scheduled for 2012. Considering CORTICEIRA AMORIM's international nature, this will provide a new boost to integrated and global advertising of the Company's sustainable solutions for construction.

Internally, and with a view to expanding competences and market positioning in the sustainable construction sector, during the year under consideration a forum comprising members of the three BU was created with the aim of sharing technical/scientific and commercial knowledge. Although initially tested for the Portuguese market only, it has been observed that such forums result in increased knowledge and an enhancement of CORTICEIRA AMORIM's commercial leverage, reinforcing the potential for cross-selling between the BU which operate in the construction sector.

The year 2011 saw a worldwide surge in the popularity of cork as the natural choice to meet the demands of sustainable construction, and within the cork sector CORTICEIRA AMORIM reinforced its position as a supplier with a diverse portfolio of solutions ready to serve the needs of this kind of construction. The presentation of the Company's case studies at major events, the launch of new products and the recognition of the technical and environmental performance of the company's products illustrate the reinforcement achieved in the year under consideration, with particular note to the following highlights:

BCORK, THE MOST COMPREHENSIVE WEBSITE ON SUSTAINABLE CORK SOLUTIONS FOR CONSTRUCTION – WWW.BCORK.AMORIM.COM – PROVIDES TECHNICAL INFORMATION ABOUT CORK PRODUCTS AND APPLICATIONS AND THE ENVIRONMENTAL BENEFITS ARISING FROM THEIR USE.

- CORTICEIRA AMORIM's **CORKwall®** was awarded the Tektónica 2011 Innovation award, a distinction set up to recognise innovative products, services or equipment and thereby promote companies which, in a constant changing market, are committed to the development of new products. CORKwall® is a natural cork façade cladding solution created by Amorim Cork Composites to be sprayed onto walls. This product is intended for finishing or restoration of exterior façades and inner walls, and also has a decorative function. When applied to coverings, in particular of the metal variety, it reduces transfer of heat to the inside of the building, while also absorbing all kinds of noise;
- launch of a new insulation solution comprising an expanded cork agglomerate board and inlaid wooden slats entitled **Lambourdé**. The benefits of this insulation solution, especially suited to building restoration, include in particular its ease of application on walls and floors and its thermal and acoustic efficiency, features shared by all cork insulation solutions;

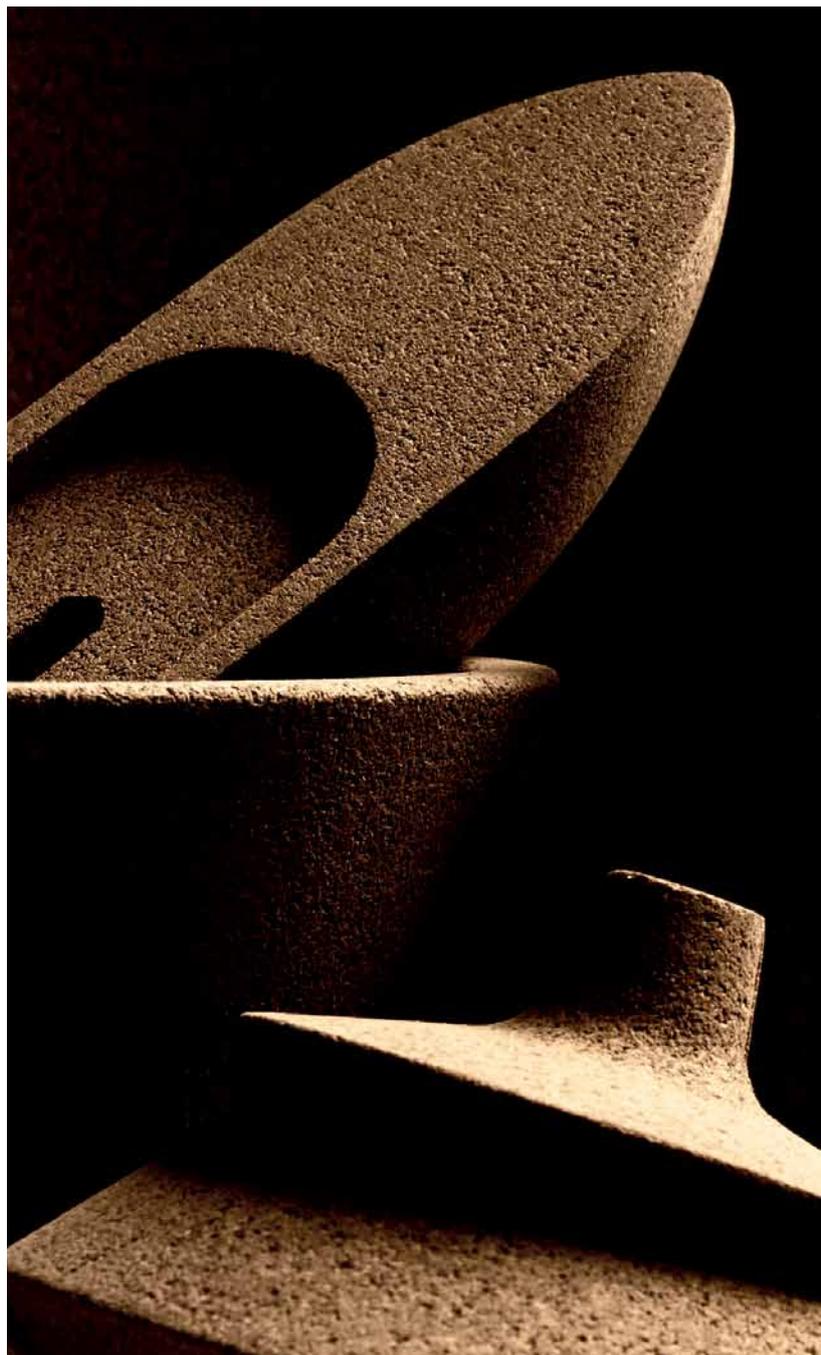


- the **AcoustiCORK®** underlay range was awarded the grade A+ by the BRE (Building Research Establishment) in London following an Environmental Product Declaration (EPD) assessment, the first awarded to a cork-based acoustic insulation product. This distinction of AcoustiCORK® underlays with the highest possible grade, A+, demonstrates its superior environmental performance according to international standards, and makes it possible for systems such as BREEAM (Building Research Establishment Environmental Assessment Method) to recognise and assess them in accordance with its own specific criteria. With this EPD assessment, the AcoustiCORK® range was assigned credits for the purpose of BREEAM sustainable construction, increasing its value to architects and contractors who choose this prestigious and widely recognised certification for sustainable construction.

In the field of sustainable construction, the restoration and reconstruction of buildings has attracted particular attention in recent years. Architects and designers increasingly seek environmentally friendly materials and solutions which provide comfort, without harming the environment. Of particular note among CORTICEIRA AMORIM's cork solutions for construction aimed at serving the needs of sustainable urban redevelopment are AcoustiCORK® underlays, Wicanders® coverings and the Lambourdé insulation solution:

- the **AcoustiCORK®** range was designed for acoustic insulation of floorings, in particular wood or glue-down cork, floating floors, ceramics and carpets. It includes solutions which provide outstanding insulation against impact and other noise, and is currently used in hotels and by the residential and commercial markets;
- **Wicanders®** coverings, in turn, offer an excellent solution for interior decoration. A wide range of looks and an innovative application system called FastConnect are the hallmarks of the new Wicanders® collection. The new Fastconnect system enables easy, quick installation of the coverings without requiring glue. They are only 5 mm thick, and each tile adheres to the next rather than to the floor, which means they can be installed on any kind of underlay;
- **Lambourdé**, mentioned above, is an insulation solution for building restoration, with benefits which include easy application to walls and floors.

As part of this commitment to building restoration and reconstruction, CORTICEIRA AMORIM sponsored the EA'11 Urban Challenges Architecture Competition, an initiative by the *Espaço de Arquitectura Portal* in conjunction with *Porto Vivo - SRU*, launched on 3 October, World Architecture Day. Aimed at architects and architecture students, the central objective of the competition is the creation of a project for the restoration of a set of buildings located in the historic centre of the city of Porto. CORTICEIRA AMORIM's sponsorship will take the form of provision of cork products and solutions for urban restoration, which will as a result be a prominent part of three buildings in the World Heritage area of the city.

