2007

Sustainability Report

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

AMORIM

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

CORTICEIRA AMORIM transforms cork into products ideally positioned to answer the challenge of achieving harmonious development between Mankind and Nature. From natural cork stoppers to wine; from floor and wall coverings as well as insulation solutions for eco-construction to materials for major public works that have to comply with strict environmental standards; from state-of-the-art products and solutions for the aerospace industry to the most diversified products and solutions designed by great international fashion figures – CORTICEIRA AMORIM's portfolio is huge and illustrates clearly the great potential for using this natural raw material – the cork.

AMORIM

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"CORTICEIRA AMORIM contributes decisively to the viability of cork oak forests, an ecosystem with internationally unique characteristics."

Chairman's Letter

Dear Stakeholders,

The performance of Portuguese companies has, predictably, been affected by the evolution of the world economy, although Portugal has recorded clear progress in the export sector. Like all exporting companies, CORTICEIRA AMORIM has also been exposed to the restrictions that we are all aware of: higher oil prices, the devaluation of the US dollar and the rise in interest rates. Despite this international context, 2007 has been very positive for CORTICEIRA AMORIM, which recorded its best results in recent decades.

As a consequence of the pursuit of its strategy of investment in Innovation, Research and Development, CORTICEIRA AMORIM has strengthened its position as world leader in the processing and commercialisation of cork, a raw material which the world is now seeing in a new light.

In fact, with issues of sustainable development firmly on the agenda of global public opinion, a 100% natural product such as cork is today a modern concept and a concept for the future. A future which no longer simply requests – but now demands – harmonious development between Man and Nature; development which will ensure a balance between economic prosperity, social justice and environmental quality.

This balance is the new world challenge which calls on companies to act in favour of sustainable development, of which cork has been a unique example for centuries. Using the most advanced technology available, CORTICEIRA AMORIM transforms cork into products which are uniquely positioned to respond to such a challenge. Whether it is cork stoppers for wine or floor coverings or insulation material for eco-construction, material for large public works which have to comply with strict environmental standards, or products and cutting edge solutions for the aerospace industry, or a wide range of products and solutions signed by big names in international fashion, the diversity of CORTICEIRA AMORIM's portfolio is enormous and illustrates clearly the great potential of this natural raw material – cork.

Over the years, CORTICEIRA AMORIM has contributed, in an integrated and global manner, to the progressive increase in the added value of the cork as a raw material and, in this way, has contributed decisively to the viability of cork oak forests, an ecosystem with internationally unique characteristics, which, at the environmental level, plays an important role in the retention of CO_2, in the preservation of biodiversity and in the fight against desertification.

Aware of the important positive impact that results from its activity, but also of the associated responsibilities, CORTICEIRA AMORIM carried out a number of initiatives in 2007, the effects of which are expected to bear fruit in the years to come and in future generations. Of these, the following deserve special mention:

- within the scope of the Business & Biodiversity initiative, the innovative agreement among CORTICEIRA AMORIM, DGRF, ICNB, QUERCUS and the WWF, with a view to The Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity;

- active participation in actions to inform, train and raise awareness among forest owners regarding the adoption of forest management systems that promote sustainability and respond to market demands;

- increased dynamism in information campaigns, aimed above all at the CORTICEIRA AMORIM workforce, regarding the challenges that companies face in relation to sustainable development and raising awareness of the necessary responses, which call for the dedicated individual contribution of all;

- the development and recognition of the value of the skills of our workforce, which corresponds to a significant increase in the number of professional training hours and an improvement in the qualifications of our workforce.

With a view to strengthening sustainable development practices, important projects and actions were implemented, the effects of which should be felt in the short to medium-term, namely:

- as world leader in the cork industry, CORTICEIRA AMORIM took upon itself the responsibility of conducting in 2007 an environmental impact assessment of its main products – cork stoppers and floor coverings – comparing these with alternative products in line with internationally recognised standards. On one hand, this assessment allows for an important strengthening of the knowledge needed to improve processes and performance; on the other hand, it provides additional information in order for Customers and Consumers to make a clear and conscious decision;

- increased dynamism of thematic forums with a view to the sharing and strengthening of transversal good practices across the Group's different Business Units, covering themes such as Energy Efficiency, Health, Hygiene and Safety, the Environment, Logistics and Human Resources;

- the strategic commitment to Innovation, which corresponds to the development of new products and solutions, but also to the strengthening of CORTICEIRA AMORIM's position as a knowledge centre, with a record number of patents being submitted for registration in 2007.

