AMORIM

SUSTAINABILITY REPORT 2013

CHAIRMAN'S MESSAGE

Dear stakeholders,

It is a longstanding belief at **Corticeira Amorim** that the integration of sustainable development issues in a corporate strategy adds value – in the short, medium and long term – and that is reflected positively in critical areas such as business competitiveness, the differentiation between businesses and their products, and innovation and the consequent development of new products that the market recognises for their high added value. It is with this motivation and mindset that, in close liaison with the company's various stakeholders, we have implemented strategies that ensure we achieve this added value.

In the year under review, despite some major markets showing a disappointing economic performance compared to initial expectations, **Corticeira Amorim** recorded one of its best years, with consolidated sales reaching 542.5 million euros. In terms of revenues, however, the company's sound performance was strongly influenced by the devaluation of all export currencies.

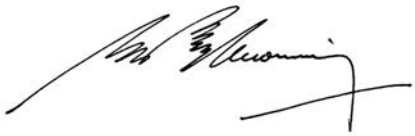
We are certain that the results, once again, mean the validation by the market of **Corticeira Amorim**'s strategy towards sustainable development. It is a strategy that combines long-term ambition with painstaking operational implementation, which has allowed the benefits, including economic benefits, arising from the integration of sustainability in the company's strategy, to be constantly demonstrated. To this end, the entire organisation has been involved in pursuing the company's mission: to add value to cork in a competitive, distinctive and innovative way in perfect harmony with Nature.

Corticeira Amorim's activity is based on cork – a 100% natural raw material extracted cyclically from trees without damaging them, which promotes the economic and social sustainability of areas at risk of desertification, and promotes the preservation of one of the 35 global biodiversity hotspots. **Corticeira Amorim** and the cork forests are thus a unique example of a Green Economy. The company's activity not only guarantees the preservation of this ecosystem, but also adds economic value to it. Moreover, its strong focus on innovation has allowed it to explore the potential of cork applications even further. It is largely due to **Corticeira Amorim**'s work that the green credentials of cork have earned increased recognition (all over the world), thanks both to studies that have been undertaken demonstrating cork's superior technical and environmental performance, and to the distinguished "ambassadors" (internationally renowned architects, designers, opinion leaders and others) who have acknowledged the superior characteristics of cork and the ecosystem that it makes possible (the cork oak forest).

In our Sustainability Report, there are several items that fill us with pride, that impact on the sustainability of **Corticeira Amorim** and drive us to constantly do better: reducing the carbon intensity of the activity (which in itself, from a holistic perspective, contributes to the sequestration of greenhouse gases); recovering a greater amount of waste – currently 96%; increasing the number of training hours; increasing investment in R&D, whether in financial terms or in terms of the number of hours allocated to it, or with regard to the volume of projects under development; promoting sustainable forest management certification ... in a way that does not compromise but actually improves economic performance in the short, medium and long term.

The current (and complex) environment does not result in any departure from the approach or strategy of **Corticeira Amorim**, as we believe that this commitment to sustainable development is the only way to ensure leadership in responsible competitiveness and the creation of value for all stakeholders.

Yours sincerely,



António Rios de Amorim

CORTICEIRA AMORIM PRESENTATION

01

CORK OAK FOREST

CORK STOPPERS FOR SPARKLING WINES

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 following page. In terms of products supplied, the following BUs are of particular importance:

The Cork Stoppers BU: world leader in the production and supply of cork stoppers with an average annual production of four 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 design solutions;

The Composite Cork BU: this unit is devoted to the production of granules, cork agglomerates and cork rubber agglomerates. 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 insulation corkboard 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 BUs 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 BUs and their respective functional areas.

The organisational diagram 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.

RAW MATERIAL

1.2.

ORGANISATION 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%

Amorim Florestal Mediterrâneo, 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
Unid. Ind. Raro
Vergada – Portugal 100%

Amorim & Irmãos, S.A
Unid. Ind. Valada
Valada – Portugal 100%

Amorim & Irmãos, S.A
Unid. Ind. Coruche
Coruche – Portugal 100%

Amorim & Irmãos, S.A.
Unid. Ind. Champanhe
Santa Maria de Lamas – Portugal 100%

Amorim & Irmãos, S.A.
Unid. Ind. Portocork
Santa Maria de Lamas – Portugal 100%

Amorim & Irmãos, S.A.
Unid. Ind. Salteiros
Ponte de Sôr – Portugal 100%

Francisco Oller, S.A.
Girona – Spain
87%

Trefinos, S.L.
Girona – Spain
91%

Agglotap S.A.
Girona – Spain
91%

Augusta Cork, S.L.
San Vicente de Alcántara – Spain
91%

Distribution

Amorim & Irmãos, S.A.
Unid. Ind. 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 – Bulgary
100%

Amorim Cork America, Inc.
Napa Valley, CA – USA
100%

Amorim France, S.A.S.
Eysines, Bordéus – France
100%

Amorim France S.A.S.
Unid. Ind. Sobefi
Cognac – France 100%

Amorim France S.A.S.
Unid. Ind. Champfleury
Champfleury – France 100%

Victor y Amorim, S.L.
Navarrete (La Rioja) – Spain
50%

Hungarokork Amorim, Rt.
Veresegyház – Hungary
100%

Korken Schiesser, GmbH
Wien – Austria 69%

Amorim Argentina, S.A.
Buenos Aires – Argentina 100%

Portocork America, Inc.
Napa Valley, CA – USA 100%

Amorim Cork South Africa (PTY) Ltd.
Cape Town – South Africa 100%

Industria Corchera, S.A.
Santiago – Chile 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%

Corchos de Argentina, S.A.
Mendoza – Argentina 50%

Sagrera et Cie
Reims – France 91%

Trefinos Italia SRL
Treviso – Italy 91%

Bouchons Prioux S.A.R.L.
Epernay – France 91%

Amorim Cork España S.L.
San Vicente de Alcántara – Spain 100%

AMORIM CORK RESEARCH

R&D, INNOVATION

Amorim Cork Research & Services, Lda.
Mozelos – Portugal 100%

AMORIM CORK COMPOSITES

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 Compcork, Lda Mozelos – Portugal	**100%**

FLOOR AND 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 Wien – 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.

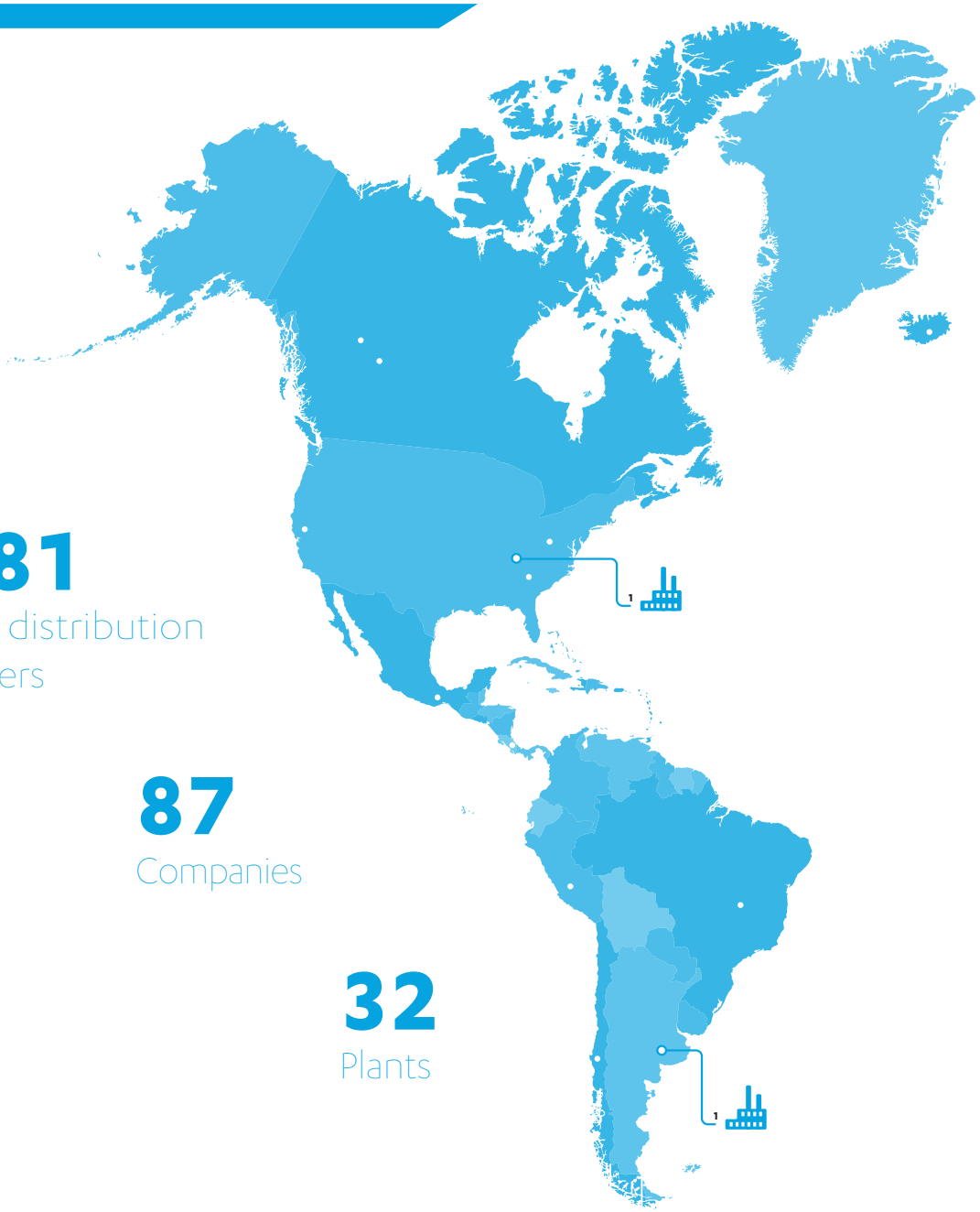
Distribution

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

Percentages in blue:
Companies included in the Sustainability Report

1.3.

WORLDWIDE PRESENCE



Countries	Algeria	Angola	Argentina	Australia	Austria	Belgium	Belorussia	Bosnia	Brazil	Bulgaria	Canada	Cape Verde	Chile	China	Cyprus	Costa Rica	Czech Republic	Denmark	Egypt	Estonia	Finland	France	Georgia	Germany	Greece	Hong Kong	Hungary	Iceland	India	Iran	Ireland	Israel
Key Distribution Players		1		4	3	8	1	1	7	1	2	1	1	6	1	1	3		1	1	2	57	1	29	1	1	2	1	2	1	1	1
Companies	1		2	2	2				1	1			2	3				2				9		5			1					
Industrial Sites	1		1																													

Italy	Japan	Jordan	Kazakhstan	Kuwait	Kyrgyzstan	Lebanon	Malta	Mexico	Moldova	Morocco	Mozambique	Netherlands	New Zealand	Pakistan	Peru	Philippines	Poland	Portugal	Russia	Saudi Arabia	Scotland	Serbia, Macedonia, Montenegro	Singapore	South Africa	South Korea	Spain	Sweden	Switzerland	Syria	Thailand	Tunisia	Turkey	United Arab Emirates	United Kingdom	USA	Ukraine	Vietnam
6	8	1	2	1	1	2	1	2			1	3	1	1	1	2	15	2	9	2	1	1	2	2	7	10	2	11	1	2		3	3	12	16	5	1
3	1								1	2		1					1	19						1		13		1			4			1	8		
										1								19								8					1				1		

1.4.

MAIN ACTIVITY INDICATORS

Indicators	2010	2011	2012	2013
Consolidated sales	456,790	494,842	534,240	542,500
EBITDA	66,006	72,437	82,465	78,127
Net profit	20,535	25,274	31,055	30,339
Total assets	561,766	605,053	643,767	627,307
Net debt	102,423	117,424	121,579	104,447
Equity / Total assets	47.8%	46.7%	45.9%	48.1%
Market capitalization (on 31 December)	154,280	179,550	212,800	293,930
Number of employees (on 31 December)	3,247	3,357	3,501	3,454

(thousand euros)

Sales by Geographical Area

	2011	2012	2013
European Union a)	55.4%	54.5%	55.7%
Portugal	4.9%	5.0%	5.0%
Rest of Europe	6.3%	7.1%	6.0%
USA	17.2%	18.0%	18.3%
Australasia	6.9%	6.8%	6.6%
Rest of America	7.5%	6.8%	6.8%
Africa	1.6%	1.7%	1.6%

a) Including Switzerland and Norway; excluding Portugal.