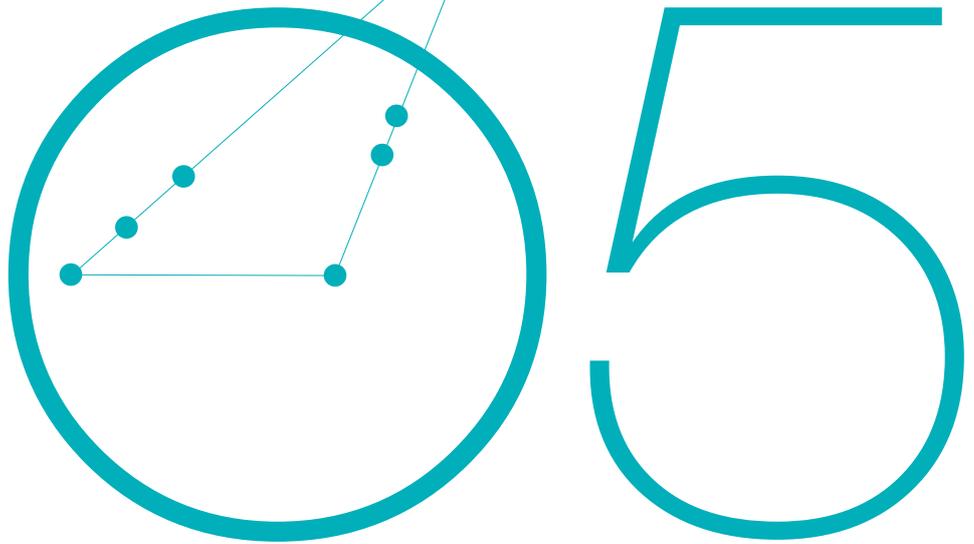
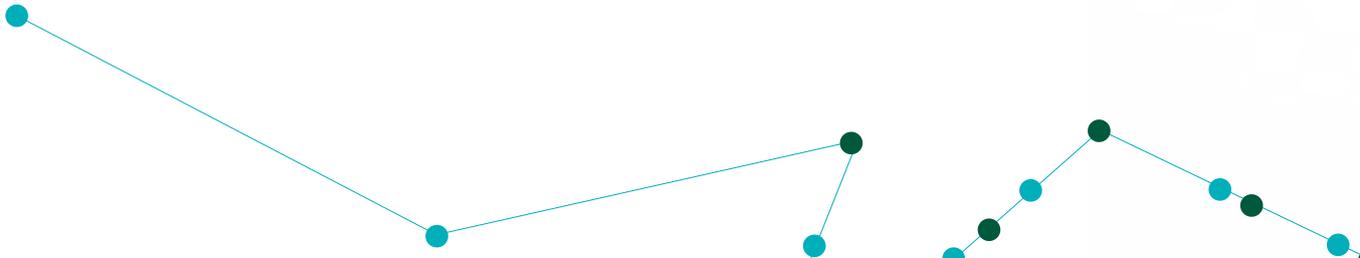


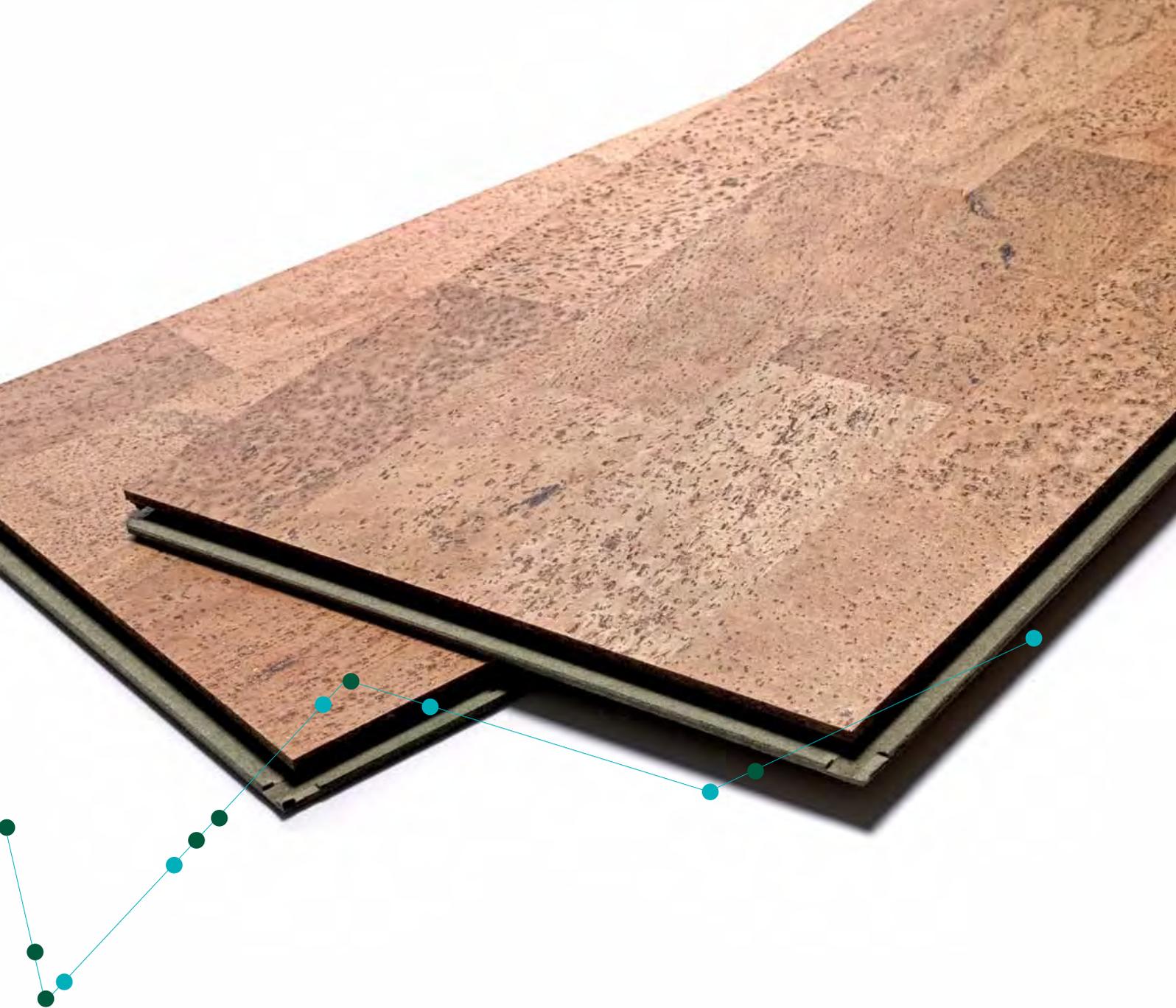
4.7. SUMMARY OF AIMS

Aims	Targets for 2011
<ul style="list-style-type: none"> • Increase knowledge and foster best practices in sustainable forest management. 	<ul style="list-style-type: none"> • Award for the best research into «Cork Oak Forest Sustainability and Associated Biodiversity»; • Provide free technical advisory service available to at least six forestry producers.
<ul style="list-style-type: none"> • Strengthen the organisational culture aimed at Innovation. 	<ul style="list-style-type: none"> • Achieve 2500 new ideas in the scope of CORK.IN
<ul style="list-style-type: none"> • Reduce CO₂ emissions. 	<ul style="list-style-type: none"> • Reduce the carbon intensity of the activity by 45% on the reference year (2006).
<ul style="list-style-type: none"> • Reduce water consumption. 	<ul style="list-style-type: none"> • Reduce the ratio water consumption (m³)/Sales by 4% on the last year.
<ul style="list-style-type: none"> • Foster environmental education events and knowledge about cork. 	<ul style="list-style-type: none"> • Involve at least 2000 pupils in environmental education events.
<ul style="list-style-type: none"> • Encourage the recycling of cork stoppers. 	<ul style="list-style-type: none"> • Increase the collection of used stoppers by 10% in relation to 2010.



AMORIM





PERFORMANCE INDICATORS

Cork's secret lies in its cell structure. Around 40 million cells per cm^3 and a honeycomb structure make it ideal for flooring applications. Each cell acts as a miniature natural thermal insulant, while also providing better acoustic insulation and shock-absorbing properties than other flooring materials.

5. PERFORMANCE INDICATORS

5.1. ENVIRONMENTAL

5.1.1. Materials Consumption

The growth observed in 2011 in the activity of most of CORTICEIRA AMORIM's Business Units resulted, unsurprisingly, in increased materials consumption. However, it should be noted that in light of this business evolution, the main increase recorded was in the consumption of cork, while the remaining indicators representing materials and consumables fell in significance, as shown in the following table:

Consumed Materials	tons		
	2009	2010	2011
Cork	94,014	123,303	132,043
Other raw materials	2,432	6,636	3,114
Chemical products	11,055	13,801	14,595
Packing material	8,576	8,980	9,146
Paper	36	39	30
Total	116,126	152,759	158,927

5.1.2. Recycling

Cork oaks are an important species in terms of CO₂ fixing, an ability shared by all cork products. Promoting the recycling of cork ensures that the carbon fixing effected by cork oaks is extended throughout the product's entire life cycle.

After being transformed into granules, recycled cork can be used in a wide range of applications, such as coverings, insulation, competition kayaks, aerospace applications or design and fashion items. The only exception is its re-use in cork stoppers.

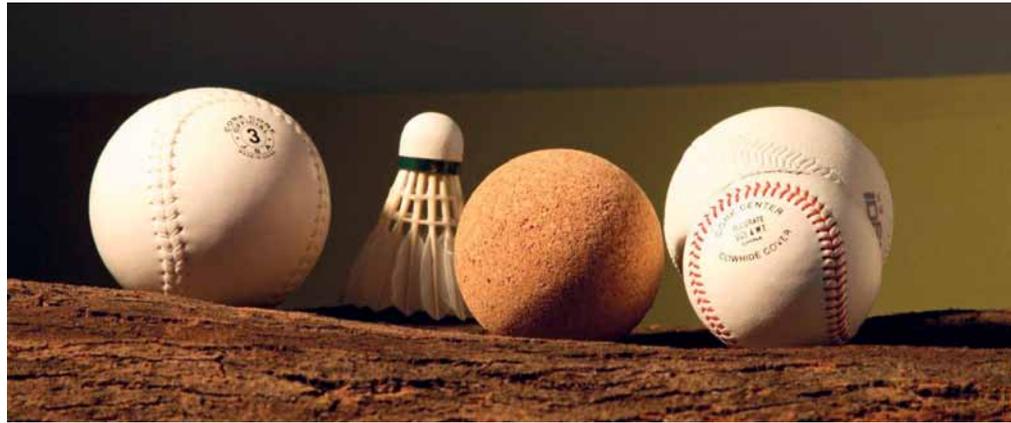
CORTICEIRA AMORIM currently promotes, participates in and leads a number of cork stopper recycling programmes, particularly in Europe and North America. The cork stoppers collected in various European countries are sent to CORTICEIRA AMORIM's Cork Waste Recycling Unit in Portugal. Those collected in North America as part of the ReCORK programme are processed by Sole, a renowned footwear company.