Last year CORTICEIRA AMORIM began regular, systematic and structured communications of its policies and practices on the issue of Sustainability, with the publication of its first Sustainability Report, which went on to receive an award from the Corporate Register as one of the top three in the world in the category of Openness and Honesty. Although this is not an aim in itself, CORTICEIRA AMORIM naturally accepted with great pride this international recognition of the work carried out and the choices made.

As there is no Sustainability without People, we know that the route we took was only possible thanks to the confidence, skill and dedication of all of our Stakeholders, who we continue to count on, in CORTICEIRA AMORIM's journey in search of Sustainable Development.

This is our commitment: to contribute to the building of a better world.

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

CRRA CRReportingAwards'07 2nd RUNNER UP **Openness & Honesty**

CORTICEIRA AMORIM's Sustainability Report (July, 2007) was distinguished by Corporate Register Reporting Awards in the Openness and Honesty (second runner) and Relevance and Materiality (sixth place) categories.

2007 *highlights*

With the publication of the 2006 Sustainability Report, the first in the world in the cork industry, CORTICEIRA AMORIM began a new cycle, defining the aims, controls and reporting of its performance in the area of Sustainable Development. What follows is a presentation of the current situation with regard to how far we have complied with the aims and actions proposed for 2007.

MAJOR CHALLENGES	AIMS AND ACTIONS	SITUATION	MOST IMPORTANT INICIATIVES	Page
Development of cork oak forests as a guarantee of the ecosystem	Encourage an increase in R&D in the forestry area		Initiative for the Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity	47, 57, 58
	Increase the number of FSC certified areas		Promoting a certification programme for producers of forest products and the leading wine-producing countries	56, 57
Research and Innovation	Increase the number of patent requests		Requests for ten new patents	47-51
Training and qualification of Human Resources	Increase the average number of hours of training per Employee		Average number of hours of training per Employee increased by more than 37%	58, 59
Affirmation and promotion of the advantages of the use of cork	Evaluation of environmental impact of cork stoppers vs. alternatives		Life Cycle Analysis, conducted by the world leader in this area highlights the environmental advantages of using cork stoppers	35-41
	Launch of programme to recycle corks		In 2007 the necessary partnerships for the launch of the recycling programme were established	68
Integrating sustainability into operating activities	Increased consumption of renewable energy and energy efficiency		- Increase in the use of biomass (which satisfies 59% of the energy needs); - Impact of the dynamic created by the Energy Efficiency Forum	53-56
	Reduction of CO_2 emissions associated with transporting products		Greater use of transportation of merchandise by sea as opposed to road	56
	Increase ISO 14001 certification		Amorim Cork Composites Certification	67
	Reduction of water and paper consumption			68
	Reduce the absenteeism rate		Actions in the context of the priority given to issues related to Health, Hygiene and Safety at Work	60, 61

Achieved In progress Not achieved

CORTICEIRA AMORIM welcomes Sustainable Development as the new driving force in its business – embraces the cause of protecting the cork oak forest and assumes the role of ensuring economic viability – by making it part of an industrial operation geared towards sustained economic, social and environmental prosperity.

CHAPTER I

CORTICEIRA AMORIM presentation

CHAPTER I

CORTICEIRA AMORIM presentation

Organisational profile:

Identification of the Organisation:

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

Main products and services:

Given the wide range of cork applications, CORTICEIRA AMORIM is divided into Business Units (BU), as shown in the organisational chart on page 14. In terms of products supplied, the following BUs are of particular importance:

- The Cork Stoppers BU: world leader in the production and supply of cork stoppers with an average annual production of three billion units. Its diversified portfolio of products and own distribution network provide it with an unparalleled position for supplying the ideal cork stopper in any wine segment and in any part of the world;
- The Floor and Wall Coverings BU: world leader in producing and distributing cork floor and wall coverings. This BU is famous for the quality, innovation and unique characteristics of its solutions;
- The Cork Composites BU: concentrates its activities on producing cork granulates, agglomerates and cork rubber. Cork's natural properties provide solutions for sectors such as construction, the footwear industry, the automobile industry, the aerospace industry, the railways and the production of decorative articles for the home, amongst others;
- The Insulation Cork BU: dedicated to the production of insulation materials with excellent technical performance that are strictly 100% natural. The unique characteristics of expanded cork agglomerate grant it a high degree of

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

Operational structure of the Organisation

Adopting a management model based on the concept of a Strategic-Operational Holding Company, the BUs are co-ordinated by the Executive Board of CORTICEIRA AMORIM, which has wide-ranging management powers, with the exception of those powers which for legal or statutory reasons are reserved for the Board of Directors.