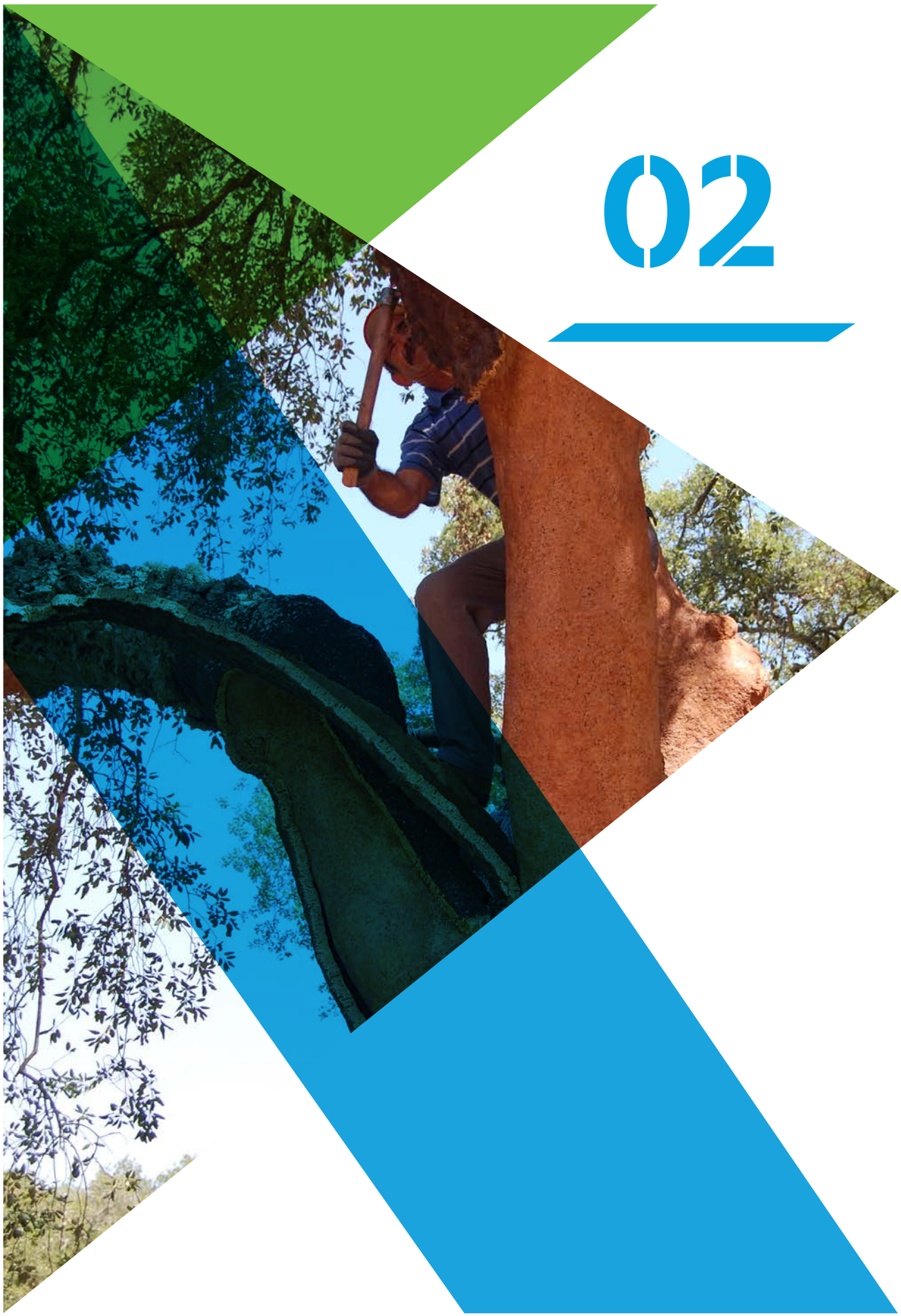
Sales by BU

	2011	2012	2013
Raw Materials (abroad)	0.7%	1.4%	0.9%
Cork Stoppers	58.9%	59.4%	60.7%
Floor & Wall Coverings	23.7%	23.0%	21.9%
Composite Cork	14.9%	14.5%	15.2%
Insulation Cork	1.7%	1.6%	1.3%

CORKCOMFORT LINN MOON BY WICANDERS

CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT STRATEGY

02



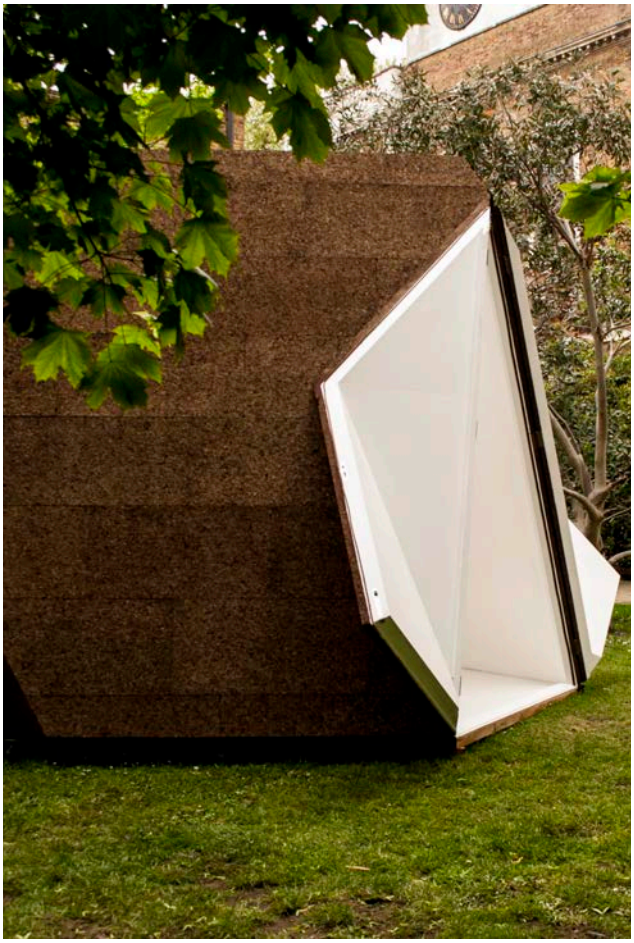
CORK OAKS ARE HARVESTED EVERY 9 YEARS

2.1.

INTRODUCTION

Corporate governance best practices are a pillar to sustainable development at **Corticeira Amorim**. The 2013 Annual Report and Accounts provides a clear and detailed account of the corporate governance structure and practices, describing on the site *www.sustainability.amorim.com* 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.



TETRA SHED®, A MODULAR LIVING AND WORKING SPACE SYSTEM LINED WITH EXPANDED INSULATION CORKBOARD

2.2.

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.

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 Business Units. 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 **Corticeira Amorim**.

2.3.

ORGANISATIONAL STRUCTURE FOR SUPPORTING THE MANAGEMENT OF SUSTAINABILITY

The integrated sustainability management system is based on **Corticeira Amorim**'s mission and core values, especially:

- interaction with stakeholders: a process which is considered to be fundamental for the validation and review of **Corticeira Amorim**'s strategic options regarding sustainable development;
- strategy: definition of the challenges, priorities and aims regarding sustainable development;
- operations: implementation of 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.

CURATED BY ILSE CRAWFORD, THE VITRAHAUS LOFT IS LINED WITH CORK FROM AMORIM

MISSION:

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

VALUES:

- ***Pride*** *– We take pride in the tradition of our business, in our Company history and in the knowledge that we have accumulated in the many years of work of different generations . We are proud to work with a raw material that comes from the earth, that is sustainable, has an identity, and combines tradition, modernity and innovation.*

- ***Ambition*** *– We take pleasure in what we do, we drive ourselves to do more and better, developing new customers, new markets and new applications for cork.*

POSTURE AND FITNESS SESSION FOR EMPLOYEES OF THE CORK STOPPERS BU

- ***Initiative*** – *We find solutions for commitments and challenges, responding quickly, effectively and positively to different circumstances and contexts, always focused on the development of the business and the industry.*

- ***Sobriety*** – *We celebrate victories and commemorate successes internally, favouring discretion in our relationship with the outside world, never forgetting that we must always learn more and continuously do better.*

- ***Attitude*** – *We are with the company in the good times and bad times with our effort, commitment and availability, giving the best of us and always respecting Colleagues, Customers, Suppliers, Shareholders and other stakeholders relevant to the sustainability of Corticeira Amorim.*

CORTICEIRA AMORIM'S CODE OF ETHICS AND PROFESSIONAL CONDUCT LAUNCHED IN 2013

An in-depth internal reflection of the values that should form the basis of the organisational culture of **Corticeira Amorim** was undertaken in 2013. Despite the fact that the professional performance of employees was already guided by these values, it was decided in 2013 to formalize and clarify what is expected from those who work for the Company. A number of initiatives to develop and consolidate the organisational culture were implemented for that purpose.

The most significant of such initiatives was the preparation and drafting of the Code of Ethics and Professional Conduct – a simple document in specific language that summarizes a set of principles that employees of **Corticeira Amorim** should always have present in professional terms. It is therefore useful for both current employees and for future employees.

The guidelines and basic operating principles contained in this Code, cover nine areas, namely:

- Professional use of the assets of the Organisation
- Secrecy and Confidentiality
- Rules on the use of Information Technology (IT)
- Relations between Employees
- Relations with the Community
- Relations with Customers and Suppliers
- Communication with the outside world
- Corporate Image
- Industrial Property

***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.

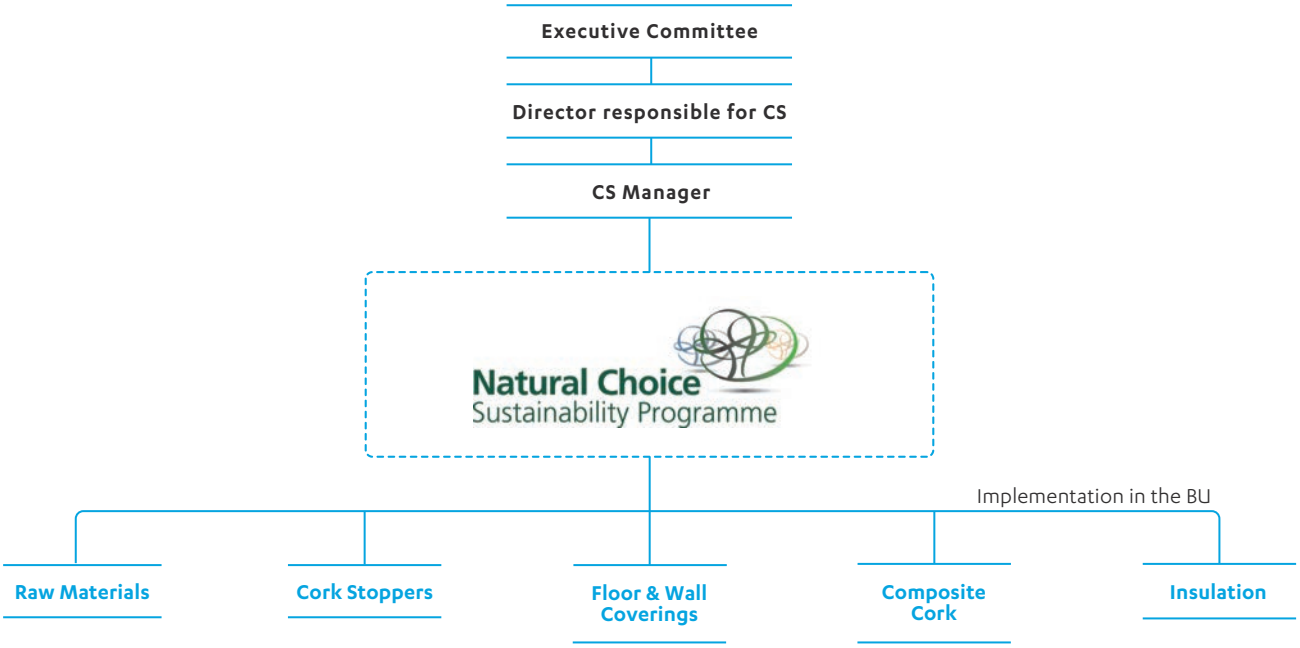
The results of the last process of stakeholders consultation organised by **Corticeira Amorim**, completed at the start of 2013, may be analysed at www.sustainability.amorim.com.

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 in the strategic perspectives of the balanced scorecard strengthens the Sustainable Development practices through the alignment of different management subsystems that promote efficiency, as shown in www.sustainability.amorim.com.

Operations:
In order to coordinate in a single programme all **Corticeira Amorim** activities relating to sustainable development 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 www.sustainability.amorim.com.

Support structure:
www.sustainability.amorim.com outlines the organisational structure adopted by Corticeira Amorim for Sustainability Management, shown schematically in the following figure:



A PAIR OF CORK SHOES DESIGNED BY JASPER MORRISON FOR THE METAMORPHOSIS EXHIBITION

NATURAL CHOICE PROGRAMME

03

CHILDREN OF AMORIM'S EMPLOYEES PARTICIPATE IN A CORK OAK PLANTING PROGRAMME IN BUÇAQUINHO PARK

3.0.

NATURAL CHOICE PROGRAMME

The main goals of the Natural Choice Programme of **Corticeira Amorim**, launched in 2008, are:

- *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 stakeholder groups.*

In order to reinforce the integration of sustainability in the different business areas, each BU shall adopt its own organisational structure without, nonetheless, neglecting the guidelines and transversal initiatives established for **Corticeira Amorim** as a whole.

Dozens of employees responsible for implementing the actions envisaged in the Objectives and Actions Plan, established at the beginning of each year by each BU, stand out as part of the motivational and support structure for this programme. There are also hundreds of employees who work directly to implement the activities outlined, thus playing a key role as agents of change towards Sustainable Development and the implementation of the Natural Choice programme.

A Sustainability Index was developed in each BU, in order to measure their performance in terms of sustainability management. This Index appraises (and weights) environmental and social matters considered relevant to the business activity of **Corticeira Amorim**.

The calculation of the Index thus allows not only the performance of the BU in a given year to be assessed (on a scale of 1 to 5) but also the evolution over a number of years.

CORTICEIRA AMORIM'S VOLUNTEERS PLANT MORE THAN 2000 CORK OAKS IN CARAMULO MOUNTAIN (PORTUGAL)

NEWLY PLANTED CORK OAK

3.1.

INITIATIVES IN 2013

"The world in our hands" in-house competition

The recycling of cork stoppers, volunteering for environmental education initiatives and the reduction of waste for disposal were the targets for the 2013 edition of "The world in our hands" in-house competition. 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. In the last edition, the challenge launched weighted the best result in the recycling of corks (40%), the reducing of the amount of waste for disposal (30%) and the strengthening of environmental education (30%). On completion of the competition, which drove a good overall performance in the three areas under consideration, the trophy was presented in 2013 to the Cork insulation BU.

Environmental education initiatives

With a view to raising the awareness of society in general as to the need of adopting more environmentally sustainable behaviours, students are defined as a priority target. To this end, the different ambassadors carried out awareness-raising activities aimed at students from the first schooling cycle through to university level with sessions held in schools or school visits to company installations. These initiatives involved more than 3250 students in 2013, mainly in Portugal, but also involved visits by foreign schools to the industrial facilities of **Corticeira Amorim**.

ACTION IN THE FIELD OF ENVIRONMENTAL EDUCATION AT SANTA EULÁLIA SCHOOL IN SANGUÊDO, PORTUGAL

Cork stopper recycling

The employees of **Corticeira Amorim** are active promoters of recycling practices in general, and the recycling of cork stoppers in particular. Since the beginning of the Green Cork recycling programme, which dates back to 2008, all the industrial units in Portugal have containers to collect used cork stoppers. Approximately 4,400 kg of cork stoppers were collected by this route in 2013.

CORKS COLLECTED FOR RECYCLING

The collection of this significant amount of stoppers in Portugal reflects the dynamism and enthusiasm of our employees, who promote and instil cork stopper recycling practices among their relatives, friends and communities throughout the year.