As a result of these cork stopper recycling programmes launched by CORTICEIRA AMORIM – such as Green Cork, in Portugal – and partnerships established with other cork stopper recycling programmes (mostly implemented in Europe), in 2011 CORTICEIRA AMORIM incorporated 85.3 tons (t) of used cork stoppers in the production of other high added-value cork products. Although the quantity of stoppers collected in 2011 – 103.6 t – for use in the company's processes remained at the same level as the previous year, the reduction in consumption in relation to 2010 is due to stock variation.

The ReCORK programme was responsible for the recycling of 86.4 tonnes of cork stoppers – which are not used in CORTICEIRA AMORIM's production processes. In total, 190 tonnes of used stoppers were collected, representing a 10.4% increase on 2010. As a result of these recycling campaigns, in 2011 around 1.14% of the total number of corks sold each year by CORTICEIRA AMORIM were recycled.



As regards reuse of other cork products, in particular expanded cork agglomerate, a slight increase was observed in the re-use of this kind of materials. The use of rubber in products developed by the Composite Cork BU underwent a substantial increase, making use mainly of recycled materials, which explains the increase in consumption of tyre waste.



Consumption of Recycled Materials

	2009	2010	2011
Tyre waste	325	48	729
Cork stoppers	92	99	85
Other cork products	570	250	265
Total of Recycled Materials	987	397	1,079

tons

5.1.3. Water Consumption

In 2011, despite the significant increase in CORTICEIRA AMORIM's activity, water consumption rose by just 3.2%. As a result, water consumption per € 1M of sales was 860 m³, 4.7% less than in the previous year, surpassing the original target of 4%.

Water Consumption

	2009	2010	2011
Public network	64,821	49,703	39,487
Groundwater abstraction	358,359	362,490	385,857
Total (m³)	423,180	412,192	425,343
Sales (Million euros)	415.2	456.8	494.8
Water consumption (m³) / € 1M sales	1,019	902	860

m³

5.1.4. Biodiversity

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

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

5.1.5. Emissions, Effluents and Waste

5.1.5.1. Atmospheric Emissions

	2009	2010	2011
Particles	140	132	153
SOx	4	5	7
VOC	55	105	112
NOx	197	152	142

t/year

Note: Emissions calculated from the results of the monitoring of gaseous emissions in 2011.

5.1.5.2. Liquid Effluents

	2009	2010	2011
Industrial effluents	132,141	126,626	148,020
Domestic effluents	49,145	36,232	28,737
Total	181,286	162,858	176,757

m³

5.1.5.3. Waste

The unusual variation observed in the total amount of waste in 2011 can be explained by an increase of around 60% in the amount of non-hazardous industrial waste (intended for recovery). This variation is due to the fact that for the first time, inner bark of winter virgin cork was classified as waste rather than as a sub-product, as in previous years. This change comes in anticipation of a measure which will require completion of a Waste Declaration Form for the transportation of inner bark of winter virgin cork from 2012 onwards. In previous years, this material was regarded as a sub-product, and did not require a Waste Declaration Form.

Industrial Waste

	2009	2010	2011
Hazardous industrial waste	175	140	222
Recovery	61	52	31
Elimination	114	88	191
Non-Hazardous industrial waste	13,396	14,523	22,223
Recovery	9,779	11,856	18,797
Disposal	3,617	2,666	3,426
Total	13,571	14,662	22,446

t/year

No significant spillages were recorded in 2011.

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

5.2. HUMAN RESOURCES

5.2.1. Employment

This Sustainability Report covers 89.4% of CORTICEIRA AMORIM's employees on December 31, 2011. In comparison to 2010, of particular note is the non-inclusion of Amorim Argentina (51 employees in 2011), as a result of the decision to implement a change of strategy regarding the Argentinian stopper market resulting in the suspension of this subsidiary's activity and simultaneous acquisition of 50% of the company Corchos de Argentina.

Employment

	2009	2010	2011
Total Workforce	3,031	3,002	3,002
Permanent contract	2,743	2,749	2,712
Fixed term contract	288	253	290
Part-time workers	48	34	81

The following shows the details of CORTICEIRAAMORIM's employees by gender and age range.

Details of CORTICEIRA AMORIM's Employees

	Age			Gender		Total
	< 30	30 to 50	> 50	Female	Male	
Directors	0	24	13	0	37	37
Managers	2	62	18	12	70	82
Heads of Department	1	66	26	19	74	93
Sales Staff	11	77	28	17	99	116
Management Support Technicians	18	82	22	38	84	122
Team Leaders	2	70	45	16	101	117
Administrative Staff	24	187	39	149	101	250
Maintenance, Quality and Logistics Technicians	30	211	75	74	242	316
Production Operators	189	1,200	480	498	1,371	1,869
Total 2011	277	1,979	746	823	2,179	3,002
Total 2010	282	2,017	703	848	2,154	3,002

The turnover rate observed in 2011 (evaluated by leaves) remained at the same level as in the previous year.

Turnover Rate

	2009	2010	2011
Total leaves	612	146	155
Total Turnover Rate	20.2%	8.8%	8.8%
< 30	3.8%	1.9%	2.4%
30 to 50	10.2%	4.7%	3.6%
>50	6.2%	2.2%	2.8%
Women	6.8%	2.9%	2.9%
Men	13.4%	5.9%	5.9%

5.2.2. Work and Management Relations

Freedom of association is a right of all employees, and is exercised by 31.5% of CORTICEIRA AMORIM employees covered by this report.

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

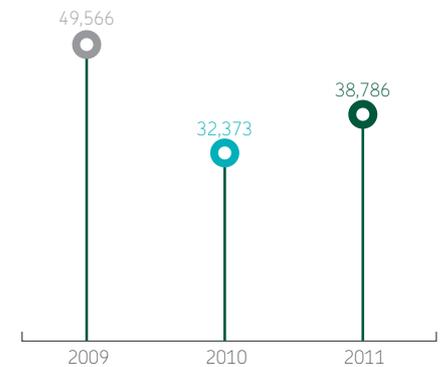
5.2.3. Training and Qualification of Human Resources

With the significant increase in operating activity recorded in 2011, one of the main challenges faced by Human Resources management was the need to guarantee demanding levels of activity, with appropriate solutions in terms of quality, deadlines and productivity.

As far as training and qualification of Human Resources are concerned, an overall increase in training can be observed in comparison to 2010. In a year characterised by goals in the field of Innovation, priority was given to activities aimed at preparing the future, creating and developing skills with which to face challenges. In this context, the launch of the CORK.IN programme involved an intensive training plan, with facilitators in every BU and a significant number of meetings aimed at information and awareness-raising of all employees with regard to the project, amounting to approximately 4000 hours of work.

CORK'S POTENTIAL AS A PREMIUM MATERIAL FOR THE 21ST CENTURY IS SUPPORTED BY CONSTANT RESEARCH TO EXPAND ITS RANGE OF APPLICATIONS.