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

CORTICEIRA AMORIM decided at the end of 2007 to change the structure of its corporate governance model in order to achieve a more integrated vision of its activities which face identical or complementary challenges, as described in chapter II – Corporate Governance and Sustainable Development strategy. The following chart presents already the organisational structure in force since 2008 – a new Organisation for new challenges. Former organisational structure, in force during 2007, is disclosed in the Annual Report & Accounts 2007.

"Building Winning Teams", outdoor in Gerês (Portugal), with Employees of the Cork Stoppers BU.

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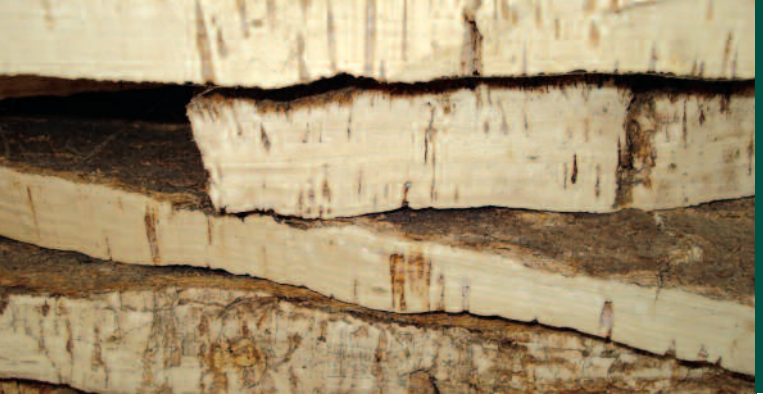


Chart 2008

AMORIM NATURAL CORK

RAW MATERIALS

Amorim Natural Cork, S.A.

Raw Materials

- **Amorim Natural Cork, S.A.** — Ponte de Sôr – PORTUGAL — 100%
- **Amorim Natural Cork, S.A.** — Coruche – PORTUGAL — 100%
- **Amorim Natural Cork, S.A.** — Abrantes – PORTUGAL — 100%
- **Amorim Florestal España, S.L.** — Algeciras – SPAIN — 100%
- **Amorim Florestal España, S.L.** — San Vicente de Alcántara – SPAIN — 100%
- **Comatral – Compagnie Marocaine de Transformation du Liège, S.A.** — Skhirat – MOROCCO — 100%
- **S.N.L. – Societé Nouvelle du Liège** — Tabarka – TUNISIA — 100%
- **F.L.T. – Societé Fabrique de Liège de Tabarka, 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.** — Paços de Brandão – PORTUGAL — 100%
- **Amorim & Irmãos, S.A.** — Vergada – PORTUGAL — 100%
- **Amorim & Irmãos, S.A.** — Valada – PORTUGAL — 100%
- **Amorim & Irmãos, S.A. – Rolhas de Champanhe** — Santa Maria de Lamas – PORTUGAL — 100%
- **Portocork Internacional, S.A.** — Santa Maria de Lamas – PORTUGAL — 100%
- **Equipar, S.A.** — Coruche – PORTUGAL — 100%
- **Francisco Oller, S.A.** — Girona – SPAIN — 87%

Distribution

- **Amorim Distribuição** — Santa Maria de Lamas – PORTUGAL — 100%
- **Amorim Australasia** — Adelaide – AUSTRALIA — 100%
- **Amorim Cork Italia, S.p.A.** — Conegliano – ITALY — 100%
- **Amorim Cork Deutschland, GmbH** — Bingen am Rhein – GERMANY — 100%
- **Amorim Cork Bulgaria, EOOD** — Sofia – BULGARIA — 100%
- **Amorim Cork America, Inc.** — Napa Valley, CA – USA — 100%
- **Amorim France, S.A.** — Eysines, Bordeaux – FRANCE — 100%
- **Victor & 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 — 50%
- **Société Nouvelle des Bouchons Trescases, S.A.** — Le Boulou – FRANCE — 50%
- **I.M. «Moldamorim», S.A.** — Chisinau – REPUBLIC OF MOLDOVA — 100%
- **Amorim Cork Beijing, Ltd.** — Beijing – CHINA — 100%
- **S.A. Oller et Cie** — Reims – FRANCE — 87%

COMPOSITE CORK

Amorim Cork Composites, S.A.