Collection and recycling of used cooking oil

Considering the negative environmental impact resulting from not separating used cooking oil from other waste and also the fact that there are few collection points for such oils in some areas of residence of the employees, **Corticeira Amorim** has been providing points for this household waste (for future recycling), thus promoting the adoption of this good environmental practice.

Sustainability Week

Sustainability week was held, as usual, between 1 and 5 June. Hundreds of employees participated in a wide range of activities that aim to raise awareness to a set of good practices. The most notable initiatives of the 2013 edition were:

- **Athletics Races:** This is an initiative that seeks to promote sport and healthy habits, in close collaboration with local communities. **Corticeira Amorim** associated itself with the athletics events organised by the Juventude Atlética Mozelense athletics club and by Mozelos Parish Council.

SYMBOLIC CORK OAK PLANTING

- **Charity walk to Buçaquinho Park:** About 250 employees took part in this initiative, which collected donations for the Association for Living Life with Pleasure (APPV – Associação pelo Prazer de Viver). The day was also marked by a symbolic planting of cork oak trees in Buçaquinho Park (municipality of Ovar – Portugal).

SOLIDARITY WALK

- The volunteering work of the employees of the Cork Stoppers BU to support APPV is to be highlighted. This voluntary work included the restructuring of the auditorium of that association, with the installation of cork solutions (insulation and interior design) and painting the walls, which was all done by the employees of that BU.

- **Vegetarian cuisine workshop:** The employees had the opportunity to learn some recipes for vegetarian cuisine and taste some of the dishes made.

- **Photography competition:** This competition exclusively open to employees focused on two areas: "Employees in Action" and "Cork oak forest/cork oaks/cork". 20 employees entered 77 photographs in the competition. The good number of entries for this competition enriched the image stock of **Corticeira Amorim**, besides also demonstrating the interest and availability of employees. Hence, further editions of this competition are envisaged. The quality of the work made it difficult for the jury to select the top three, to whom the respective prizes were awarded.

Christmas Tree made of Cork competition

The employees of the Cork Stoppers BU were invited to make Christmas trees from cork and recycled materials.

Partnership with the Vocational Rehabilitation Centre

The Vocational Rehabilitation Centre of Gaia (CRPG – Centro de Reabilitação Profissional de Gaia) aims to rehabilitate and reintegrate persons with disabilities in working life, providing an integrated and tailor-made range of education/training and vocational rehabilitation services.

The agreement signed with **Corticeira Amorim** aims to provide materials (cork) for training people in the vocational reinsertion programme. In 2013, 30 people were involved in this partnership.

VOLUNTEERING ACTIVITIES FOR AREA REHABILITATION

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. Over 1000 kg of food items were collected by the different industrial units in 2013.

The "from hand to hand" project was launched internally in order to promote the reuse of school textbooks. The project collected and redistributed over 850 books among children of employees. It is an initiative that, in addition to promoting the reuse of books, saves households this additional annual expenditure.

Besides these initiatives, sporadic 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, electrical appliances and donations which were channelled towards the causes identified.

A large number of these initiatives were carried out without significant visibility or public awareness. **Corticeira Amorim** is convinced this is the most appropriate course of action in such 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 it is found that the employees would benefit from greater public visibility and exposure.

InCabus Project

Under the InCabus project, volunteers from the Faculty of Medicine of University of Coimbra, cooperated with the ACRIDES association (Association of Disadvantaged Children), using their expertise and dedication to improve the medical and social conditions of the city of Praia, in Cape Verde.

Besides educational games and many other activities with the children, the volunteers promoted the training of the children and youth by organising oral hygiene workshops, distributing toothpaste and brushes. The promotion of sustainability and best practices were also addressed, using the "ABC of Sustainability", a book produced by employees of the Cork Stoppers BU.

Organic vegetable garden

Corticeira Amorim made available to its employees several vacant plots of land within the perimeter of its industrial units, which are being transformed into organic vegetable gardens. The products are distributed among those farming the garden.

This project already encompasses 1,400 square meters of land in two units located in Santa Maria da Feira. This land has been farmed by about 70 company employees, including managers, machine operators, laboratory technicians and general workers.

Besides giving employees access to healthier foods, the creation of these new vegetable gardens has resulted in the healthy harnessing of previously unused land, while meeting the principles of organic farming.

The employees are organised into teams that jointly grow the products, care for the vegetable gardens and get healthy vegetables. It simultaneously strengthens the spirit of cohesion among colleagues.

In addition to the organic vegetable gardens (managed by teams), the Cork Stoppers BU launched in 2013 the "Vegetable Allotment" project. Under this project, employees can apply (individually) for the allocation of small plots of land provided by the company. The products grown there are for use by the employee responsible for managing that plot.

SOME PHOTOS SUBMITTED BY OUR EMPLOYEES TO THE PHOTO CONTEST

PRIORITIES AND CHALLENGES

04

4.1.

RESEARCH, DEVELOPMENT AND INNOVATION

Corticeira Amorim has known, like no other player of its sector, how to enhance the technical and environmental characteristics of its main raw material (cork), through a strong and ongoing commitment to innovation. This positioning has positively reflected on the business in which the Company builds an already long history (stoppers, coverings, insulation, among others), where it strengthens its differentiation and competitiveness, but has also nurtured the development of new business areas for cork, widening horizons and development prospects for the entire sector.

The employees of **Corticeira Amorim**, as part of the organisational culture, have fully assimilated the permanent challenge to innovate, especially in relation to products and processes, respecting a past rich in innovation. This past has allowed **Corticeira Amorim** to be the world leader of the sector. There is the conviction that cork has features and capabilities not yet discovered and that it is always possible to improve, even you already do much and well.

Learning and continuous improvement are therefore part of the company culture, which has been strengthened with the implementation of incremental structured innovation (or continuous improvement) programmes in all Business Units, as well as through CORK.IN (the innovation programme of **Corticeira Amorim**), which aims to mobilize employees to identify and develop opportunities for creating value. Hundreds of employees of all BU have submitted about 2000 ideas under this programme, since it began. This shows the interest and involvement of everyone in the development of new ideas that can add value to cork and to the Company.

Corticeira Amorim's commitment to innovation is also reflected in attracting talent and creative persons, which has been undertaken across the nation and internationally. Besides encouraging others to discover the unique characteristics of the raw material (cork), the company quite frequently challenges the creative community to think about cork, thus encouraging the development of new solutions and concepts.

It is noteworthy in this context that cork became part of the curriculum in 2013 of the master's degree in design of the Royal College of Art (RCA). Students of this prestigious London school may now attend a module devoted to cork. The initiative is the result of a partnership between the RCA and **Corticeira Amorim**. It is the latest of a series of agreements with leading international institutions, which is part of a strategy to make cork the preferred material for use in architectural and design projects. This partnership is thus a unique opportunity to place a community of extremely competent and promising students in contact with cork, discovering its properties and technical potential.

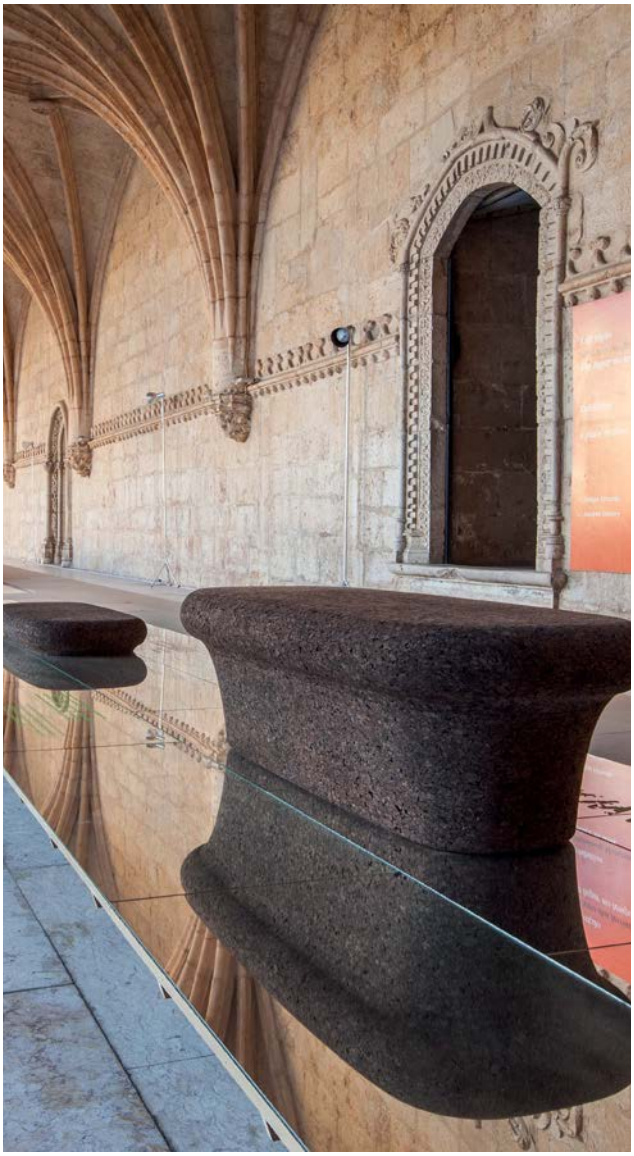
Besides this dialogue with the emerging creative community, **Corticeira Amorim** also addressed, some of the most respected contemporary architects and designers, by presenting the METAMORPHOSIS exhibition at the EXD'13 biennial (in Lisbon). This exhibition is the result of a process of research and development concerning the potential of cork.

METAMORPHOSIS was designed to stimulate the innovative, creative and cutting-edge use of cork, as a unique raw material. The curatorial concept, headed by Experimentadesign, was based on the challenge of expanding the material's boundaries. To participate in this project Pritzker Prize winner architects Álvaro Siza, Eduardo Souto de Moura and Herzog & de Meuron were invited, along with celebrated architects Alejandro Aravena, Amanda Levete, João Luís Carrilho da Graça and Manuel Aires Mateus as well as three top product designers, James Irvine, Jasper Morrison and Naoto Fukasawa.

This initiative gave the authors creative carte-blanche to devise new terrain, functions and forms while using cork, which is an important resource in the cultural material and production in the 21st century. They were fascinated by the characteristics and properties of cork, and engaged enthusiastically in all phases of the process, intensively interacting with **Corticeira Amorim** and the curators in all the stages of the process, from designing the concept, to choosing the type of cork, the prototyping tests and evaluating the final result.

Harnessing the extraordinary versatility and transformation capacity of the material, they converted cork – the underlying theme of this entire conceptual and creative development – into unexpected objects that combine design, functionality and bring to the fore cork's unique technical and environmental credentials.

In 2013, **Corticeira Amorim** recorded another year of great activity on R&D projects, with over 80,000 employee hours in the year distributed between 47 projects. The events considered most relevant are described on the following pages.



CORK BENCHES DESIGNED BY NAOTO FUKASAWA FOR THE METAMORPHOSIS EXHIBITION

4.1.1. RAW MATERIALS

A number of projects began in 2013 in partnership with other reference entities of the forestry sector, aiming to generate greater know-how about cork oak forests and cork, as well as set in motion strategies that maximize its potential.

The Raw Materials BU is committed to research, assess and promote the implementation of the best forestry practices, from the planting of a cork oak until several cork strippings have occurred. Various planting systems have been implemented to achieve this, using different methods, such as specific fertilizers, drop by drop irrigation or water retention polymers. All these methods aim to achieve greater survival rates for the cork oak, as well as increase its productive potential.

Studies have also been undertaken in the industrial and processes area aimed at evaluating and revising some of the work methods of the BU and its influence on the sensory characteristics of processed cork, in order to enhance the quality of supplies to the Cork Stoppers BU.

RAW MATERIAL

4.1.2. CORK STOPPERS

The Research, Development & Innovation activity of the Cork Stoppers BU during 2013 was structured around three strategic lines for the business:

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

Product innovation and process

The BU presented its new product – HELIX at the most recent Vinexpo. It is a uniquely new concept that combines an ergonomic cork stopper and a glass bottle with an inner thread on the neck. This creates an easy opening solution that maintains the benefits of quality, technical performance, durability and sustainability, always associated with the cork stopper/glass binomial.

During the development of the Helix three patents were filed, a clear indication of the inherent innovation to this packaging solution, aimed at the fast turnaround wine segment.

HELIX, AN INNOVATIVE CORK-GLASS WINE PACKAGING SOLUTION

Clearly validated in markets such as France, the United Kingdom, USA and China, the HELIX is the result of a four-year partnership between Amorim and O-I, who both boast over a century of experience in the wine market.

HELIX has been awarded the Oscar for Packaging 2013, organised by the French magazine Emballages Magazine, as well as the Lucio Mastroberardino Innovation Award (Enovitis) at SIMEI – the International Oenology and Bottling Machines Fair in Milan. These awards are proof of the innovative nature of the new concept.

Also in 2013, the validation tests were successfully completed on a new cork stopper that will have the major advantage of being easy to open since it does not need a corkscrew to be removed from the bottle. This stopper maintains the physical-mechanical characteristics and sealing quality of the current stoppers available in the market.

Several projects focused on processes were developed in 2013, in particular:

- The in-depth study of the kinetics of absorption/desorption of TCA of cork stoppers in alcoholic beverages. This study is an integral part of two master's theses;
- The quantification of TCA in cork stoppers through an individual detection system. This underwent significant development in 2013, with the analytical optimization of the existing industrial pilot;
- The use of molecules that are TCA scavengers deployed on the surface of stoppers to prevent the release of TCA into the wine. This project is developed in partnership with a European university and it is at the laboratory investigation stage, relying on the TCA analysis methods available in the BU;
- The implementation of new solutions for gluing caps on the Top Series stoppers, with the goal of permitting the use of new materials such as glass, metal, etc. while maintaining high performances. These new solutions provided greater heat resistance, higher resistance to high alcohol solutions, better visual appearance (facilitating transparency solutions) and lower consumption of materials;
- The application of new, more efficient materials in capsules of the Top Series stoppers, keeping the premium features of the product;
- The development of a new washing system for natural cork stoppers. Bottling testing has been conducted with customers for final validation of the solution. Industrial optimisation of the new solution is ongoing, with the respective adjustment of the equipment;
- The implementation of new means of applying the surface procedure on stoppers, by the different surface treatment machines in Portugal and in the most significant external companies;

- The study of optimized processes for stripping cork that, in a simple and automated way, are able to increase productivity and safety of this stage of the production process. A prototype has been developed and the first tests have been conducted.