Total Hours of Training

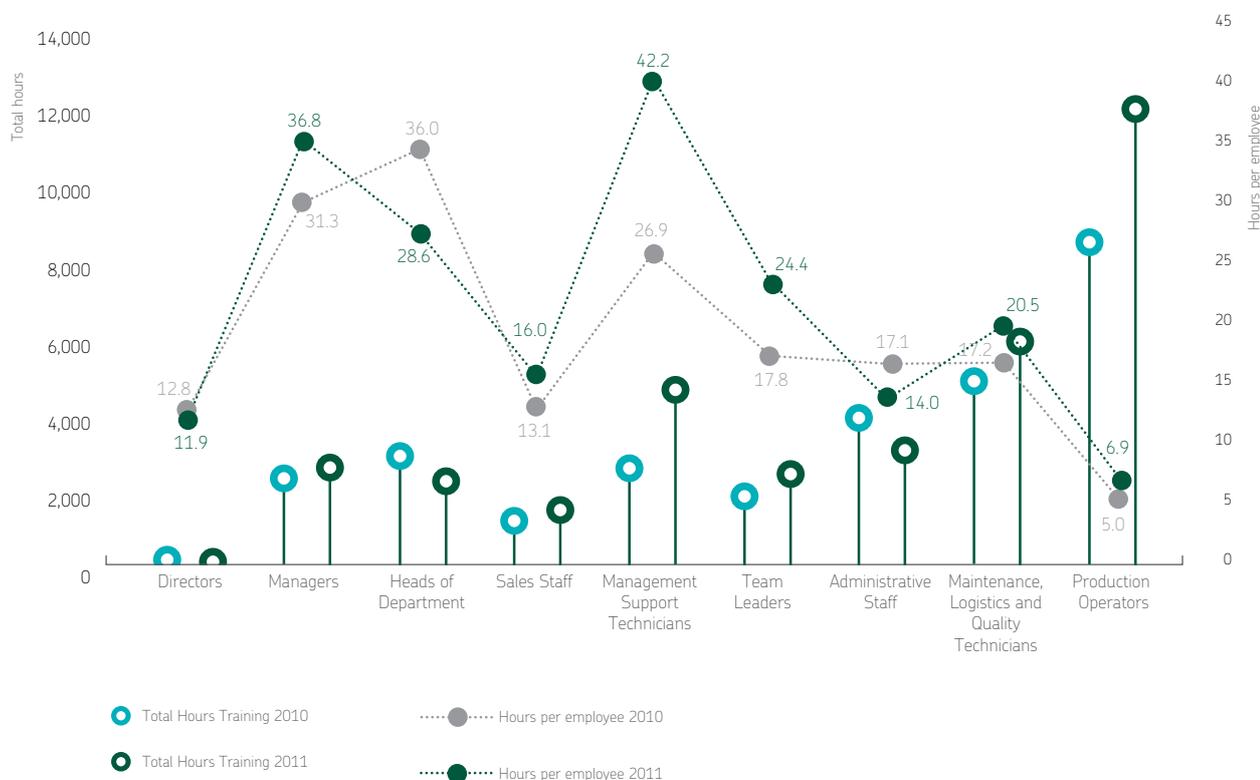


As a result, training per employee underwent an average increase of 2.1 hours across most professional categories, with particular note to a reinforcement of 38% in the category of production operators.

In this year of intense activity, equally noteworthy are the training events aimed at technical adequacy of workplace skills, in particular in the Raw Materials and Cork Stoppers BU, with the opening of new factories and the need to meet the qualification requirements involved in the highly specific tasks of the cork sector. Sales areas were also given special attention, with specific, integrated medium term plans under way in the Cork Stoppers, Floor & Wall Coverings and Composite Cork BU. In the Young Staff segment, the Cork Stoppers BU began a multi-annual skills development plan aimed at establishing a concerted rhythm for staff evolution in the medium and long-term.



Number of Training Hours by Professional Category



5.2.4. Diversity and Equal Opportunities

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

The cork sector is one of the most traditional sectors in Portugal. There has been some discussion regarding the difference in remuneration for functions which are different but considered to be equally demanding. Bearing in mind that there are collective work contracts agreed with the trade unions, this is a sector issue for which CORTICEIRA AMORIM sought in recent years, on its own behalf, the establishment of an agreement which would enable the level of payment associated with the functions in question to be gradually increased. Such an agreement was reached and signed by APCOR and the respective trade unions in 2008, and is now in operation.

Ratio between the average salary for men and women in the same category.

Ratio of Average Salary of Men to Women by Employee Category

	2010	2011	2010/2011 change
Managers	1.39	1.31	-5.8%
Heads of Department	1.39	1.38	-0.7%
Sales Staff	1.32	1.25	-5.3%
Management Support Technicians	1.24	1.33	7.3%
Team Leaders	1.11	1.10	-0.9%
Administrative Staff	1.04	1.02	-1.9%
Maintenance, Quality and Logistics Technicians	0.97	0.96	-1.0%
Production Operators	1.07	1.08	0.9%

5.3. ECONOMIC PERFORMANCE

Summary of Activity

In 2011, the instability affecting the financial markets remained in place, a situation which in the second half of the year deteriorated even further within the European Union (EU). The distrust pervading financial circles, along with political disorientation, contributed to the persistence of a recessive economic climate. Downward revisions of growth estimates affected all the countries of the EU. The United States of America remained unaffected by these unfavourable circumstances. Although growth was modest and unable to generate new jobs in the long term, persistence began to bear fruit, and by the end of the year clear signs of increased consumer confidence and an effective reduction in the unemployment rate began to set the economy in motion.

It was in this dual scenario of stark contrast between Europe's lethargy and the dynamism of the rest of the world that CORTICEIRA AMORIM pursued its activities during 2011. Having gone through a difficult period lasting from the second half of 2008 to the first half of 2009, coinciding with the height of the world crisis, CORTICEIRA AMORIM emerged stronger, more competitive and more profitable, surpassing in 2011 the results of its best year to date (2007).

The growth observed in the world market of wine, sparkling wines and spirits in recent quarters led to consumption at the levels achieved in 2008. This increase is estimated at between 1% and 2% in terms of volume. The favourable evolution of the Californian winegrowing industry and the shortage of wine in certain regions are a good illustration of the confidence felt in many markets.

The failure to meet demand by some of the competition and the level of service provided by CORTICEIRA AMORIM, which commands an unrivalled distribution network, enabled the replacement of a part of that competition in the case of more demanding clients. For the second consecutive year, 2011 brought an increase in the market share of cork in relation to plastic and aluminium closures. The two-digit drop in plastic closure sales observed since 2010 and the bankruptcy of the second and third largest manufacturers of this type of closure resulted in a number of clients returning to CORTICEIRA AMORIM's portfolio.

As regards floor coverings, activity in the field of civil construction remained weak in the European market. However, non-traditional markets outside Europe enjoyed robust growth rates. As these markets were, to a large extent, unfamiliar with cork, the dissemination efforts made and marketing activities undertaken, in particular in the countries of eastern Europe and North America, resulted in significant sales increases. For the future we plan to further expand our horizons to include the new and robust markets of the emerging countries, as well as markets closer to home which, for various reasons, cork coverings have struggled to penetrate.

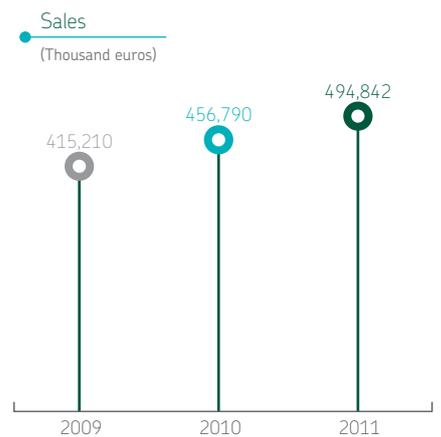
In the technical composite agglomerates area, the rapid growth observed in 2010 slowed a little during 2011. More exposed to industrial activity than the other areas, the Composite Cork BU had been hit hard by the 2008/09 crisis, having also enjoyed the greatest recovery in 2010. Investments begun in 2011 with a view to obtaining a new, higher production capacity suggest a profound change in levels of business from the second half of 2012.

The insulation sector was the only one which did not achieve an increase in sales. Highly dependent on the European construction and restoration markets, sales growth in the Middle and Far East was not enough to compensate for the fall in sales in the second half of the year.

A final word on the raw materials factories in Morocco, Algeria and Tunisia. The social upheaval in the region during 2011 had only minimal effects on production, and a crucial role was played by employees in ensuring continued activity and defending the facilities themselves.

Consolidated Results

The year 2011 was CORTICEIRA AMORIM's best ever, both in terms of sales and of results. Sales totalled 494.8 million euros (€M), an increase of 8.3% (€ 38M) on 2010. **A run of eight consecutive quarters with comparable sales growth enabled CORTICEIRA AMORIM to increase its sales volume by € 80M over the course of two years, almost approaching the 500 million euro mark.**

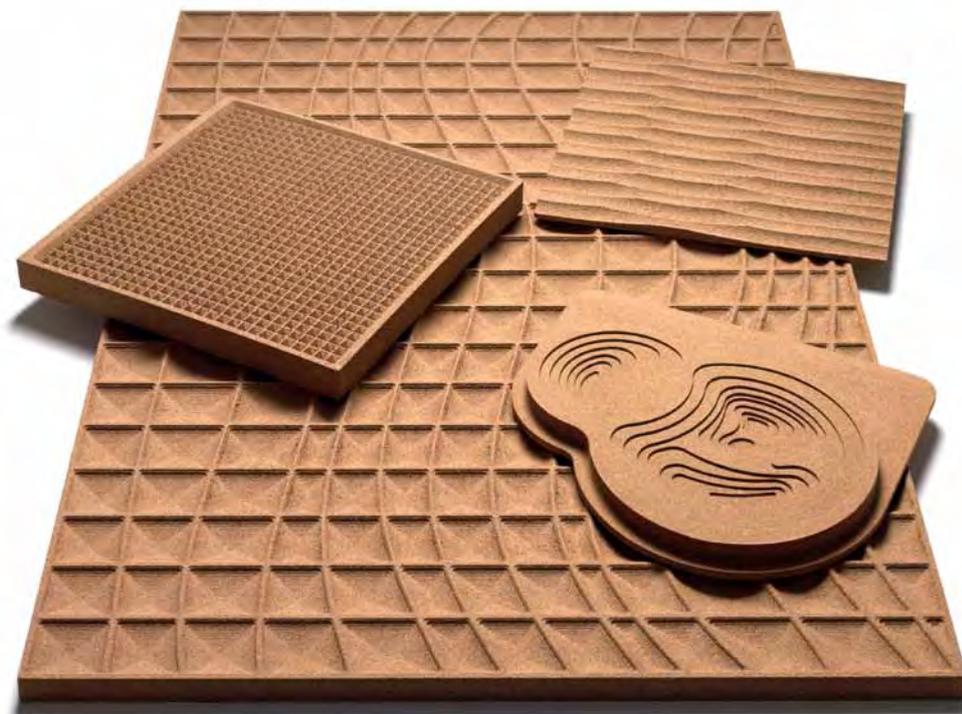


This year, once again, above-average sales growth in the Cork Stoppers BU considering its preponderance in the consolidated results was the main factor behind the increase in consolidated sales. Given that its output is destined for use, almost exclusively, within the CORTICEIRA AMORIM value chain, the activities of the Raw Materials BU were in line with the consolidated results. Sales by the Floor and Wall Coverings and Composite Cork BUs remained slightly below the growth average.