- **Amorim Cork Composites, S.A.** — Mozelos – PORTUGAL — 100%
- **Drauvil Europea, S.L.** — San Vicente de Alcántara – SPAIN — 100%
- **Corticeira Amorim France, SAS** — Lavardac – FRANCE — 100%
- **Chinamate (Xi'an) Natural Products Co. Ltd.** — Xi'an – CHINA — 100%
- **Amorim Cork Composites, Inc.** — Trevor, WI – USA — 100%
- **Amorim Industrial Solutions I, S.A.** — Corroios – PORTUGAL — 100%
- **Amorim (UK) Limited** — London – UNITED KINGDOM — 100%
- **Samorim** — Kinel, Samara – RUSSIA — 50%

AMORIM CORK COMPOSITES

FLOOR & WALL COVERINGS

Amorim Revestimentos, S.A.

Production		Distribution	
Amorim Revestimentos, S.A. S. Paio de Oleiros – PORTUGAL	100%	**Amorim Benelux B.V.** Tholen – NETHERLANDS	100%
Amorim Revestimentos, S.A. Lourosa – PORTUGAL	100%	**Amorim Deutschland GmbH & Co. KG** Delmenhorst – GERMANY	100%
		Amorim Flooring Austria GmbH Wien – AUSTRIA	100%
		Amorim Flooring Nordic A/S Copenhagen – 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%

INSULATION CORK

Amorim Isolamentos, S.A.

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

AMORIM CORK RESEARCH

Companies included in the Sustainability Report

Summarized version – March 2008

CORTICEIRA AMORIM worldwide

Algeria	1	
Argentina	1	1
Armenia		1
Australia	1	3
Austria	2	1
Bangladesh		1
Belarus		1
Belgium		2
Bosnia and Herzegovina		2
Brazil		1
Bulgaria	1	1
Chile	1	1
China	3	1

Croatia		1
Cyprus		1
Czech Republic		1
Denmark	1	
Estonia		1
Finland		1
France	10	3
Georgia		1
Germany	2	2
Greece		4
Hungary	1	4
Iceland		1
India		2

Iran		1
Israel		1
Italy	1	2
Japan	1	2
Jordan		2
Kazakhstan		2
Korea		3
Kuwait		1
Latvia		1
Lebanon		2
Malaysia		1
Malta		1
Mexico		2

Moldova	1	1
Morocco	2	
Netherlands	1	
Nigeria		1
Philippines		2
Poland	1	1
Portugal	18	
Russia	1	9
Saudi Arabia		3
Singapore		2
Slovenia		1
South Africa	1	
Spain	8	1

Sweden	1	1
Switzerland	1	1
Syria		1
Thailand		2
Tunisia	5	
Turkey		2
Ukraine		4
United Arab Emirates		2
United Kingdom	1	1
USA	3	

Main indicators of activity

CORTICEIRA AMORIM in numbers

Thousand euros

Indicators	2005	2006	2007
Sales	428,010	442,552	453,770
EBITDA	49,510	55,949	58,124
Net Profit	15,747	20,105	23,245
Total Assets	549,899	561,588	596,014
Net Debt	218,683	225,331	231,780
Equity / Total Assets (%)	40.0%	41.1%	41.2%
Market Capitalisation (at 31st December)	196,840	260,680	260,680
Companies outside Portugal	39	40	40
Industrial Units	30	27	28
Cork purchased (tons) *	103,500	111,832	131,156
Number of Employees (at 31st December)	3,880	3,847	3,758

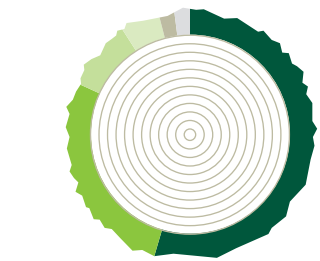
* Includes winter virgin cork and cork waste

About the ecosystem made viable by CORTICEIRA AMORIM's activity

2.3 million ha (world's cork oak forest area)	14.4 million tons of CO_2 (annual CO_2-retention by the world cork oak forest area) [1]
340,000 t (annual production of cork)	24 species of reptiles and amphibians; 160 bird species; 37 mammal species
1,700 million USD (International trade of cork) [3]	100,000 people depend on cork production [2]

[1] Estimated considering, on the one hand, that in 2006 the Portuguese cork oak forest represented a carbon sink of around 4.8 million tons of CO2 (study carried out by the Portuguese School of Agronomy (ISA), as mentioned in 2006 Sustainability Report) and on the other hand that the Portuguese cork oak forest represent just 32% of the world's cork forests;
[2] According to a report published in 2006 by the World Wide Fund for Nature (WWF);
[3] Source: United Nations Statistics Division – UN Commodity Trade Statistics Database.