Understanding of the interaction between the cork stopper and wine

In 2013, collaboration with entities of the scientific system enhanced knowledge about the compounds that migrate from cork to the wine, trying to prove the important winemaking role that cork has in the balanced ageing of wines on the shelf. Industrial partners were selected that will enable testing with wine. So, over 2014, the project results will be closer to the reality of the major wineries.

In partnership with a major winery and a Portuguese university, bottling tests began that will lead to a better understanding of the effect of alternative packaging solutions compared to traditional glass bottles sealed with cork stoppers.

Various bottling tests were also made in collaboration with national and international wineries, to better adjust the stopper/bottle/wine trinomial. These tests are intended to determine the influence of different types of cork stoppers and bottlenecks on the development of different wines over time.

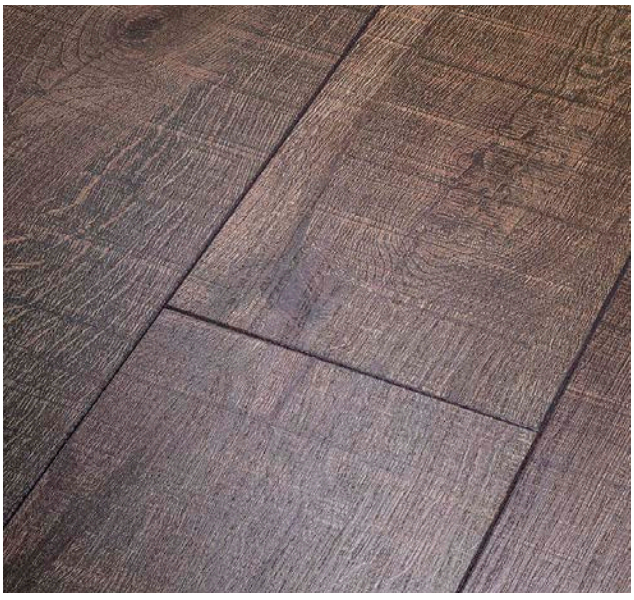
Improving the quality of corks produced

Chemical migrants, whose migration is established in legislation and has vestigial limits, were the subject of extensive study as the result of changes in the legislation on contact with food that made the models and extraction conditions more aggressive. The results, as expected, clearly guarantee the food contact safety of all the different types of corks produced by the Cork Stoppers BU.

4.1.3. FLOOR AND WALL COVERINGS

In 2013, the Floor and Wall Coverings BU developed and introduced new technical covering solutions, which strengthen the visual and technical assets of the range. These changes are aimed at the envisaged growth in some market segments, as well as the entry into new segments.

The Artcomfort range, launched in 2011, was updated and improved as regards resilience, through the use of a new surface finish – NPC Natural Power Coat – a resistant and ecological varnish. This is a solution that reinforces the innovative nature of the brand that focuses on the development of cutting-edge and environmentally friendly solutions for cork floors and coverings with high wear resistance.



NATURAL POWER COAT, AN EXTREMELY WEAR RESISTANT GREEN VENEER

This technology also permits the reduction of energy consumption in the production process, since varnish curing is done without any kind of radiation.

Due to the guarantees of exceptional wear resistance and longevity, the new varnish allows varnished cork floors to attain, for the first time, a usage class equivalent to AC6, in accordance with the EN13329 standard. This solution is on the market with a 20 year warranty for domestic use and 10 years for commercial use, i.e. making it the largest ever warranty for varnished cork flooring.

A new collection was developed in preparation for 2014, with the appearance of wood and new dimensions, with a length of 1.83 m. The bevelled and painted edges of this product range give this solution a realism that blurs the distinction between the cork solution and the respective original wood products.

The Corkcomfort HPS and Woodcomfort HPS ranges, intended primarily for commercial areas of medium to high traffic, were also the focus of change, and are now available with a phthalate-free surface finish – the new ECO HPS surface. Phthalates are plasticizers that, although not banned in the European Union for this type of solutions, are banned in toys because they are deemed to have a negative impact on health. The Floor and Wall Coverings BU decided to anticipate this development by replacing the current plasticizers for a new generation of phthalate-free plasticizers, while maintaining the technical characteristics of the range.

The new technical solution Active Floor was presented – which is a functional cork flooring for use in smart space management systems. The basic technology is piezoelectric and it will allow, in addition to generating energy from movement over the flooring system, establishing a platform for gathering information that, when properly processed, will be the basis for the generation of new functions, such as biometric identification, ascertaining the most travelled paths, triggering devices and other associated features.

In parallel to the development of these new solutions, and in order to highlight the contribution to sustainable construction, the Floor and Wall Coverings BU created and published Environmental Product Declarations (EPD) for all its ranges. These EPD can now be used to assess the life cycle of buildings, and are therefore important prerequisites for the environmental certification of buildings.

Other projects were initiated during 2013, aimed at new flooring solutions where cork is clearly the differentiating factor. Some projects resorted to new production technologies. Partnerships with suppliers and the development of skills of both the R&D and Production teams were again critical to this process.

The following projects stand out:

- Cork Flooring Waterproof, aiming to make cork floors likely to be recommended for wet areas and areas of extreme maintenance;
- Woodcomfort upgrade, aiming to replace the ECO HPS finish for a high wear resistance and highly stable finishing varnish with respect to low humidity and high temperatures;
- New installation systems – the traditional cork solutions, i.e. products 100% composed of agglomerated cork continue to be the best performing solutions as regards acoustics (noise inside the rooms), thermal (insulation and temperature conduction) and mechanical (shock resistance) features.

Therefore, and seeking to make the product more attractive in terms of installation, a project was started to develop new and/or simpler and faster installation systems.

4.1.4. COMPOSITE CORK

Launch of New Products

As a result of the ongoing market presence, consulting trends and accepting challenges from customers, this BU's year was marked by the launch of a series of new products.

In the field of vibration control, the portfolio has been reorganized, and three new materials were added, intended for the industrial products business field. The new range was, from a technical point of view, extensively described in order to be easily comprehended by the specialized market. These products combine the shock absorption characteristics of cork and the insulation properties of rubbers, resulting in high performance applications in the industrial vibration control area.

Two new products were launched in the construction business segment to be used as underlay, especially adapted for the North American market. One of them is intended for use with resilient floating floors, as is the case of LVT; the other is intended for bonded hard floors, such as wood, ceramics and decorative stone. Both products have high LEED scores, proving they are products with high environmental performance. They add to the range of underlays which have been introduced in the large specialized stores of the USA, generating good results.

Also in this segment, an innovative underlay (called Acousticork EHF) intended for floating floors was launched. This product incorporates a Plug & Play heating system. This system enables the end user to easily install and heat up one or more areas of the house, in a rehabilitation home, for example. The simplicity of the system allows the installation to even be done by inexperienced persons, and therefore it achieves a much wider market.

2013 was also marked by the development of a product intended for horseshoes. This product is the result of the polymer blend with cork granules, especially selected to obtain a high performance product. The product is designed to absorb and dampen vibration impact. Horseshoes with cork have enjoyed excellent market acceptance, with very positive results in horses' performance and health (especially as regards the joints).

The renowned brand Inspired Surf Boards has developed a new line of surfboards, called C3, which uses exclusive technology in the combination of CORECORK cork cores from ACC and carbon fibres. CORECORK adds friction, absorbs vibration and less application of wax, when compared to other solutions on the market. This board has unique characteristics and performance, such as lightness, flexibility and durability. A unique board compared with a normal PU board.

ACOUSTICORK EHF

In another initiative, ACC and White Banana (specializing in surfing material) supported the designer Celsus in creating an eco-surfboard. The aim was to promote national products abroad through cork, design and fashion and the sea. With excellent ecological materials, the article stands out for its quality and innovation. Besides the cork, which is a completely natural, renewable and biodegradable material, EPS is used in the core, the green resin BIO-RESIN and bamboo are used for the fins, giving this eco-surfboard a manual, careful and customized finish. The CORECORK solutions of Amorim Cork Composites result in a distinctive product design, ensuring the absorption and cushioning the impact of waves when surfing.

ENVIRONMENTALLY FRIENDLY MATERIALS – SUCH AS CORK – GIVE RISE TO THE PRODUCTION OF AN INNOVATIVE SURFBOARD

Research & Development Projects

Work continued on the development of the R&D projects organised in consortium, in Portugal and in Europe. The fields of study are focused in particular on applications related to sustainable construction and the transportation and space fields, most notably:

- The DESAIR project is focused on developing a cabin floor solution and interior furnishings to be used in business jets. The aim is to develop products, ensuring performance and the weight required for aeronautical applications, while also using natural and renewable materials;
- BIOBUILD brings together a group of leading European companies linked to the area of design and production of materials, components and structures for construction. The first prototypes were made in 2013 – interior walls module, exterior facade elements and false ceiling. The goal is to develop functional parts that can be industrially manufactured and minimise energy consumption (embodied energy) during manufacture;
- ABLAMOD is a European project that falls under the skills development strategy envisaged in the technological road map of the European Space Agency (ESA). The aim is to introduce disruptive technologies that may enable Europe to make an outstanding contribution to Earth orbit and solar system missions. In this regard, the thermal protection of spacecraft and the low risk Earth return strategies are critical to ESA. ABLAMOD encompasses the experimental and computational validation study of new materials for thermal protection (TPS), one of the main space applications, for which cork has been used since the 1960s.

New Technologies & New Challenges

A new production line came into operation in 2013 – an investment of around EUR 6 million in completely new technology in the cork industry that continues to feed great innovation dynamism in the BU. While the materials produced there consolidate their position in the market, the BU has developed a new material for the flooring industry that stands out due to its waterproofing and dimensional

stability when in contact with water. This new product is called NRT 3D. It will enable customers to create innovative flooring which has a wider spectrum of use, while maintaining the recognised comfort characteristics provided by cork.

A project linked to the field of cosmetic and healthcare was concluded in 2013 after several years of R&D. It is envisaged that several products arising from this project will be introduced to the market in 2014, which will also give rise to a new business area for the BU.

Lastly, at the end of 2013, a consortium led by Amorim Cork Composites won a European Space Agency project to develop a new heat shield concept that will be applied in future planetary exploration missions, including the Mars Sample Return (MSR-O), Phootprint and Marco Polo R.

4.1.5. INSULATION CORK

Development cycles were completed In 2013 and new R&D projects started in consortium, most notably:

- The WaterCork project ended. It fulfilled the goal to research about the use of materials and/or by-products of the cork industry aiming to evaluate the use of cork as an absorbent of pesticides and cyanotoxins;
- The BloCork project was also concluded, meeting the goal of developing a masonry block model using as a raw material lightweight concrete incorporating regranulated expanded cork in its composition;
- The MDFachadas and MDCoberturas project began. This project's objective is to optimise a building system that enables the use of expanded insulation corkboard in the cladding and roofing of buildings, simultaneously providing thermal insulation properties;
- The ISOL TILE SYSTEM project started. This project intends to study a system that enables the bonding of ceramic elements on thermal insulation applied externally, ensuring compliance with the mechanical requirements, the durability of the system and high hydrothermal, acoustic and energy performance.

Also of note is the innovative and 100% sustainable architectural project presented at the 26th edition of Concreta, in partnership with Vitruvius FabLab, ISCTE of Lisbon University Institute and the Faculty of Architecture of the University of Porto.

The stand presented was developed from the CAD/CAM tools, and was the result of one year of research on the company's flagship product – expanded insulation corkboard.

The infrastructure fully explored the natural, mechanical and chemical characteristics of expanded insulation corkboard, demonstrating, in practice, new possibilities for the application of this natural, completely recyclable material, in the construction sector.

Among the new solutions, worth highlighting is the possibility to customise existing products, with the resulting improvement in performance made possible by the exploitation of new shapes and textures.

The Braque project, a sound insulation panel, designed by the designer Tânia da Cruz, with the support of Amorim Isolamentos, won first prize of the Salone Satellite 2013, in Milan. The soundproofing system is adaptable to any context, thanks to the freedom afforded by the expanded insulation corkboard, which offers unlimited possibilities for the configuration of modules. .

AMORIM ISOLAMENTOS' STAND AT CONCRETA

4.2.

GLOBAL WARMING

Corticeira Amorim, as the world leader of the cork sector, is aware of its role in ensuring that the cork oak forest is responsible, in Portugal alone, for storing 64 million tons of CO_2[1].

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.