The gross margins percentage reached 51.2%, a slight drop in relation to the historic figure of 51.6% recorded in the previous year. The increase in cost of some raw materials and unfavourable exchange rates cancelled out the increase in prices achieved in the sale of manufactured products.

In absolute terms, the effect of the price rise was nonetheless decisive. The gross margin rose by around € 18M, or 7.7%, slightly below the increase in sales.

Current operating costs rose by 6.2%, affected by the increase in external supplies and services (+10.5%). During the year under consideration, the industry was hit by significant increases in the price of some of the most important services and goods consumed. The higher prices of fuel, electricity and transportation had a negative impact on CORTICEIRA AMORIM's competitiveness, and undoubtedly that of all Portuguese industry. Since then, streamlining measures aimed at counteracting the effects of these increases have been implemented. These include in particular the use of rail transportation for some European markets, beginning in 2012.



The evolution of staff costs is inseparable from the increase in activity (sales plus changes in production) of 9.5%. Maintaining high production capacity utilisation rates would not have been possible without hiring new employees for production. In 2011, the average number of employees rose by 68, of which 11 come from new companies in the consolidated group.

Staff costs rose by 3.4% in relation to 2010, to € 93.8M, falling below the barrier of 19% of sales for the first time in over ten years.

Total current operating costs, including depreciation, rose to € 203.6M, a 6.2% increase. In absolute terms, this was an increase of € 12M which, in light of the € 18M increase in gross margin, enabled an additional € 6M to be released to the current EBITDA.

The current EBITDA rose by 9.7%, to € 72.4M. The EBITDA/sales ratio improved on 2010, reaching 14.6% – one of the best in CORTICEIRA AMORIM's history:



DYN CORK, AN INNOVATIVE PRINTING AND LAMINATION TECHNOLOGY FOR PRODUCTS WHICH COMPLEMENT CORK, WHICH WILL BOOST NEW APPLICATIONS IN THE FIELD OF ECODESIGN.

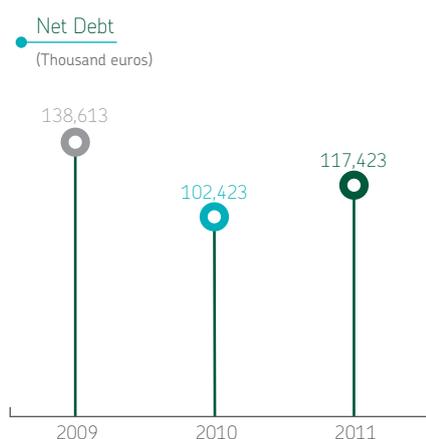
Ownership Structure and Financial Situation

The € 43M increase in assets, to € 605M, can be explained by the increase in inventory between the end of 2010 and the end of 2011 (+ € 40M). Indeed, a campaign to purchase cork of higher quality than in the previous year, alongside an increase in the average purchase price, led to a € 35 M rise in the value of raw materials in stock, representative of the overall increase in inventory.

With regard to liabilities, of particular note is the change effected in terms of interest-bearing debt. Throughout 2011, a series of medium term (two and three year) operations (issue of bonds and commercial paper programmes) were carried out, enabling substantial long-term capital improvement,

extending the maturity structure and diversifying sources of financing, particularly with regard to foreign counterparts. Complementing these operations, in January 2012 a medium term (three year) loan was taken out with a foreign financial institution.

Net interest-bearing debt at the close of the financial year was € 117M, a € 15M increase on December 2010. This increase is explained by higher volumes of cork purchased resulting from a purchase campaign, record distribution of dividends and higher CAPEX than in previous years. It is worth noting that at the end of the financial year under consideration, the value of unused credit lines was € 128M.



Wealth Generated

The following table summarises the main economic⁴ performance indicators:

Economic Performance Indicators

	Thousand euros		
	2009	2010	2011
Direct economic value generated	418,785	459,128	497,988
Revenues	418,785	459,128	497,988
Economic value distributed	388,540	403,769	457,180
Operating costs	285,503	301,070	330,769
Employee wages and benefits	93,308	90,712	93,751
Payment to providers of capital	6,224	5,171	19,955
Payments to Government	3,380	6,615	12,550
Community investments	125	202	155
Accumulated economic value	30,245	55,358	40,809

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

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 € 14.45 million in 2011.

⁴ Definitions:

Revenue – corresponds to the sum of the following items: Sales and Services Provided; Supplementary Income, Operating Subsidies; Own Work Capitalised; Other Operating Income; Financial Income and Gains; Real Estate Capital Gains (after the deduction of capital losses).

Operating costs – does not include amortisations.

Community investments – only includes cash donations and does not include investment in kind (3.6 thousand euros in 2011).

Financial Incentives

In 2011, the group's Portuguese companies benefited from 296 thousand euros in incentives, aimed mainly at supporting research, development and innovation projects.

Purchasing Policy

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

Cork Purchases

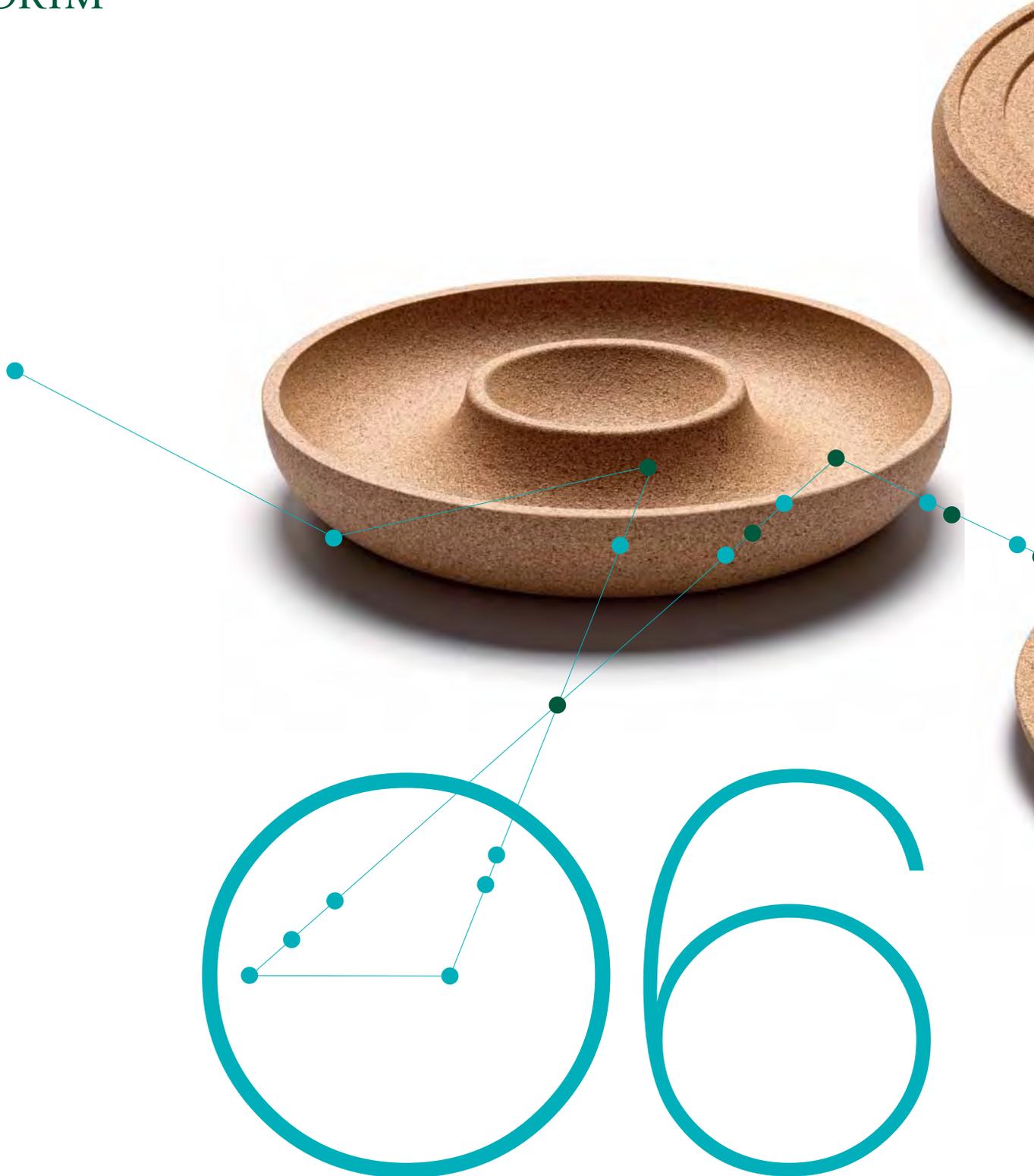
	Thousand euros		
	2009	2010	2011
Portugal	85,224	126,142	133,976
North Africa	2,255	2,047	5,754
Other origins	16,280	9,621	26,979
Total	103,759	137,811	166,709