Sales by Business Unit and geographical area – Financial year 2007:



- 54% Cork Stoppers
- 27% Floor and Wall Coverings
- 9% Composite Cork
- 5% Cork Rubber
- 2% Insulation Cork
- 2% Raw Materials

- 56% European Union
- 15% USA
- 8% Rest of America
- 8% Rest of Europe
- 6% Australasia
- 5% Portugal
- 2% Africa

"The preparation and manufacturing of cork perfectly exemplify the harmonious relation between Man and Nature and the way that conscientious use of natural resources is the basis for Sustainable Development."

Américo Amorim

CHAPTER II

Corporate Governance and Sustainable Development strategy

2.1. Renewal of the organisational model

2.2. Organisational structure of support for Sustainable Development management

2.3. Results of consultation with Stakeholders

CHAPTER II

Corporate Governance and Sustainable Development strategy

CORTICEIRA AMORIM's 2007 Annual Report and Accounts provides a clear and detailed account of the structure and practices of Corporate Governance and analyses in detail the Company's practices with regard to the best known practice in this area and the recommendations of the Portuguese Securities Market Commission (CMVM).

Good practices regarding Corporate Governance are a cornerstone of the Sustainable Development of CORTICEIRA AMORIM. Complementary issues considered to be relevant within the scope of this report are outlined below, namely:

- renewal of the organisational model – a new Organisation for new challenges;
- organisational structure of support for Sustainable Development management;
- consultation and involvement of Stakeholders.

2.1. Renewal of the organisational model

A new Organisation for new challenges

At the end of 2007, following the annual process of strategic revision of the business, CORTICEIRA AMORIM concluded that it would be wise to change the way in which its model of governance was structured, setting out a more integrated vision of the activities which, both at the strategic and operational levels, seek to respond to identical or complementary challenges.

Hence, from 2008, the activity of CORTICEIRA AMORIM and of all its subsidiaries will be organised on the basis of two different levels of integration:

- the first, or strategic level, brings together activities developed in accordance with the respective critical areas of analysis/intervention. Under this new approach to integration, the business will be organised on the basis of two macro areas: Amorim Natural Cork and Amorim Cork Composites;

- the second, or base level, brings together the business variables specific to the Group's business and/or product lines. This level will include the Company's different operating and performance units: Raw Materials (Cork), Cork Stoppers, Cork Composites (resulting from the merger of the former Agglomerates and CorkRubber BUs), Floor and Wall Coverings and Insulation Cork.

Intervention at the level of each of these macro areas for strategic business management is defined in terms of the interrelationship between the fundamental parameters for each business, as follows:

- Amorim Natural Cork is responsible for running the Raw Materials (cork) and Cork Stopper BUs, businesses whose strategic missions are clearly linked in that know-how and provisioning policies relating to cork (quality, provisioned quantities, prices) are the most important factors in these two areas of intervention;
- Amorim Cork Composites is responsible for running all the technical applications for cork agglomerate products and solutions, that is, for the Cork Composite, Floor and Wall Coverings and Insulation Cork BUs. The transversal focus of the BUs in this macro area, which can be generically defined as maximising the use of cork that is not used for manufacturing cork stoppers, means all the operations involved in this area face the permanent challenge of developing technical applications for cork composites, sometimes combined with other materials, increasing the value--added of products and solutions made using or wholly from cork and extending their applicability to new segments.

Special mention should also be made of the creation of Amorim Cork Research, a support structure responsible for the transversal response of the whole CORTICEIRA AMORIM Group to the challenge of innovation, that is, researching new applications for cork (taking into account its special properties) and for the components of cork, as well as processes that add to the quality of cork. In business terms, the activities of this area will be decisive for achieving two important global goals: the development of innovative products and/or solutions and the registration of the respective patents (new techniques, technologies and processes). In organisational terms, this area is intended to assume the role of an advanced innovation centre, carrying out the research and development and intellectual property activities resulting from that mission.