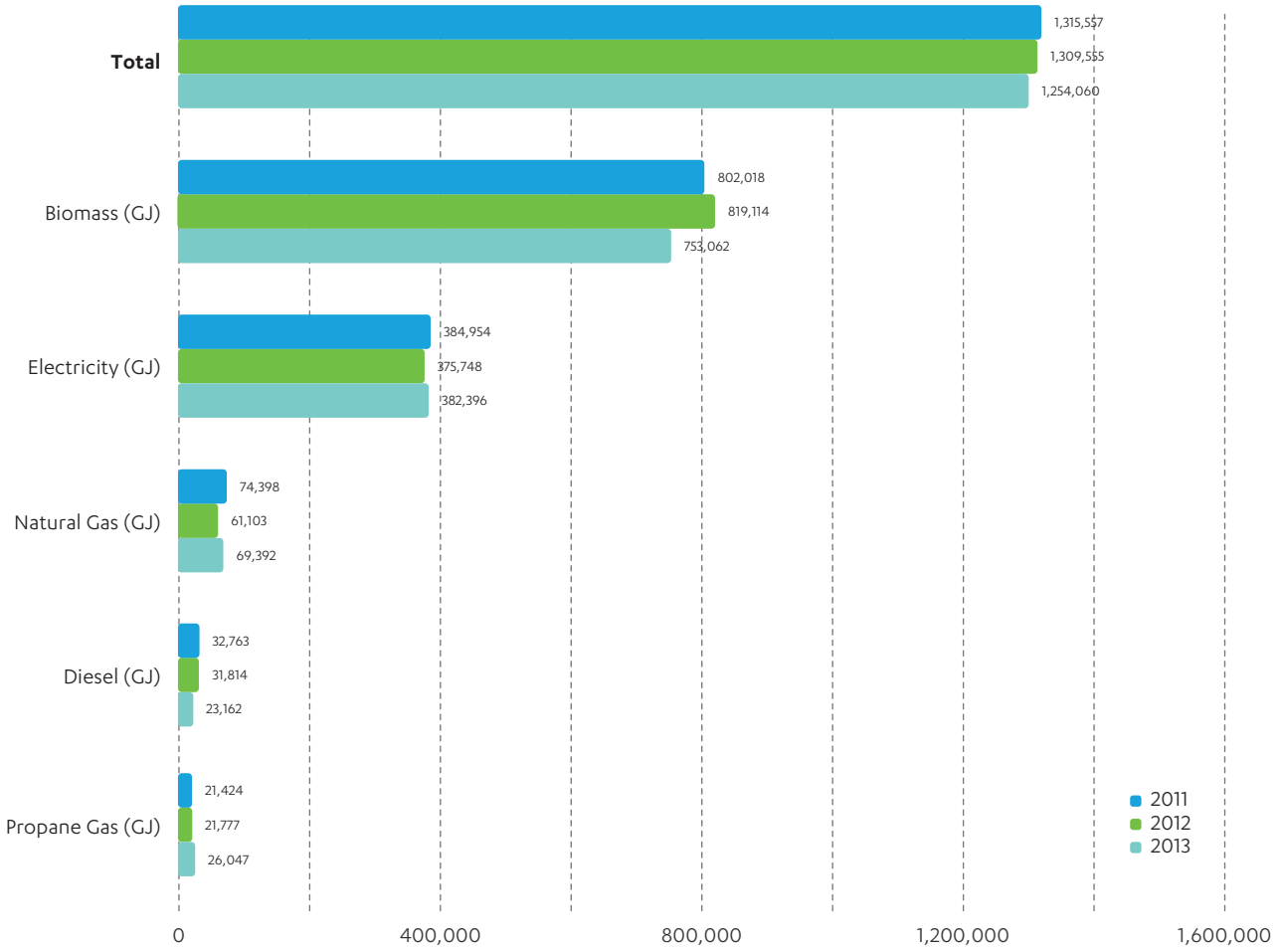
In this context, **Corticeira Amorim**'s intervention has focused above all on the following guidelines:

- organise initiatives to raise internal and external awareness (carried out under the Escolha Natural [Natural Choice] programme);
- improving process performance and efficiency;
- increasing knowledge relating to the impact of its products and the ecosystem they make viable.

In the **improving process performance and efficiency** item, 2013 was marked by a decline, albeit slight, in energy consumption. However, given the increased use of electricity resulting from the automation of some production processes – with consequential impacts in terms of productivity and competitiveness gains – the non-increase of consumption already reflects, by itself, the work that has been pursued in all the BU in terms of energy efficiency. However, it was still possible to reduce energy consumption. This is a remarkable achievement, driven by various initiatives and investments in areas such as: Lighting (indoor and outdoor); new generation motors; thermal energy and boilers operation; optimisation of compressed air; upgrade of the Energy Management System; thermofluid systems; and thermal insulation of infrastructures and equipment.

Thus, consolidated energy consumption in **Corticeira Amorim**, measured in GJ/year decreased (-55,496 GJ in 2013 compared to the previous year). Of note is the greater efficiency and optimisation of the operation of boilers and consequently lower consumption of biomass, which remains the main source of energy for **Corticeira Amorim**. Currently, and in line with what has been presented, biomass (an energy source considered neutral in terms of CO_2 emissions) satisfies 60% of the energy needs of **Corticeira Amorim**.

Energy Consumption by Source (GJ/year)



In 2013, the same conversion factors were used as for the previous year based upon information rendered by the Portuguese Environment Agency.

[1]According to the National Forest Inventory, published in 2010.

In 2013, and with respect to the units located in Portugal (which are the main energy consumers), the power supplier to the units supplied at high voltage remained unchanged, but the power supplier to medium voltage units changed from the second half of the year. Therefore, based on the information provided by ERSE[1] (Energy Services Regulator) and considering, for the purposes of the energy sources mix, 50% of consumption with the Iberdrola supplier (1st half of 2013 at medium voltage) and 50% with the Endesa supplier (2nd half of 2013 at medium voltage and at high voltage for the entire year), the primary energy used in 2013, with respect to electricity, was as follows:

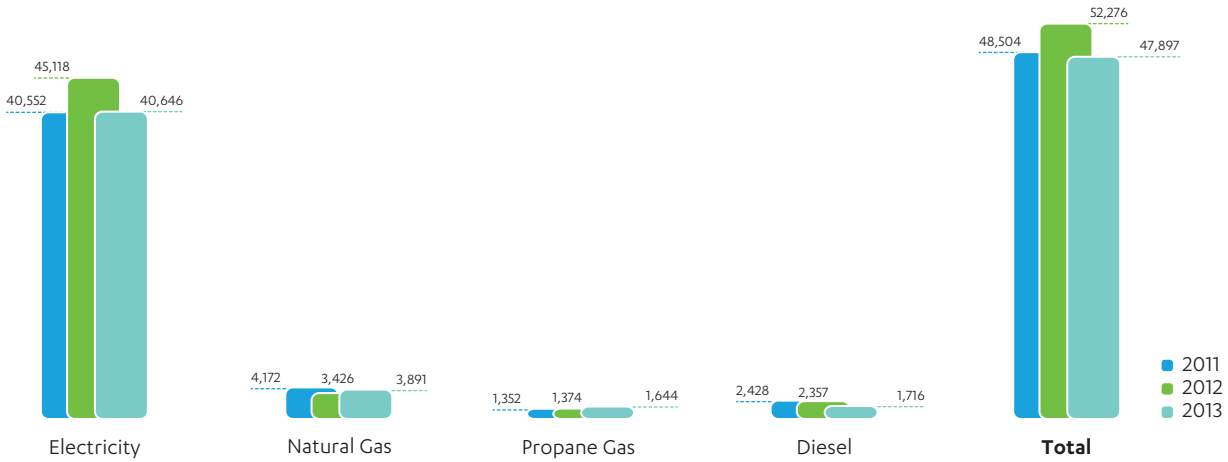
	(a) Mix of energy sources (1st half of year)	(b) Mix of energy sources (2nd half of year)	(c)[2] Mix of energy sources (2013)	Consumption 2013 (Gj)
Hydro	29.9%	23.9%	26.9%	102,932
Wind	6.4%	4.1%	5.3%	20,166
Renewable Cogeneration	4.2%	0.8%	2.5%	9,567
Other Renewable	1.0%	0.6%	0.8%	3,100
Urban Solid Waste	0.3%	0.2%	0.2%	914
Fossil Cogeneration	11.8%	2.2%	7.0%	26,774
Natural Gas	8.4%	29.4%	18.9%	72,264
Coal	29.1%	28.2%	28.7%	109,624
Nuclear	8.6%	9.6%	9.1%	34,806
Fuel oil	0.2%	1.0%	0.6%	2,249
TOTAL	**100%**	**100%**	**100%**	**382,396**

FOREST OF CORK OAKS, WHOSE CORK BARK WAS HARVESTED IN 2013

The mix of energy sources of the supplier Iberdrola for the 12 months of 2012 had not been made available at the time of preparing the 2012 sustainability report, which is why the information available for 2011 was used (i.e. a conversion factor of 379 g CO_2/kWh). The emissions of 2012 were thus recalculated, using the mix of energy sources of that supplier for 2012, i.e. 432 g CO_2/KWh).

Hence, using the conversion factors relating to 2013 for Iberdrola and to 2011 for Endesa (due to the unavailability of more updated information) for the year under review, the following trend in CO_2 emissions between 2011 and 2013 is observed.

CO_2 Emissions (t/year)

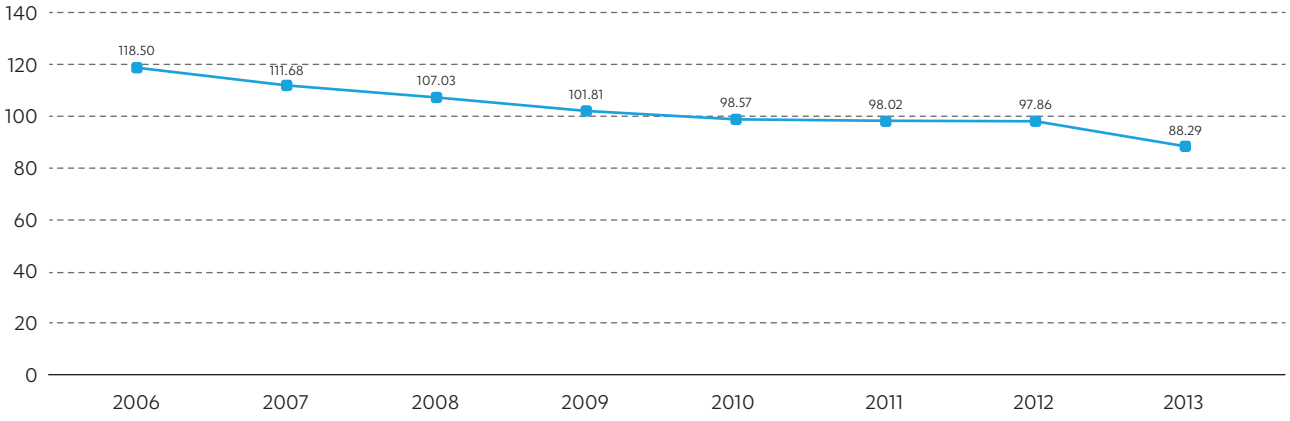


Note: For the calculation of CO_2 emissions associated with the consumption of Propane, Natural Gas and Diesel, the same factors that were used in the 2011 and 2012 sustainability reports were considered, namely: Propane: 63.1 kg CO_2/GJ (source: Portuguese Environmental Agency); Natural Gas: 56.1 Kg CO_2/GJ (source: Portuguese Environmental Agency); Diesel: 43.1 Kg CO_2/GJ (source: Portuguese Environmental Agency). The three years have different conversion factors for electricity, based on the latest information provided by ERSE. The conversion factors of Iberdrola are used in the years 2011 and 2012, respectively 379.0 g CO_2/kWh and 432 g CO_2/kWh. The conversion factor of 396.0 CO_2/kWh was used in 2013 for the two units in Portugal supplied at high voltage (by the supplier Endesa during the 12 months of the year) and a conversion factor of 374.03 g CO_2/KWh for the units supplied at medium voltage (which encompasses the first half of the year under the supplier Iberdrola, with a conversion factor of 352 g CO_2/kWh, and the second half of the year with the supplier Endesa at a conversion factor of 396 g CO_2/kWh).

In relative terms, there has been a gradual decrease in the level of carbon intensity of **Corticeira Amorim**'s activity, and by 2013 the figure had fallen below 88.3 tons of CO_2 per million euros of sales.

Since 2006, when **Corticeira Amorim** began consolidated monitoring of its emissions, there has been a reduction of approximately 25.5% in this carbon intensity indicator.

Carbon intensity of business activity (Tons CO_2 / 1 million euros of sales)



	2006	2007	2008	2009	2010	2011	2012	2013
Total CO_2 emissions (tons)	52,443	50,683	50,122	42,273	45,024	48,504	52,276	47,897
Sales (million euros)	442.6	453.8	468.3	415.2	456.8	494.8	534.2	542.5

[1] By the date of preparation of this report, the supplier Endesa had not yet provided the mix of energy sources for the 12 months of 2013, which is why the available information for 2011 is used. In the case of Iberdrola, the mix of energy sources for 2013 has been disclosed and it was used herein.

[2] (c) = a * 50% + b * 50%

EMPLOYEES OF CORK COMPOSITES BU ARE FINISHING 'SOFT MONOLITHS', AN ARCHITECTURAL CORK SKIN DEVELOPED BY ARCHITECT ALEJANDRO ARAVENA.

It should be highlighted that in terms of **increasing knowledge relating to the impact of the Company, its products and the ecosystem they make feasible**, various studies carrying out the analysis of the life cycle and the registration of environmental product declarations (EPD) have been conducted, especially in the Floor & Wall Coverings and Composite Cork BUs, focused on cork solutions aimed at the civil construction segment. Through these studies and declarations, a practice first implemented several years ago, it has been possible to demonstrate the superior environmental performance of cork solutions based on internationally recognised standards.

An aspect of great importance relating to the ecosystem (cork oak forest) made feasible by the business activity of **Corticeira Amorim**, is the fact that the cork stripping activity has minimal effect on the storage and balance of the carbon of the cork oak forests. In other words, the commercial exploitation of cork from the cork oak forests (an activity that is essential for its viability) does not affect the carbon sink function of the ecosystem, contrary to forests commercially exploited for wood where the trees, which are the carbon reservoirs, are felled.

Work has been performed in this area to quantify the annual carbon retention capacity of the cork oak forests. A study conducted in Portugal by Instituto Superior de Agronomia (ISA) to measure the net annual carbon sequestration included an analysis of a cork oak forest close to Évora, which reported a NEP in 2006 of 179 g C/m^2. More recently, the same team has been examining the annual carbon sequestration in a cork oak forest in better soil and climate conditions, with certified forest management and with more plants (50% tree cover). It found that such a forest sequestered 400 g of carbon per m^2 per year (i.e. 14.7 tons of CO_2 per hectare per year). It was also discovered that the occurrence of adverse conditions, such as a drought year, can lead to significant decreases (around 40%) in carbon sequestration. Although sequestration values of 8.8 tons of CO_2 per hectare per year are still achieved.

If we extrapolate these sequestration figures in a normal year to the total area of cork oak forests, we have a sequestration capacity exceeding 30 million tons of CO_2 per year. This fact highlights the important role of the ecosystem in terms of greenhouse gas sequestration and fighting global warming.

4.3.