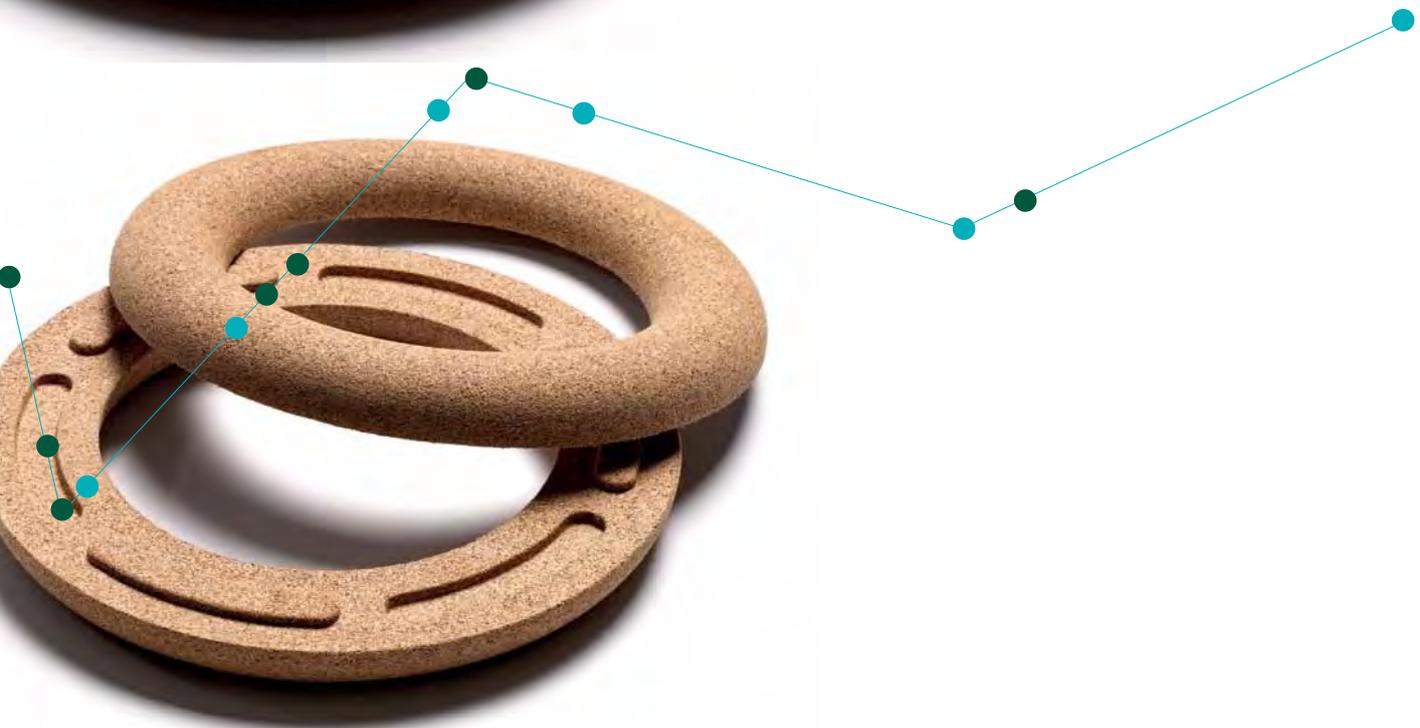
Local Recruitment of Staff

Policies geared at local staff recruitment are combined with efforts to increase staff mobility between different countries. This policy enriches the Group and its corporate culture and has resulted not only in the integration of various Portuguese members of staff into group companies overseas, but also to employees of different nationalities taking up seats on the Boards of Directors of different BU (which have their headquarters in Portugal). In 2011, around 86% of external company Managers and Directors were recruited from local communities.

5.4. HUMAN RIGHTS, SOCIETY AND PRODUCT RESPONSIBILITY

CORTICEIRA AMORIM's approach to and policies regarding Human Rights, Society and Product Responsibility can be viewed at <http://www.sustainability.amorim.com/en/approach/integrated-management-system/management-approaches/>





REPORT FRAMEWORK AND GRI INDEX

All over the world, cork is being rediscovered as an outstanding material for design projects. The quest for eco-friendly, natural materials by designers has led to the creation of a range of cork products with different textures, tones and colours, expanding its range of applications to include furniture, decoration, kitchen utensils, textiles, footwear, high-tech accessories and even toys.

6. REPORT FRAMEWORK AND GRI INDEX

6.1. REPORT FRAMEWORK

This Sustainability Report prepared by CORTICEIRA AMORIM contains information referring to 2011, including, whenever possible, appropriate and relevant, information relating to the main indicators for 2009 and 2010 to provide stakeholders with a view of the company's recent evolution. The Company undertakes to publish a new edition of the report every year in which it details its performance in the area of sustainability and the level of compliance with its established commitments and including independent validation of this compliance. In 2011, validation of the Sustainability Report and the group's Annual Report and Financial Statements was charged to PricewaterhouseCoopers.

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

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.	Report externally assured by PwC
	Management Approach	Management approach disclosures for each indicator category	
	Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 20 Performance Indicators, at least one from each category: economic, environment, employment, human rights, society and product responsibility	

This document is available at <http://www.sustainability.amorim.com/en/reports/Sustainability-Report-2011/49/>
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, since its sustainability information systems cannot supply the necessary data). In terms of distribution companies, those which may have significant impacts because of their size (turnover and number of workers) have been selected.

The Companies covered in this report, marked in green on the organisational chart presented in Chapter 1, correspond to 85.9% of CORTICEIRA AMORIM's sales and 89.4% of its employees. With regard to the scope of the report, information relating to Amorim Argentina (which in 2010 had 51 employees and a sales volume of € 5.8M) was not included in 2011. As reported previously, in light of the need to adjust our approach to the Argentinian stopper market, the decision was made to suspend the activities of the subsidiary Amorim Argentina, while a 50% share in the company Corchos de Argentina was simultaneously acquired.

Given the difficulty of implementing systems for sustainability information in smaller companies (with limited resources) and in recently acquired companies, CORTICEIRAAMORIM aims to include companies representing 95% of its sales and total number of employees in the scope of its sustainability report over the course of the next two years.

The themes covered in the report were chosen with a view to their relevance in the current context of sustainability, their substance and the expectations and opinions of stakeholders. To this end, the results of the consultation process presented at <http://www.sustainability.amorim.com/en/stakeholders/stakeholders-consultation/market-praises-corticeira-amorim/> were taken into consideration.

The methodology used to calculate indicators that have been used in addition to the GRI G3 Guidelines is explained in the report. Whenever the data does not refer to all the companies covered, the lack of information is indicated. Similarly, whenever the data derives from estimates, the basis on which these estimates are calculated is presented.

THE CORKSORB PROJECT,
AN INNOVATIVE RANGE
OF NATURAL CORK
BASED ABSORBENTS
USED FOR CONTROLLING
AND CLEANING UP OIL
SPILLS, HAS WON THE
GREEN PROJECT AWARDS
AND THE «PRODUCT»
AND «BUSINESS AND
BIODIVERSITY» CATEGORIES
OF THE EUROPEAN
BUSINESS AWARDS FOR
THE ENVIRONMENT
IN 2011.