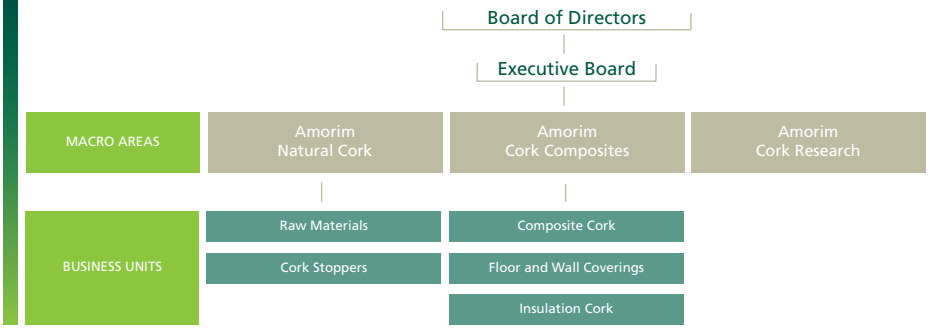
By means of this change, CORTICEIRA AMORIM, as a Group of companies and industrial units with related businesses – focused on the processing and promotion of cork – will be able to guarantee more efficient integrated management of its value chain and the potential synergies of the Group, sharing these benefits with every area of business in a long-term perspective that will ensure that the company achieves the correct balance between strategic control and operating autonomy/initiative.

Today cork is a versatile material. Its new aesthetical characteristics are seen as challenges to be explored in new fields such as jewellery.
A detail of a cork jewel, Project 2nd SKIN cork jewellery. Designer: André Rocha

BCSD Portugal
Conselho Empresarial para o Desenvolvimento Sustentável

The entry into the Business Council for Sustainable Development (BCSD) is aimed at increasing our commitment in a sustainable development taking advantage of an effective contribution of the Company to the well-being of us all.

Renewal of the organisational model



2.2. Organisational structure of support for Sustainable Development management

CORTICEIRA AMORIM's commitment to Sustainable Development was strengthened in 2007 with the definition of an Integrated Management System for Sustainable Development.

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

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

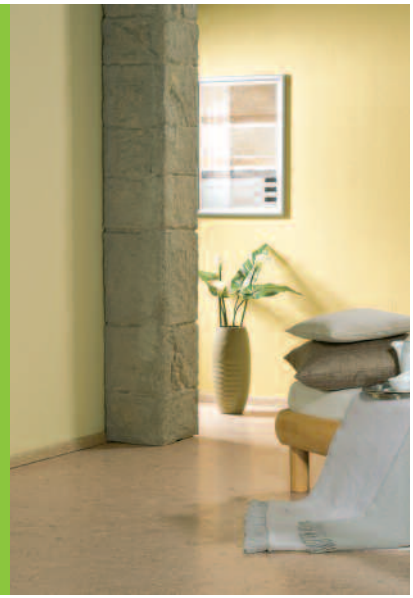
Interaction with Stakeholders:

Following the consultation with Stakeholders which preceded the first Sustainability Report, a procedure was defined which allows for consultation with Stakeholders to be included within an Integrated Management System, on a regular and continuous basis.

Selection and interaction with the interested parties is conducted in a decentralised manner. For example, the heads of the sales departments are responsible for identifying

Mission of CORTICEIRA AMORIM:

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



In 2007 an area equivalent to the Gibraltar territory was covered with Amorim floor tiles.

Sales of floor coverings exceeded 6.6 km2.

and interacting with Customers, the heads of the purchasing departments do the same with Suppliers, and the head of the Investor Relations Department with Investors, amongst others. The information obtained in this way is later centralised and integrated in the definition and/or alignment of CORTICEIRA AMORIM's strategy and policies.

The opinions, concerns and contributions of Stakeholders are seen as fundamental not only in terms of validating strategic options, but also in order to understand the expectations of different interest groups regarding the issues to be monitored and communicated by CORTICEIRA AMORIM.

Integrated Management System

Mission:

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

Strategic Challenge:

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

Values:

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

Strategy:

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

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

Company (country)	ISO 9001:2000	HACCP ISO 22000	WIETA	ISO 14001	FSC	SYSTECODE	OHSAS ISO 18001:1999
CORK STOPPERS BU							
Amorim & Irmãos (Portugal)	■	■		■	■	■	
Amorim Cork Italia (Italy)	■	■				■	
Amorim Australasia (Australia)	■			■		■	
Amorim France (France)	■	■				■	
Amorim Cork Deustchland (Germany)	■	■					
Amorim South Africa (South Africa)	■	■	■				
RAW MATERIALS BU							
Amorim & Irmãos (Portugal)	■				■	■	
FLOOR & WALL COVERINGS BU							
Amorim Revestimentos (Portugal)	■						
COMPOSITE CORK BU							
Amorim Cork Composites (Portugal)	■			■	■	■	■
Amorim Cork Composites Inc (USA)	■						

ISO 9001:2000 – Quality Management Systems; **HACCP ISO 22000** – Food Safety Management; **WIETA** – Wine Industry Ethical Trade Association; **ISO 14001** – Environmental Management System; **FSC** – Forest Stewardship Council; **SYSTECODE** – Accreditation System for Companies based on the International Code of Cork Stopper Manufacturing Practice; **OHSAS ISO 18001:1999** – Occupational Health and Safety Management Systems.