SUSTAINABLE MANAGEMENT OF THE CORK OAK AND ASSOCIATED BIODIVERSITY

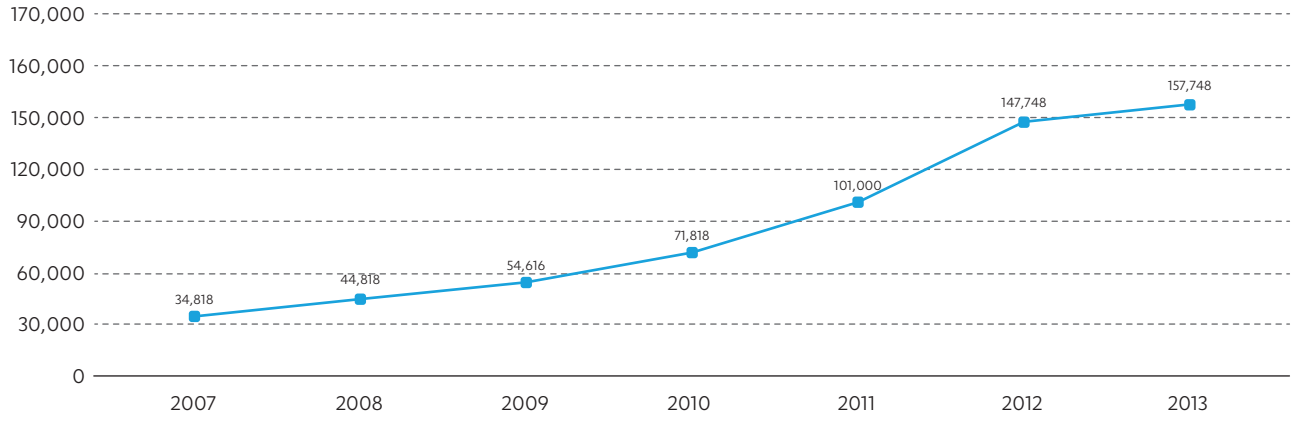
4.3.1. FSC (FOREST STEWARDSHIP COUNCIL)

Corticeira Amorim was behind the raising of awareness of forest producers to the importance of the principles and criteria of FSC (Forest Stewardship Council) for responsible forest management, and has been the pioneer in the cork industry in obtaining FSC Chain of Custody certificates. **Corticeira Amorim** has been driving the number of companies with FSC chain of custody certificates year after year. By 2013, already 37 establishments (industrial and/or distribution) had certified the chain of custody according to this standard, supplying additional guarantees to the market of business ethics with preservation of forest resources.

The area of cork oak forests certified by the FSC on the Iberian Peninsula has been gradually increasing, initially driven by means of accreditation groups, mainly linked to forest producers' associations. At the end of 2012, around 150,000[1] ha of cork oak forest were FSC certified and it is estimated that in Portugal alone this area increased by about 10,000 ha (no official information was available at the time of writing this report).

The area of cork oak forests certified as sustainably managed by FSC, has evolved as follows.

FSC Cork Oak forests on the Iberian Peninsula(ha)



[1]Source: "State of Mediterranean Forests 2013" report by FAO (Food and Agriculture Organization of the United Nations)

4.3.2. PRESERVATION AND ENHANCEMENT OF THE CORK OAK FOREST ECOSYSTEM

Since 2008, **Corticeira Amorim** has been funding a free technical advisory service to forest producers with the aim of identifying and ensuring the adoption of the best practices in the management of cork oak forests and associated biodiversity. This technical advisory service has encompassed around 18,000 ha of cork oak forest in Portugal since 2008, and most of the beneficiaries of this service subsequently chose to obtain FSC certification of their forestry management systems.

This technical advisory service was established when **Corticeira Amorim** signed on to the Business & Biodiversity Initiative of the European Commission, in October 2007. Under this initiative, an agreement was signed with ICNF (Institute of Nature Conservation and Forestry) and the NGOs WWF and Quercus. This agreement, besides providing the above-mentioned technical advisory service, included measures to encourage forestry research and the dissemination of good management practices. Since it is considered necessary to adjust the protocol and respective measures to the current challenges of the industry and ecosystem, the initiative partners are considering new measures which they aim to include in a new agreement to be signed in 2014.

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

For this reason, **Corticeira Amorim** fosters in different forums, that the value of the services provided by cork oak forests should cease to be merely "theoretical" and become instead an actual remuneration paid to forestry owners who, by means of good management practices, provide a significant set of services fundamental to human well-being.

Resulting from this commitment, **Corticeira Amorim** promoted in partnership with CE Liège, in 2010, an innovative study to evaluate cork oak forest environmental services, at the property level. This study, available at *www.sustainability.amorim.com*, identified a minimum value of 100 euros/hectare/year for the "public" services provided by cork oak forests. In other words, there is a significant range of ecosystem services[1] that benefit Society and for which the owner does not receive any remuneration.

It is therefore imperative that new models and new approaches are adopted, which consider the economic dimension and the value of the natural capital and ecosystem services, thus driving the evolution to the so-called "Green Economy". This area has been the subject of thorough studies, given its relevance. An example of such a study is the OPERA project (*http://www.operas-project.eu/*), in which **Corticeira Amorim** is the only Portuguese company on the stakeholders committee of this project.

[1]The study analysed four categories of services provided by ecosystems – identified by the final report of the Millennium Ecosystem Assessment – namely: Support (e.g. water cycle), Procurement (e.g. production of food and raw materials), Regulation (e.g. pollination and erosion control) and Cultural (e.g. tourism and education) services. The Regulation services provided by the cork oak forests are to be highlighted. Retention, soil formation and erosion control, hydrological regulation, regulation of nutrients, pollination, waste/pollution treatment, water purification, buffer zones for flood control, fire prevention and control, prevention of pests and diseases, control of scrub, air quality, maintenance of habitats, areas of High Conservation Value (AAVC), providing habitats for endangered species, biodiversity bank and also recognised local climate regulation (carbon retention).

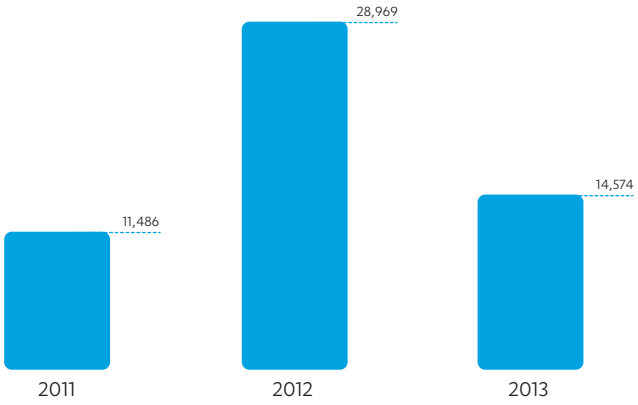
4.4.

HEALTH, HYGIENE AND SAFETY

Corticeira Amorim 's commitment in the field of Health, Hygiene and Safety (HH&S) at work is proven through the investments it has made in the continuous review of safety plans and monitoring their effectiveness and adequacy in relation to the risks, reiterating the focus on raising employee awareness and training.

Employee training in HH&S is thus critical to achieving the company objectives. Heavy investment continued in 2013, with total training exceeding 14,000 hours. This total is a decrease compared to 2012, the reason being the extraordinary volume of training in the Stoppers BU the previous year.

Hours of HH&S Training



Corticeira Amorim has always recorded accident rates far below the industry average. As a result of the investments that have been undertaken in the year under review we see additional improvement in most key indicators, as shown in the following table:

	2011	2012	2013
No. of deaths	0	0	0
Accident frequency index	5.36	5.27	5.24
Work-related illness rate	1.1	1.2	0.5
Lost working days rate	159.9	150.3	114.0
Absenteeism rate	2.97%	2.95%	2.90%
Total Employees	**3,002**	**3066**	**3023**

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.

AN EMPLOYEE OF THE CORK STOPPERS BU

PERFORMANCE INDICATORS

05

NEW MICROSOFT OFFICES, IN LISBON, PORTUGAL, WITH CORKCOMFORT CORK FLOORING BY WICANDERS

5.1.
ENVIRONMENTAL

5.1.1. MATERIALS CONSUMPTION

The increase in sales in 2013 mostly impacted on the BU, through increased materials consumption. It should be highlighted that in terms of consumption of other raw materials (such as HDF), from 2012 some of those were included in the calculation for the Floor and Wall Coverings BU. Such raw materials had not been considered before. The increase in the consumption of other raw materials in 2013 is due to the growth of production of the Floor and Wall Coverings BU – which includes other raw materials besides cork (such as HDF) which have a relatively higher share in the product than cork – and also the combination of cork with other materials (such as rubber), primarily by the Cork Composites BU, which underwent significant growth in the year under review.

Materials consumed

	2011	2012	2013
Cork	132,043	129,886	136,960
Other raw materials	3,114	45,416	50,218
Chemical Products	14,595	15,006	15,254
Packing Material	9,146	10,037	9,886
Paper	30	42	31
TOTAL	**158,927**	**195,651**	**212,348**

(Tons)

5.1.2. RECYCLING

One of the environmental advantages of recycling cork is that this material incorporates carbon fixed by the cork oak, which remains there throughout the lifetime of the product. Therefore, any increase in the life cycle of cork by means of recycling delays emission of this carbon back into the atmosphere.

The cork stoppers collected in different European countries are sent to the waste cork drive recycling unit of **Corticeira Amorim**, located in Portugal. The cork stoppers collected in North America for recycling, under the ReCORK programme, are processed by Sole for the production of footwear.

Although recycled cork is never again incorporated into stoppers, the cork granules resulting from the recycling process of **Corticeira Amorim** are used in various products such as coverings, insulation, competition kayaks, aerospace applications or fashion design products.

As a result of cork stopper recycling programmes launched by the company – such as Green Cork – and partnerships with other cork stopper recycling programmes (mainly implemented in Europe) 151.63 tons of used cork stoppers were collected in 2013. **Corticeira Amorim** used 213.2 tons in the production of other cork products of high added value. This difference in value includes the accumulated stock of recycled cork from previous years.

The cork stoppers collected under the ReCORK programme (which are not consumed in the industrial processes of **Corticeira Amorim**) amounted to 31.72 tons. Accordingly, although more used cork stoppers have been incorporated into the production process, the amount collected was the same as that in 2011 and 30% below the amount collected in 2012 (255 tons). The recycling campaigns implemented in 2013 allowed for the collection of approximately 1.1% of the amount of corks sold annually by **Corticeira Amorim**.

The recovery of other cork products, especially those used in construction, again recorded significant figures, although lower than in the previous two years. 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

	2011	2012	2013
Tyre waste	729	1104	1570
Cork Stoppers	85	162	213
Other Cork Products	265	355	237
TOTAL	**1080**	**1621**	**2020**

(Tons)

CORK OAK FOREST

5.1.3. WATER CONSUMPTION

As a result of the increased efficiency of some processes, and better monitoring of consumption (which has allowed the companies to identify and act more quickly in cases of abnormal consumption and leakage), a reduction in overall water consumption was observed. Most BU have performed positively in this field.

Water consumption

	2010	2011	2012	2013
Public network	49,703	39,487	41,428	43,638
Groundwater abstraction	362,490	385,857	429,979	424,125
TOTAL	**412,192**	**425,343**	**471,408**	**467,764**
Sales (Million euros)	456.8	494.8	534.2	542.5
Water consumption / € 1 M sales	**902**	**860**	**882**	**862**

(m³)

5.1.4. BIODIVERSITY

The areas where **Corticeira Amorim** conducts its business activity are not located in areas classified by the ICNF (Nature Conservation and Forestry Institute) as protected areas, so there is no significant impact on biodiversity in this regard.

However, it should be emphasized that this is an area the organisation has tended to focus on in different initiatives – notably in the European Business & Biodiversity initiative for the "Enhancement and Sustainability of the Cork Oak and Associated Biodiversity" – aimed at strengthening the clearly positive effects, at least indirectly, arising from its activities.

5.1.5. EMISSIONS, EFFLUENTS AND WASTE

5.1.5.1. Atmospheric emissions

	2010	2011	2012	2013
Particles	132	153	258	200
SOx	5	7	12	22
VOC	105	112	159	183
NOx	152	142	169	169

Note: Emissions calculated from the results of the monitoring of gaseous emissions in 2013

(ton/year)

5.1.5.2. Liquid Effluents

	2010	2011	2012	2013
Industrial Effluents	126,626	148,020	179,160	124,288
Domestic Effluents	36,232	28,737	23,625	35,429
TOTAL	**162,858**	**176,757**	**202,785**	**159,717**

(m³)

Industrial effluents are mostly treated by the treatment plants of the industrial units (87%) and the remaining 13% by the municipal systems. About 15% of treated effluent is disposed of in a surface water body and the remaining 85% is channelled into the municipal wastewater collector.

Most of the domestic wastewater (98.7%) is treated by municipal systems and the remainder by treatment plants of the industrial units. About 89% of domestic wastewater is disposed of in the municipal wastewater collectors.

As regards the concentrations of industrial effluents, current information systems only collect this data for the industrial units in Portugal, which guarantees the coverage of the materially relevant operations of **Corticeira Amorim**. The parameters tested are BOD (Biochemical Oxygen Demand), Chemical Oxygen Demand and Total Suspended Solids (TSS). The overall concentrations recorded in 2012 were 0.0061 kg/m³ TSS, 0.043 kg/m³ COD and 0.0143 kg/m³ BOD.

5.1.5.3. Waste

In 2013, the reduction in the total amount of waste destined for disposal is to be highlighted, largely due to the partnerships concluded with operators that recover a significant proportion of waste that was previously sent to landfill. In 2013, around 96% of waste was sent for recovery (93% in 2012), i.e. it was incorporated into other value chains.

	2011	2012	2013
Hazardous industrial waste	**222**	**184**	**197**
Recovery	31	56	91
Elimination	191	129	106
Non-Hazardous industrial waste	**22,223**	**21,541**	**22,594**
Recovery	18,797	20,103	21,789
Disposal	3,426	1,438	806
TOTAL	**22,446**	**21,725**	**22,792**

(ton/year)

COMPOSITION CORK ROLLS MANUFACTURED BY CORK COMPOSITES BU USING NATURAL CORK RAW MATERIAL

No significant spillages were recorded in 2013. In regard to the emission of ozone layer damaging gases, cork manufacturing processes do not involve the use of such substances. There is no record of any such gas leaking from air conditioning units.

5.1.6. ENVIRONMENTAL MANAGEMENT COMMITMENTS

Corticeira Amorim established its environmental commitment statement in 2013, common to all the BU and subsidiaries, pursuant to the terms presented below.

The activity of **Corticeira Amorim** has unique characteristics in terms of sustainability, providing a rare example of interdependence between industry and an ecosystem, generating wealth and preserving the environment. **Corticeira Amorim** ensures, by promoting the regular stripping of cork, the viability of cork oak forests in Portugal and in the Western Mediterranean Basin, a natural resource that plays a key role in CO_2 fixation, the preservation of biodiversity, regulating hydrological cycles and combating desertification.

Corticeira Amorim, besides benefiting from this gift of Nature – cork –, has ensured its business activity is characterised by the adoption and strengthening of sustainable development practices.