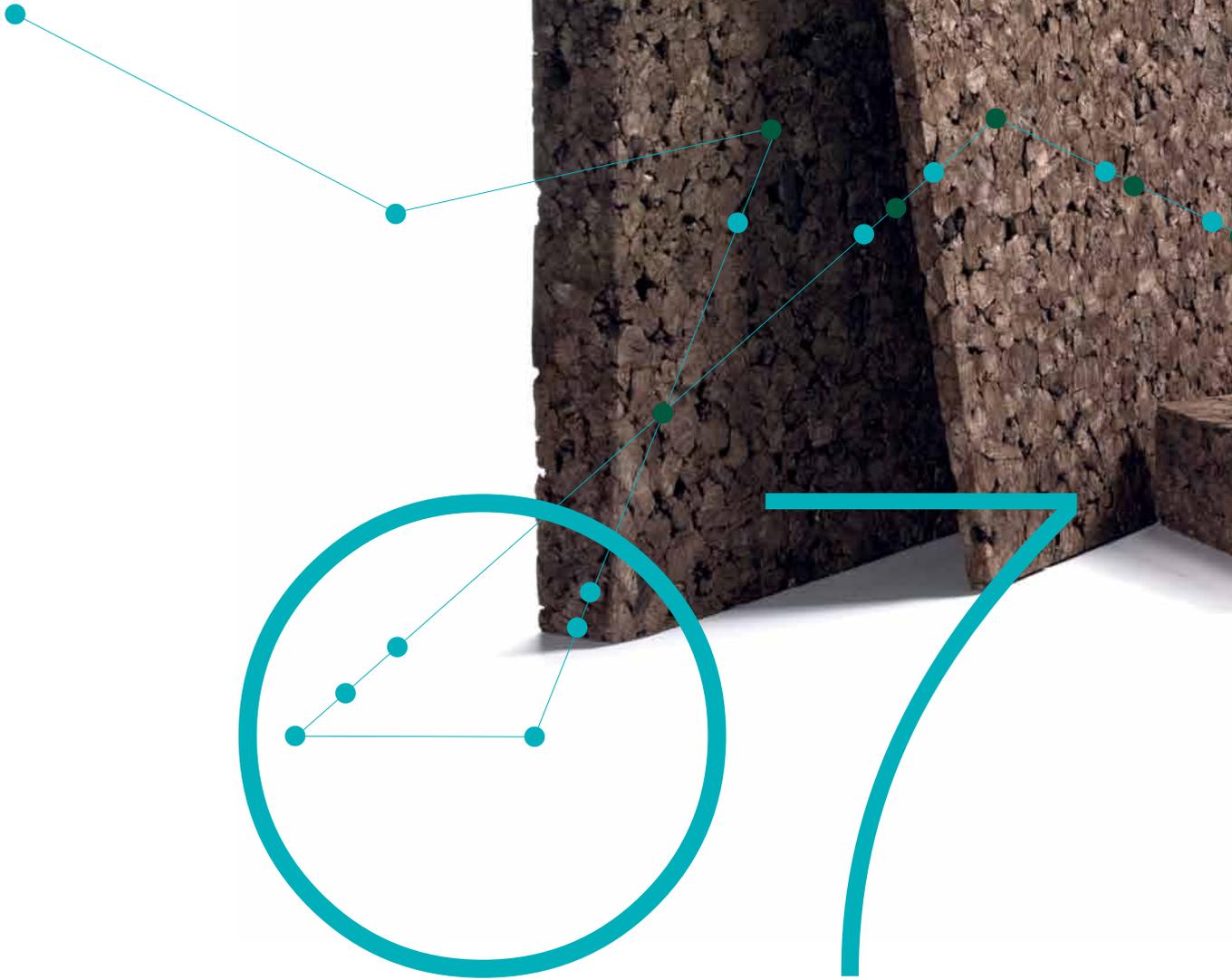
6.2. GRI INDEX

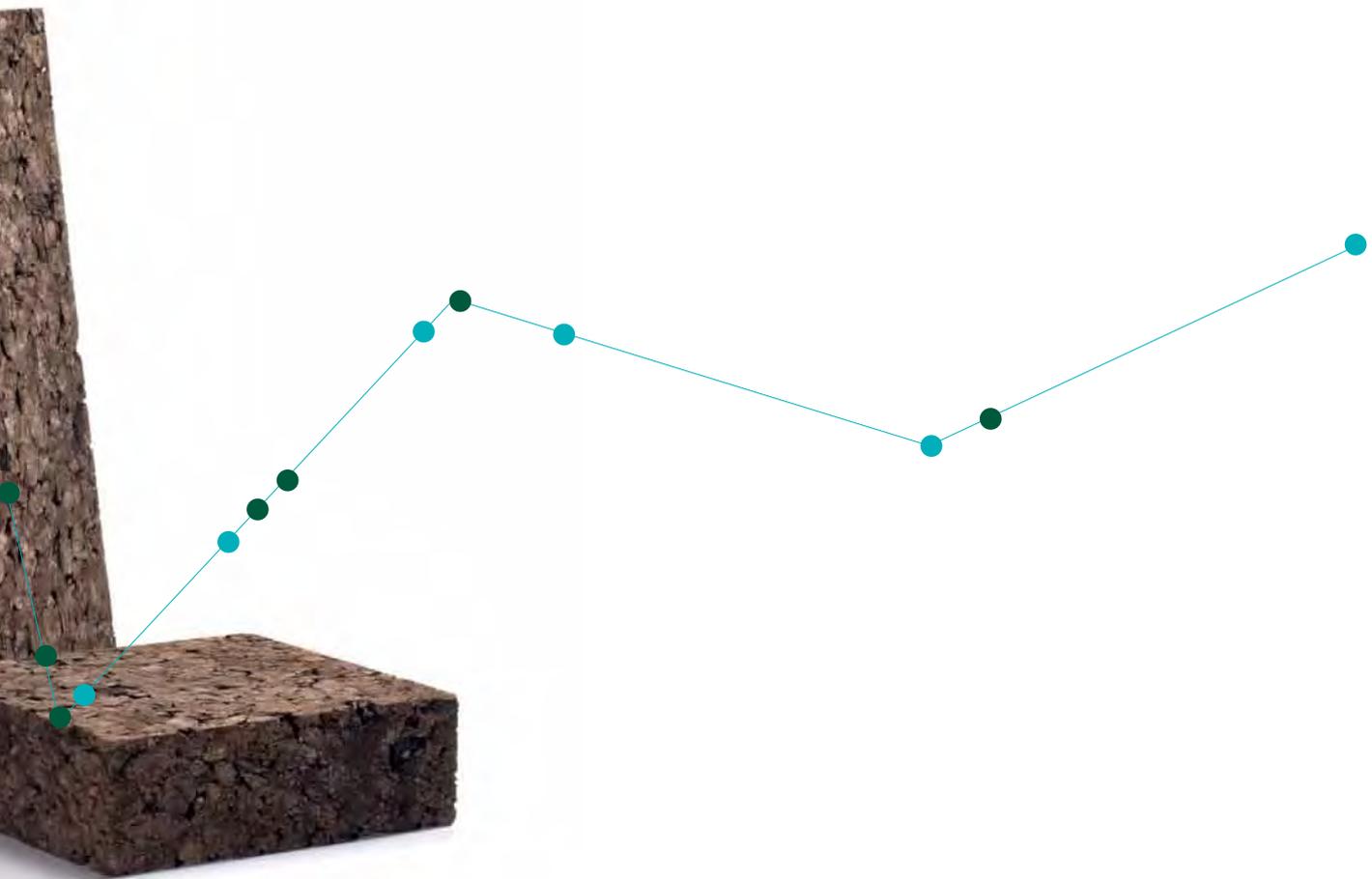
GRI ref.	Description	Value/Location
1.	Strategy and Analysis	
1.1.	Statement of the CEO	Page 4; 5
1.2.	Description of Key Impacts, Risks, and Opportunities	Page 6; 7: 30 – 43
2.	Organisational Profile	
2.1.	Name of the organisation	Page 10
2.2.	Primary products and/or services	Page 10
2.3.	Operational structure of the organisation	Page 10 – 13
2.4.	Location of organisation's headquarters	Page 10
2.5.	Countries where the organisation operates	Page 14; 15
2.6.	Nature of ownership and legal form	Page 10
2.7.	Markets served	Page 14; 15
2.8.	Scale of the reporting organisation	Page 16
2.9.	Significant changes during the reporting period	Do not exist
2.10.	Awards received in the reporting period	Page 32; 41
3.	Reporting Parameter	
	Report Profile	
3.1.	Reporting period	Page 56
3.2.	Date of the most recent report	Page 56
3.3.	Reporting cycle	Page 56
3.4.	Contact point for questions regarding the report or its contents	Page 56
	Report Scope and Boundary	
3.5.	Process for defining report content	Page 56
3.6.	Boundary of the report	Page 12; 13: 56
3.7.	Other specific limitations on the scope or boundary of the report – strategy and projected timeline for providing complete coverage	Page 56
3.8.	Basis for reporting	Page 56
3.9.	Data measurement techniques and the bases of calculations	Page 56
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 56
3.12.	GRI Content Index	Page 58-61
3.13.	Assurance	Page 64-66
4.	Governance	
4.1.	Governance structure of the organisation	Page 20
4.2.	Indicate whether the Chairman of the Board of Directors is also an executive officer	Page 20
4.3.	Members of the Board of Directors that are independent and/or non-executive members	Page 20; AR&A page 43
4.4.	Mechanisms for shareholders and employees to provide recommendations or direction to the Board of Directors	Page 20; AR&A page 62
4.5.	Linkage between compensation for members of the Board of Directors, senior managers, and executives and the organisation's performance	AR&A Page 60 – 62

GRI ref.	Description	Value/Location
4.6.	Processes in place for the Board of Directors to ensure conflicts of interest are avoided	AR&A page 36
4.7.	Qualifications and expertise of the members of the Board of Directors	AR&A page 52 – 56
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 21; 22
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 47 – 49
4.10.	Processes for evaluating the Board of Directors own performance, particularly with respect to economic, environmental, and social performance	AR&A page 61
	Commitments to External Initiatives	
4.11.	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Page 56
4.12.	Externally implemented economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Page 22; 38
4.13.	Memberships in associations and/or national/international advocacy organisations	Page 53
	Stakeholder Engagement	
4.14.	List of stakeholder groups engaged by the Organisation	Page 22
4.15.	Basis for identification and selection of stakeholders with whom to engage	Page 22
4.16.	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Page 22
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 22
5.	Performance	
	Economy	
	Management approach	Page 7: 20 – 22: 43
	Aspect: Economic Performance	
EC1	Direct economic value generated and distributed	Page 53
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Page 35 – 37
EC3	Coverage of the organisation's defined benefit plan obligations	Page 53
EC4	Significant financial assistance received from Government	Page 53
	Aspect: Market Presence	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Page 53
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Page 53
	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 53
	Environment	
	Management approach	Page 7: 20 – 22: 43
	Aspect: Materials	
EN1	Materials used by weight or volume	Page 46
EN2	Percentage of materials used that are recycled input materials	Page 46:47