In this way, the definition of CORTICEIRA AMORIM's strategy and that of each of its BUs already safeguarded, albeit implicitly, the existence of objectives regarding sustainability. The year 2007 saw the explicit integration of sustainable development objectives within the strategy map, thus consolidating the Organisation's alignment regarding this issue.

From 2007, objectives and actions with regard to sustainability will be part of a single management instrument, the sustainability scorecard having been implemented, with the definition of targets and actions for 2008 and subsequent years, both in CORTICEIRA AMORIM and in its BUs. Besides the strategic objectives contained in the respective strategy, the sustainability scorecard will incorporate other objectives which, by their nature or due to the difficulty of establishing cause/effect relationships, although relevant, cannot be set out in the strategic map.

About 100 countries have renewed their trust in the quality of our products.

CORTICEIRA AMORIM sells in 103 countries.

Operations:

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

The sustainability scorecard defines the objectives for a given year and the respective action plans in advance. In order to define targets for the objectives, whenever feasible, indicators suggested by the Global Reporting Initiative (GRI) were adopted, and an important group of these indicators is regularly monitored by CORTICEIRA AMORIM. In 2007, with the support of PricewaterhouseCoopers, an information technology system was designed and implemented for the systematic collection and consolidation of the values of these indicators.

Support structure:

The 2006 Sustainability Report stated that CORTICEIRA AMORIM's objective for 2007 was "to define structures and responsibilities in the different strands of sustainability (…)". Within this context, and with the framing of the Integrated Management System outlined above, the following organisational structure was implemented for the management of Corporate Sustainable Development (CSD):

Responsibilities of the CSD Administrator:

- to arbitrate in issues between BUs, or between industrial, sales or support units regarding sustainable development;
- to strengthen the whole structure of support, guaranteeing its authority in the powers which are vested in it;
- to guarantee the resources necessary for the implementation and maintenance of sustainability management within the Group;

- to encourage CORTICEIRA AMORIM's process of strategic revision in matters related to sustainability;
- to present the Executive Board with and approve the annual sustainability objectives;
- to include issues of sustainability in the internal audit.

Responsibilities of the CSD manager:

- the identification of key issues (risks and opportunities) in the area of sustainability;
- to guarantee compliance with the procedures and planning defined: definition of objectives, implementation of measures, reporting;
- definition of the sustainability agenda for Social and Environmental Forums;
- regular monitoring of the objectives and actions set out in the sustainability scorecard of each BU and of CORTICEIRA AMORIM;
- to participate in other forums and, whenever necessary, propose themes for the agenda;
- to consolidate and report the economic information of different units in Portugal and abroad;
- consolidation of the information from the channels defined for consultation with Stakeholders;
- to increase the dynamism of communication channels with Stakeholders;
- to publish the Sustainability Report.

Forums for transversal areas

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

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

CORTICEIRA AMORIM is the first cork company in the world to obtain FSC certification, which recognizes effective contributions to social, economical and environmental advances in forestal areas.

Implementation in the BUs

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

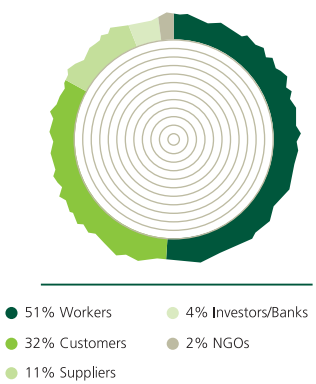
- guaranteeing the BU's alignment with CORTICEIRA AMORIM's guidelines on sustainability;
- identifying and proposing new themes in this area;
- conducting internal/external benchmarking to improve the performance of the Organisation;
- identifying and proposing support actions in order to achieve the objectives and targets defined;
- implementing actions;
- monitoring results.

2.3. Results of consultation with Stakeholders

Because of its size and the large number of countries in which it operates, CORTICEIRA AMORIM has a large number of Stakeholders from a wide range of interest groups: Customers, Suppliers, Workers, Shareholders and Investors, Banks, Government Bodies and NGOs, amongst others.