However, the transformation processes have associated environmental impacts, as in any other industrial activity. In order to minimize this impact, and consistent with its principles and practices of sustainable management, **Corticeira Amorim** undertakes to:

- Ensure compliance with legal requirements and other requirements to which the organisation subscribes, applicable to the environmental aspects of its activities, products and services;
- Monitor significant environmental aspects, contributing to the prevention of pollution;
- Act proactively identifying, evaluating and putting into practise the suitable preventive measures to minimise the specific environmental impact of each activity, using, whenever feasible, the best available technology and practices.

AN EMPLOYEE OF THE RAW MATERIALS BU INVOLVED IN THE OVERALL CONVEX BOILING PROCESS

5.2.
HUMAN RESOURCES

5.2.1. EMPLOYMENT

This Sustainability Report covers 87.4% of the jobs of **Corticeira Amorim** at 31 December 2013. No changes in the perimeter of the information reported herein, compared to 2012, are reported.

	2011	2012	2013
Permanent	2712	2740	2689
Fixed term contract	290	326	329
Part-time Workers	81	34	31
Full-time employees	2921	3032	2987
Total workforce	**3002**	**3066**	**3018**

The following shows the details of **Corticeira Amorim**'s employees by gender and age range.

	Age			Gender		Total
	< 30	30 to 50	> 50	Female	Male	
Directors	1	18	16	1	34	**35**
Managers	0	59	28	12	75	**87**
Heads of Department	2	43	20	17	48	**65**
Sales Staff	12	91	43	25	121	**146**
Management Support Technicians	22	84	22	39	89	**128**
Team Leaders	1	84	55	23	117	**140**
Administrative Staff	22	166	50	149	89	**238**
Maintenance, Quality and Logistics Technicians	33	196,2	89	79,2	239	**318,2**
Production Operators	186	1102	573	467	1394	**1861**
TOTAL 2013	**279**	**1 843**	**896**	**812**	**2 206**	**3018**
TOTAL 2012	**278**	**1 932**	**856**	**833**	**2 233**	**3066**

The staff turnover rate observed in 2013 (evaluated by the number of staff who left) increased from 2012, achieving the rate recorded in 2011.

	2011	2012	2013
Total Leaves	**264**	**199**	**267**
Total Turnover Rate	**8.8%**	**6.5%**	**8.8%**
< 30	2.4%	2.0%	2.0%
30 to 50	3.6%	3.0%	4.1%
>50	2.8%	1.5%	2.7%
Women	2.9%	1.9%	2.4%
Men	5.9%	4.6%	6.4%

5.2.2. WORK AND MANAGEMENT RELATIONS

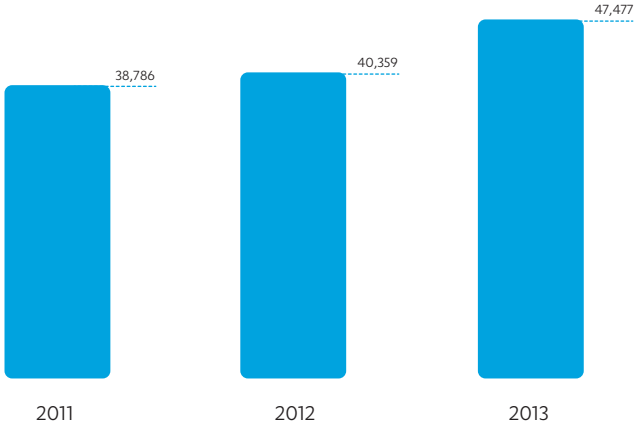
Freedom of association is a right of all employees, and is exercised by 30% of **Corticeira Amorim** employees covered by this report.

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.

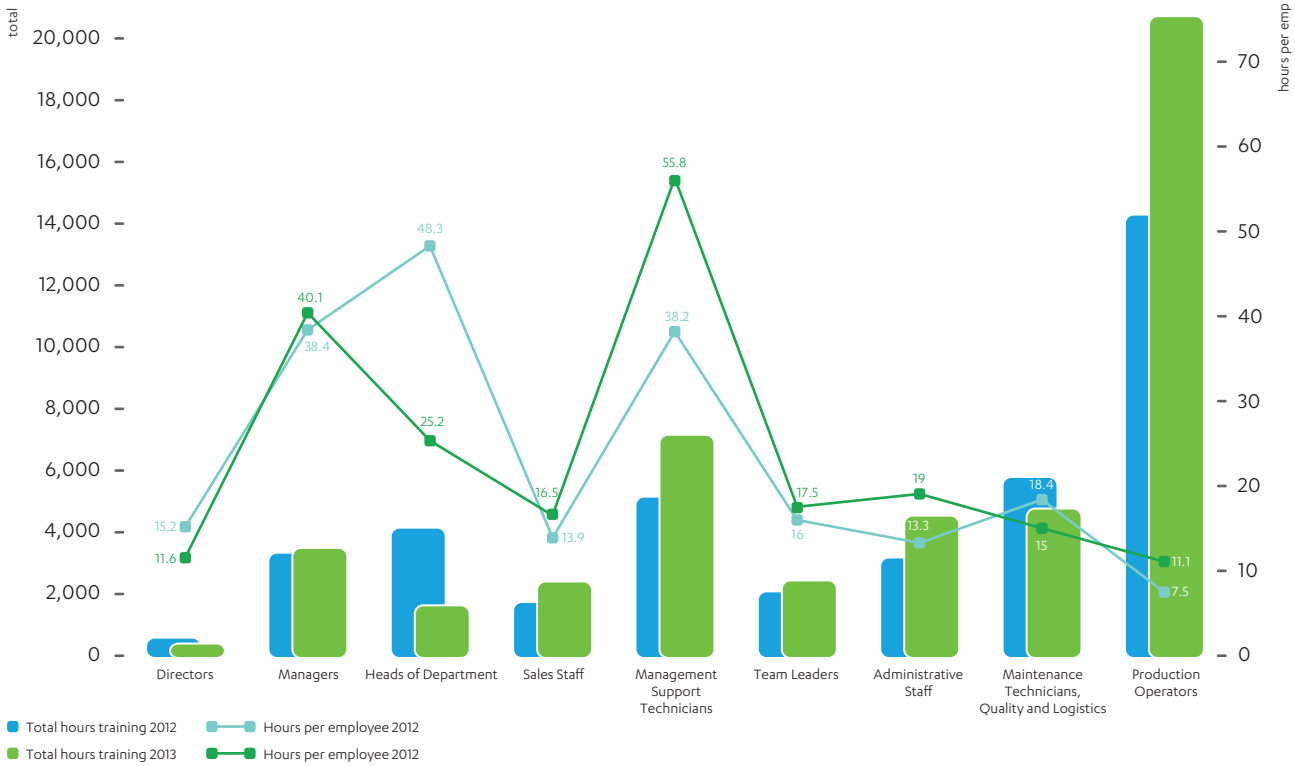
5.2.3. TRAINING AND QUALIFICATION OF HUMAN RESOURCES

Training and qualification in 2013 increased 17.6% in terms of hours of training, compared to 2012. Of note is the amount of training provided under the empowerment and continuous improvement projects, both in terms of technical improvement tools and in terms of communication, management and motivation of teams: Cork + in Amorim & Irmãos, Cork SIM in the Raw Materials BU, Communicator in the Floor & Wall Coverings BU and Empowerment in the Composite Cork BU. 10,000 hours of training were assigned in total to these projects, involving about 500 employees of the companies.

Total number of training hours



Hence, the number of training hours per employee increased on average by 2.5 hours per employee. The growth of this indicator was further driven by the almost 50% increase in training hours for the production operators, administrative and management support technical staff.



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.

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

	2012	2013	2012/2013 change
Managers	1.31	1.36	3.5%
Heads of Department	1.43	1.27	-10.9%
Sales Staff	0.96	1.10	14.6%
Management Support Technicians	1.09	1.18	8.2%
Team Leaders	1.12	0.97	-12.8%
Administrative Staff	0.94	0.99	5.9%
Maintenance, Quality and Logistics Technicians	1.00	0.99	-0.9%
Production Operators	1.02	0.98	-3.7%

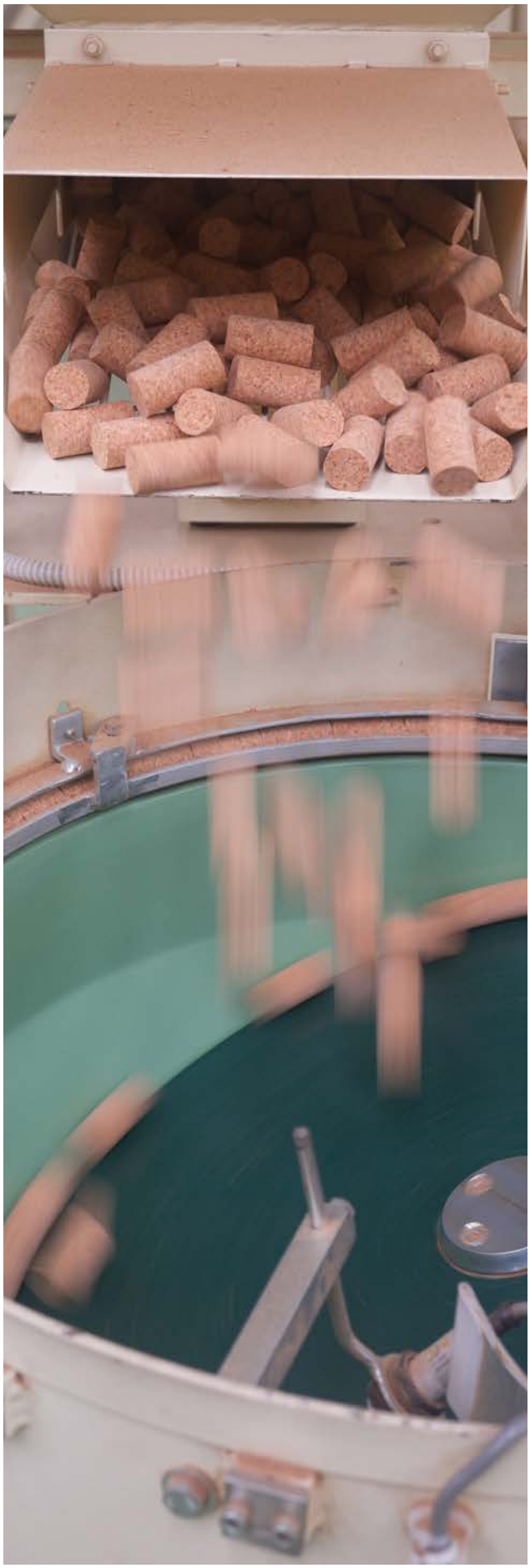
5.3. ECONOMIC PERFORMANCE

5.3.1. SUMMARY OF ACTIVITY

The year of 2013 did partially reflect the forecasts issued late in the previous year. A gradual improvement in economic activities and the decompression experienced in the financial area brought some grounds for a more optimistic business outlook. This turning of the page was especially sensed in the final months of last year. The recovery of consumption in Europe and the United States represents one sign of the turnaround in sentiment. However, in the meanwhile, no definitive signal has yet been registered. In Portugal, investment remains anaemic. Whether due to reasons for improving budgetary position requirements or still running at low levels of productive capacity utilisation, growth in public and private investment continues to be put back.

Corticeira Amorim recorded a financial performance comparable with the best already attained. The product pipeline targeting operational efficiency and improvements to product quality is well supplied. Many of the projects will only come fully onto stream in 2014 and the following financial years. New ranges of products at all Business Units (BU) have already been or are about to be launched.

In operational terms, **Corticeira Amorim** was negatively impacted by the devaluation of all of its export currencies. The devaluation of the USD was far and away the currency generating the greatest negative impact in terms of both company sales and results. The exchange rate was undoubtedly the main individual factor contributing towards 2013 not having exceeded 2012 in comparable sales and results. An estimated impact of €7 million (€M) on both sales and on EBITDA / results more than explains the differentials with the results returned in 2012.



CORK STOPPER MANUFACTURING PROCESS

REVISILENT, AN INNOVATIVE FLOORING COMBINING A CERAMIC FLOOR TILE WITH A CORK UNDERLAYMENT

5.3.2. CONSOLIDATION PERIMETER

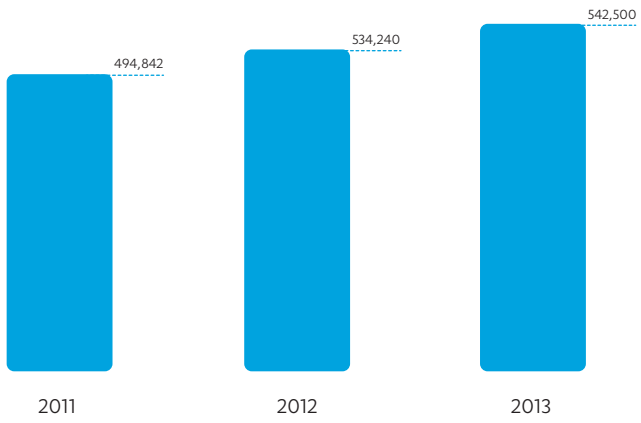
Throughout this financial year, the perimeter of consolidating companies remained equal to that in 2012. For the purposes of comparative accounting, we need to state the Trefinos effect. As announced in June 2012, Trefinos group was incorporated into the consolidated **Corticeira Amorim** group as from the beginning of the second half of this year. Therefore, any comparison between 2013 and 2012 should take into account that 2013 included a full year of Trefinos activities within the group while the 2012 financial year only reflected these activities in the second half of the year.

5.3.3. CONSOLIDATED RESULTS

Consolidated sales attained €542.5 million (€M), a level 1.5% higher than that reached in the 2012 financial year (€534.2 million).

Considering comparable sales, hence excluding the effect of incorporating Trefinos group, total sales slipped back 1%, equivalent to €5 million.

Consolidated sales (thousand euros)



The (negative) currency exchange effect was estimated at almost EUR 7 million, a value that more than justifies the EUR 5 million decline in comparable sales. Note that the currency exchange impact on sales in 2012 was favourable by approximately EUR 10 million.

Furthermore hitting sales levels in 2013, there was a notable drop in wood sales (€5 million). While not a core product, there has been a clear trend towards the reduction in this product's relative weighting in the Floor and Wall Coverings BU portfolio. Another negative factor for sales stemmed from another drop in the sale price of non-transformed cork at the Raw Materials BU (€3 million).