GRI ref.	Description	Value/Location
	Aspect: Energy	
EN3	Direct energy consumption by primary energy source	Page 35
EN4	Indirect energy consumption by primary source	Page 35
	Aspect: Water	
EN8	Total water withdrawal by source	Page 47
	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 47
EN12	Impacts of activities, products, and services on biodiversity	Page 38 – 40
	Aspect: Emissions, Efluentes and Waste	
EN16	Total direct and indirect greenhouse gas emissions by weight	Page 36
EN17	Other relevant indirect greenhouse gas emissions by weight	It is not defined
EN19	Emissions of ozone-depleting substances by weight	Page 48
EN20	NOx, SOx, and other significant air emissions by type and weight	Page 47
EN21	Total water discharge by quality and destination	Page 47
EN22	Total weight of waste by type and disposal method	Page 48
EN23	Total number and volume of significant spills	Page 48
	Aspect: Products and Services	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Page 26; 27; 35
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Page 46
	Aspect: Compliance	
EN28	Monetary value of significant fines and total number of non-monetary sanctions	€ 0
	Social	
	Management approach (LA, HR, SO and PR indicators)	Page 7; 20 – 22; 43; 53
	Aspect: Employment	
LA1	Total workforce by employment type, employment contract, and region	Page 48
LA2	Total number and rate of employee turnover by age group, gender and region	Page 49
	Aspect: Labor/Management Relations	
LA4	Percentage of employees covered by collective bargaining agreements	Page 49
LA5	Minimum notice period(s) regarding significant operational changes	It is not defined
	Aspect: Occupational Health and Safety	
LA7	Rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities	Page 40
LA8	Education, training, counselling and prevention programmes in place to assist workforce members regarding serious diseases	Page 40
	Aspect: Training and Education	
LA10	Average hours of training per year per employee by employee category	Page 50
	Aspect: Diversity and Equal Opportunities	
LA13	Composition of governance bodies and breakdown of employees per category according to gender and age group	Page 48
LA14	Ratio of basic salary of men to women by employee category	Page 50

GRI ref.	Description	Value/Location
	Aspect: Investment and Procurement Practices	
HR1	Percentage of significant investment agreements that include human rights clauses	0%
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	0%
	Aspect: Non-Discrimination	
HR4	Total number of incidents of discrimination and actions taken	Page 53
	Aspect: Freedom of Association and Collective Bargaining	
HR5	Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk	Page 53
	Aspect: Child Labour	
HR6	Operations identified as having significant risk for incidents of child labour	Page 53
	Aspect: Forced and Compulsory Labour	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour	Page 53
	Aspect: Community	
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	Do not exist
	Aspect: Corruption	
S02	Percentage and total number of business units analysed for risks related to corruption	Page 53
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures	Page 53
S04	Actions taken in response to incidents of corruption	Page 53
	Aspect: Public Policy	
S05	Public policy positions and participation in public policy development and lobbying	Page 53
	Aspect: Compliance	
S08	Monetary value of significant fines for non-compliance with laws and regulations (thousand euros)	€ 0
	Aspect: Customer Health and Safety	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement	Page 53
	Aspect: Product and Service Labeling	
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	Page 53
	Aspect: Marketing Communications	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	Do not exist
	Aspect: Compliance	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services (thousand euros)	€ 0





VERIFICATION REPORT

Cork is an eco-efficient material, with a complete and vertically integrated life cycle. Waste from the production stage is transformed into granules which are in turn used in the production of new items. Even cork dust is used to generate energy. The use of this form of biomass covers 61% of CORTICEIRA AMORIM's energy needs.



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

Independent verification report
of the Sustainability Report 2011
(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 2011” (Report), regarding the performance indicators listed in the Scope below, included in the “GRI index” and presented in different sections of the Report. Independent verification was performed according to instructions and criteria established by CA, as referred in the Report, and according to the principles and extent described in the Scope below.

Responsibility

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

Scope

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

The scope of our verification consisted on information from 2011 regarding Portugal and Spain, on the following GRI3 indicators:

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

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

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

The following procedures were performed:

- (i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the Report;
- (ii) Identify the existence of internal management procedures leading to the implementation of economical, environmental and social policies;
- (iii) Testing the efficiency of process and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned;
- (iv) Confirming, through visits to sites, that operational units follow the instructions on collection, consolidation, validation and reporting of performance indicators;
- (v) Executing substantive procedures, on a sampling basis, in order to collect sufficient evidence to validate reported information;
- (vi) Comparing financial and economical data with 2011 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 2011 Annual Report and Accounts.

Conclusions

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



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

As external auditors of CA, our opinion on economic indicators analysed is expressed on the 2011 Annual Report and Accounts.

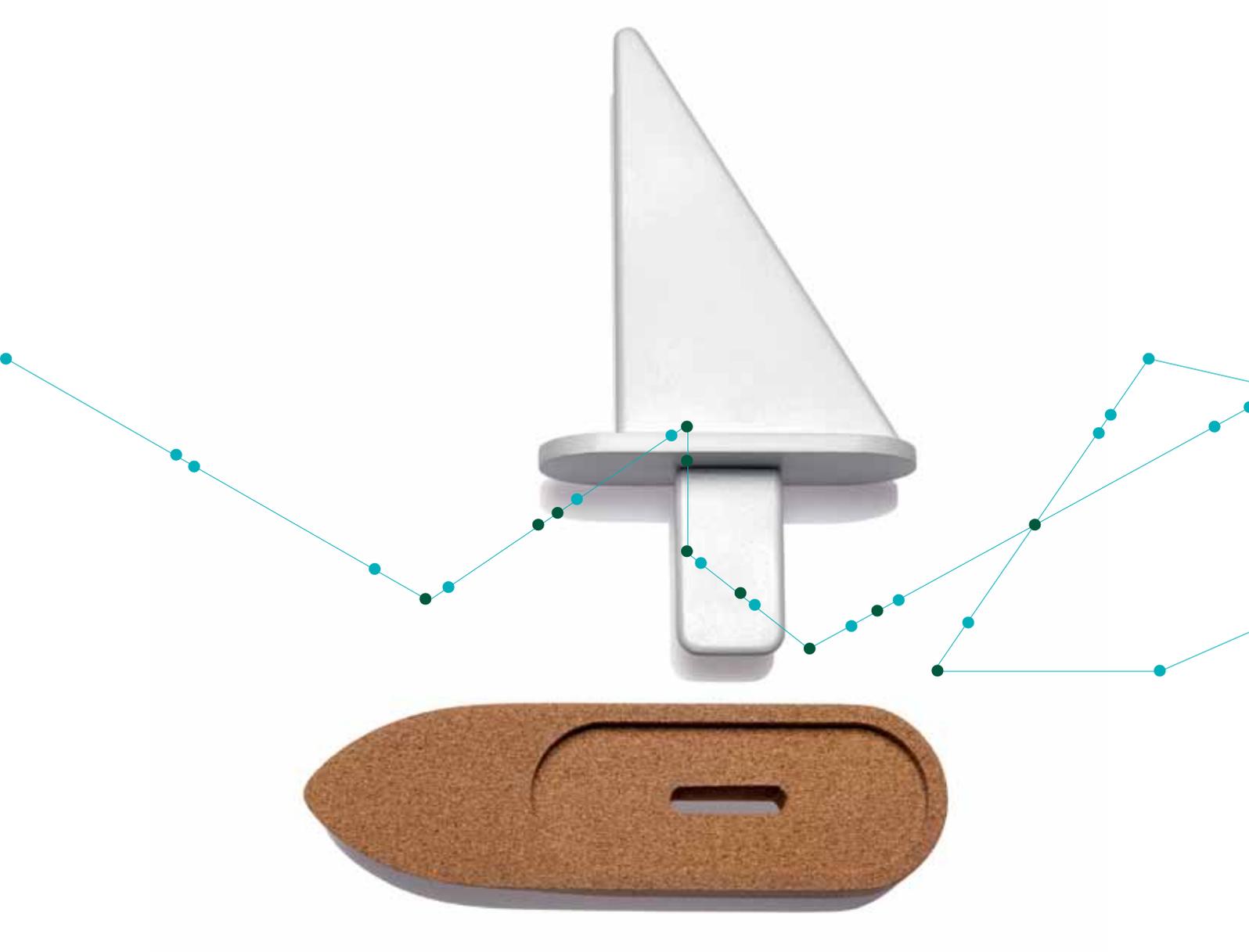
Lisbon, April 20, 2012

PricewaterhouseCoopers & Associados SROC, Lda.

Represented by:



António Joaquim Brochado Correia, ROC



TITLE Sustainability Report 2011 – CORTICEIRA AMORIM, S.G.P.S., S.A. • **OWNERSHIP AND COORDINATION** CORTICEIRA AMORIM, S.G.P.S., S.A. – Sociedade Aberta Edifício Amorim I Rua de Meladas, nr. 380 P.O. Box 20 4536-902 MOZELOS VFR CODEX – PORTUGAL Phone: +351 227 475 400 Fax: +351 227 475 410 corticeira.amorim@amorim.com • www.corticeiraamorim.com
Share Capital: EUR 133,000,000.00 Reg. and Corporate Tax Identification Number 500 077 797 Company resgistered at the Companies Registry of Santa Maria da Feira

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