We can conclude by saying that **Corticeira Amorim** recorded 1.6% growth in consolidated comparable sales of all manufactured products and excluding currency effects. The price effect in 2013 was virtually non-existent, contrary to in 2012. There was also no significant change in terms of quantities sold. The referred growth resulted from an improvement in the mix of products sold.

The sales of the Cork Stoppers BU to end customers, excluding the Trefinos effect, were virtually identical to 2012. It should be noted that this BU is the most exposed of all, in absolute values, to the currency exchange effect (negative EUR 4.8 million). Sales of the Floor and Wall Coverings BU developed in the same way. Sales were, in terms of products manufactured, equivalent to those achieved the previous year. In relation to the other two BU with significant sales abroad, the Composite Cork BU recorded a notable increase in sales, which more than offset the decline in sales in the Insulation cork BU.

The USA strengthened its position as **Corticeira Amorim**'s leading market. Sales to this market rose 3%, even though the USD suffered a decline of 3%, with the absolute value very close to one hundred million euros (EUR 99 million). The USA is currently the world's largest wine consumer, making this country a market of choice for all the products of **Corticeira Amorim**.

SEAN GRIFFITHS FROM ARCHITECTURE STUDIO FAT AND CARLOS DE JESUS FROM CORTICEIRA AMORIM DURING A CORK FLOORING DISPLAY AT THE V&A MUSEUM

The Gross Margin reported an increase (about €3.5 million on an increase in sales of €8.3 million), which represents a Gross Margin percentage of around 43%. In broad terms, this situation corresponds to the contribution made by Trefinos to the **Corticeira Amorim** consolidated results. In percentage terms, the Gross Margin achieved an improvement on 2012 (51.2% against 50.5%), a variation strongly influenced by the significant changes in the absolute value of Variation in Production. Apart from this particular alteration, the percentage value would have remained similar to 2012. The maintenance of raw material prices played a particular role in the stability experienced.

In the other items within the scope of EBITDA, total expenditure reached €199 million, up €8 million on 2012. This increase incorporates a significant input from the Trefinos (€5.6 million) effect. In comparable terms, costs rose by around €2.3 million.

The Supplies and Services item, stripped of the Trefinos effect, advanced by approximately €1.5 million. This included an increase in Publicity and Advertising (€0.7 million), explained by the Wood Studio project launched in the Netherlands and Germany. There was some rise in transport costs, although at a lower rate than that recorded in 2012, which explains the remainder. As stated in the annual business report for last year, **Corticeira Amorim** identified the cost of transport as an item with a growing weighting in the cost structure. Particular attention got paid to this item, which in recent years has become a critical factor to the business. New solutions have been generated in order to ensure that this item does not prove a negative factor to the international competitiveness of the **Corticeira Amorim** group.

In terms of human resource costs, the rise of €2.5 million derives from the Trefinos effect (€3.1 million) and by the increase of about €1.4 million in the redundancy compensation item.

This financial year saw an intensification of measures designed to bring about greater productivity that did see some growth in this item even while remaining below the growth in activities.

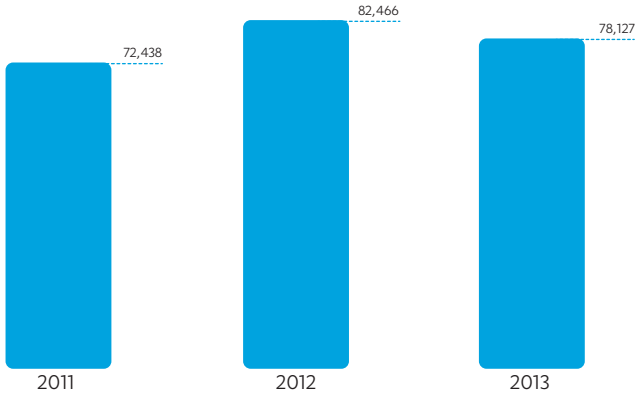
The average number of members of staff was 3,496 (2012: 3,470). The weighting of human resource costs on consolidated sales came in at 18.4% (2012: 18.3%) caused by both the rise in the number of employees and the level of the aforementioned redundancy payments.

Despite the active exchange rate coverage policy, the sustained devaluation of the main business currencies resulted in a net negative exchange rate position of approximately €1.6 million, which contrasts with the positive result of €0.2 million in 2012.

Corticeira Amorim recorded in 2013 a current EBITDA value of EUR 78.1 million (2012: EUR 82.5 million).

In terms of the sales weighting, this indicator comes in at 14.4% (2012: 15.4%). The fourth quarter result for this indicator was above 15%.

Current EBITDA (thousand euros)



CONCEPT ANGEL, A BIKE MADE FROM WOOD AND CORK COMPOSITES

5.3.3. OWNERSHIP STRUCTURE AND FINANCIAL SITUATION

The balance sheet total amounted to EUR 627 million at the end of 2013, which is EUR 17 million down from 2012. It should be borne in mind that it was exaggerated by about EUR 30 million of investments included in the Cash and cash equivalents item at the end of 2012, an abnormally high value. Excluding this exaggeration, 2013 recorded assets growth of approximately EUR 13 million. This change basically corresponds to an increase in the value of inventories. Change in inventories, which ended the year at EUR 244 million (2012: EUR 231 million), is due to fluctuations in the inventory value of the cork raw materials. This increase is the result of a quite significant procurement campaign.

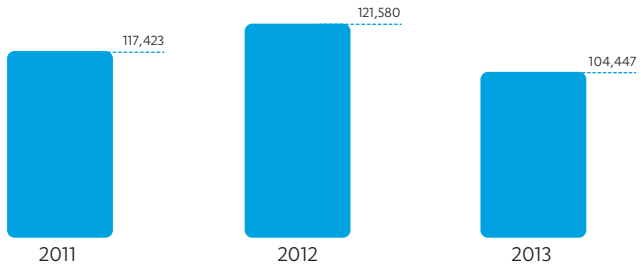
Of note in Liabilities, also largely the result of the cork procurement campaign, the increase in Payables (EUR 26 million) is to be noted. The decrease in the value of interest-bearing debt is also notable. Besides the already referred reduction, this debt declined by around EUR 17 million.

Net interest bearing debt was EUR 104.4 million at the end of 2013 (2012: EUR 121.6 million).

Dividends were paid twice during the year, in the total amount of 16 cents per share, identical to the amount paid in 2012. The dividends distributed in absolute value were EUR 20.1 million.

Equity totalled EUR 302 million (2012: EUR 295 million). The equity to assets ratio rose to 48.1%, which is an improvement on 45.9% reported in 2012.

Net Interest Bearing Debt (thousand euros)



5.3.4. WEALTH GENERATED

The following table summarises the main economic[1] performance indicators:

	2011	2012	2013
Direct economic value generated	**497,988**	**539,370**	**546,000**
Revenues	497,988	539,370	546,000
Economic value distributed	**457,180**	**503,260**	**501,914**
Operating costs	330,769	362,370	362,603
Employee wages and benefits	93,751	97,678	100,154
Payment to providers of capital	19,955	27,840	26,637
Payments to Government	12,550	14,819	12,038
Community investments	155	552	481
Accumulated economic value	**40,809**	**36,110**	**44,086**

Note: Consolidated figures of Corticeira Amorim (100% of companies included).

[1]**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 (EUR 30.9 thousand in 2013).

5.3.5. 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 EUR 15.87 million in 2013.

5.3.6. FINANCIAL INCENTIVES

In 2013, the group's Portuguese companies benefited from EUR 759 thousand in incentives, aimed mainly at supporting research, development and innovation projects.

5.3.7. 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

	2010	2011	2012	2013
Portugal	126,142	133,976	127,574	128,634
North Africa	2,047	5,754	6,263	8,406
Other origins	9,621	26,979	27,531	38,826
Total	**137,811**	**166,709**	**161,369**	**175,866**

(Thousand €)

5.3.8. 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 BUs (which have their headquarters in Portugal). In 2013, 87% of external company Managers and Directors were recruited from local communities.

5.4.

HUMAN RIGHTS, SOCIETY AND PRODUCT LIABILITY

Corticeira Amorim's approach and policy in regard to Human Rights, Society and Product Liability is presented at http://www.sustainability.amorim.com/en/approach/integrated-management-system/management-approaches/

ECORKHOTEL, IN ÉVORA, PORTUGAL, WITH ITS FAÇADE COVERED WITH EXPANDED INSULATION CORKBOARD MANUFACTURED BY AMORIM ISOLAMENTOS

REPORT FRAMEWORK AND GRI INDEX

06

CORK IS USED AS A THERMAL REGULATOR IN WIND TURBINE BLADES

6.1.

REPORT FRAMEWORK

This Sustainability Report prepared by **Corticeira Amorim** contains information referring to 2013, including, whenever possible, appropriate and relevant, information relating to the main indicators for 2011 and 2012 to provide *stakeholders* with a view of the company's recent evolution. The company has been publishing 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 2013, validation of the Sustainability Report and the group's Annual Report and Financial Statements was charged to PWC.

Corticeira Amorim undertakes to annually disclose the matters considered most relevant, either through the re-publication of this document or by including this information in the company's Annual Report & Accounts. After thorough consideration, the Company believes that the re-publication of a sustainability report (with greater detail) shall be justified for longer time periods. The company commits to do so in periods not exceeding three years.

Given the identified need to initiate an internal reflection process with a view to improving the definition of objectives for sustainability matters and organisational dynamics aimed at pursuing those objectives, it is deemed appropriate not to establish in this report the objectives and goals for the coming year nor to commit to produce next year and in subsequent years a sustainability report on the same terms and structure as those which have been published.

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

Application Level A

G3 Standard Disclosure			Report externally checked by PwC
	Profile	Reported sections 1.1. – 1.2. 3.1. – 3.13. 2.1. – 2.10. 4.1. – 4.17.	
	Management Approach	Management approach disclosed for each indicator category	
	Performance indicators and Performance indicators of Sectorial Supplements	In response to each essential indicator of G3	

SOFT MONOLITHS DESIGNED BY ALEJANDRO ARAVENA FOR THE METAMORPHOSIS EXHIBITION

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

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 3, correspond to 84.0% of **Corticeira Amorim**'s sales and 87.4% of its employees. No change in the report's perimeter has been made from 2012.

Thus, the scope of the report does not include all the companies largely due to the difficulty of implementing sustainability information systems in smaller companies (and also with limited resources) and in companies acquired in 2012 – as is the case of Trefinos or Timberman. In light of the above-stated concerning the need to initiate a reflection process aimed at defining goals and organisational dynamics, it is also appropriate not to define a target date in this report for broadening the scope of the sustainability report. However, should the Company decide to continue to publish a sustainability report on the same terms and structure as those published to date, then it shall have to evolve so as to include Trefinos in the scope of the report – given its industrial activity.

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 www.sustainability.amorim.com 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.

6.2.
INDEX GRI

GRI ref.	Description	Value/Location
1	**Strategy and Analysis**	
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1.2.	Description of key impacts, risks, and opportunities	Page 34 – 44
2	**Organisational Profile**	
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2.2.	Primary products and/or services	Page 9
2.3.	Operational structure of the organisation	Page 9 – 11
2.4.	Location of organisation's headquarters	Page 9; 12; 13
2.5.	Countries where the organisation operates	Page 12; 13
2.6.	Nature of ownership and legal form	Page 9
2.7.	Markets served	Page 12; 13
2.8.	Scale of the reporting organisation	Page 14
2.9.	Significant changes during the reporting period	Do not exist
2.10.	Awards received in the reporting period	Page 35; 38
3	**Reporting Parameter**	
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3.3.	Reporting cycle	Page 60
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3.5.	Process for defining report content	Page 60 – 61
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3.7.	Other specific limitations on the scope or boundary of the report – strategy and projected timeline for providing complete coverage	Page 60 – 61
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3.9.	Data measurement techniques and the bases of calculations	Page 61
3.10.	Explanation of the effect of any re-statements of information provided in earlier reports	Page 41
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4.3.	Members of the Board of Directors that are independent and/or non-executive members	Page 18; AR&A 2013 page 63
4.4.	Mechanisms for shareholders and employees to provide recommendations or direction to the Board of Directors	Page 18; AR&A 2013 page 78
4.5.	Linkage between compensation for members of the Board of Directors, senior managers, and executives and the organisation's performance	AR&A 2013 page 82 – 84

GRI ref.	Description	Value/Location
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GRI ref.	Description	Value/Location
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THE SPARK CORK STOPPER HAS GAINED A SPECIAL STATUS AS A SEAL FOR THE BEST CHAMPAGNES AND SPARKLING WINES

INDEPENDENT VERIFICATION REPORT

07

AMORIM ISOLAMENTOS' STAND FEATURES NEW WAYS OF USING EXPANDED INSULATION CORK BOARD

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

Independent verification report of the Sustainability Report 2013

(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 2013" (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 2013 regarding Portugal and Spain, on the following GRI3 indicators:

- Direct economic value generated and distributed (GRI3 EC1);
- Coverage of the organization's defined benefit plan obligations (GRI3 EC3);
- Significant financial assistance received from government (GRI3 EC4);
- Materials used by weight or volume (part of GRI3 EN1, cork consumption was verified);
- Percentage of materials used that are recycled input materials (part of GRI EN2, used tires consumption was verified);
- Direct energy consumption by primary energy source (part of GRI EN3, natural gas consumption was verified);
- Indirect energy consumption by primary source (GRI3 EN4);

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- 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 Annual Report and Accounts 2013, audited by the external auditor;

(vii) Confirming the existence of data and information required to reach level A 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 Annual Report and Accounts 2013.

Independence

We develop our work in line with standard ISAE 3000 independence requirements, including compliance with PwC's independence policies and code of ethics of the International Ethics Standards Board of Accountants (IESBA).

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 A, according to GRI3.

As external auditors of CA, our opinion on economic indicators analysed is expressed on the Annual Report and Accounts 2013.

Lisbon, June 27, 2014

PricewaterhouseCoopers & Associados SROC, Lda.

Represented by:

António Joaquim Brochado Correia, ROC

CORK OAKS

TITLE
Sustainability Report 2013 – CORTICEIRA AMORIM, S.G.P.S., S.A.

PROPERTY AND COORDINATION
CORTICEIRA AMORIM, S.G.P.S., S.A. – Sociedade Aberta

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