With the purpose of validating and revising CORTICEIRA AMORIM's strategic options regarding Sustainable Development and identifying expectations on the issues to be reported, a survey of a wide range of Stakeholders was again carried out.

Stakeholders consultation



The response rate varied greatly between the different groups of Stakeholders. Thus, on a final analysis 122 replies were obtained, with Employees presenting a much higher rate of reply than the other groups of Stakeholders.

The results and conclusions presented below reflect in its entirety the feedback obtained from these 122 Stakeholders. As the relative weight of each group is significantly different to that obtained in the previous year, a comparative and evolutionary analysis of the results obtained is not considered to be appropriate. Despite this, it is of note that the opinions of the different interest groups converge with regard to those aspects considered most relevant, such as the identification of the key issues to report, which makes the results of the survey conclusive and relevant for CORTICEIRA AMORIM.

The survey set out an initial group of questions aimed at assessing the Stakeholders' perception of sustainability reports in general, and the last CORTICEIRA AMORIM report in particular, in addition to another group of questions with the purpose of

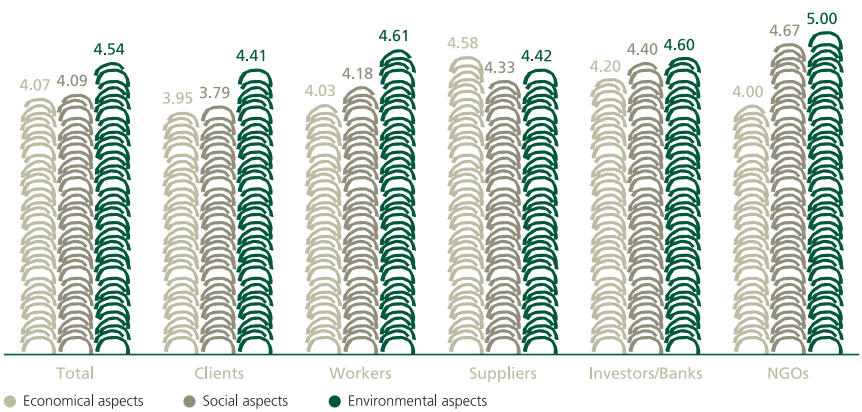
identifying Stakeholders' expectations with regard to the aspects of sustainability to be given priority and the main sustainability issues for CORTICEIRA AMORIM.

The results and conclusions of an analysis of these surveys are presented below:

Importance given to the aspects of sustainability

Question: Give each of the aspects of sustainability a level of importance from 1 (not at all important) to 5 (very important).

Importance given to the aspects of sustainability



Conclusion:

With the exception of the Suppliers, who gave greater importance to the economical aspect, the other interest groups considered that it was the environmental aspect that should warrant greater emphasis by CORTICEIRA AMORIM.

Representatives of the entities involved in the agreement to The Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity.

Main issues of sustainability for CORTICEIRA AMORIM

Stakeholders were invited to arrange the principal sustainability issues in ascending order (from 1 - the least important to 5 - the most important). The table below shows the results obtained.

	TOTAL	Customers	Workers	Suppliers	Investors / Banks	NGOs
Research & Development & Innovation	**4.4**	**4.5**	**4.3**	**4.7**	**4.4**	**4.0**
Ecological characteristics of products	**4.4**	**4.4**	**4.5**	3.6	**4.6**	**4.7**
Forest management system certification	**4.3**	**4.3**	**4.2**	**4.3**	**4.2**	**5.0**
The Company's Environmental Impact	**4.2**	**4.4**	**4.3**	3.5	**4.0**	**4.3**
Promotion of products and their characteristics	**4.1**	**4.1**	**4.1**	**4.4**	**4.0**	3.7
The Company's Economic Contribution	**4.0**	3.8	**4.1**	3.8	3.8	**4.3**
Climate change	**4.0**	**4.1**	**4.0**	3.3	**4.0**	**4.0**
Environmental management system certification	**4.0**	**4.1**	3.8	**4.0**	3.8	**4.0**
Biodiversity	3.9	3.9	3.9	3.8	3.8	**5.0**
Employment and HR Management	3.8	3.8	3.9	3.9	**4.0**	3.7
Product life cycle assessement	3.8	**4.0**	3.8	3.7	3.4	3.7
Safety in the workplace	3.7	3.9	3.5	3.5	3.4	3.7
Code of ethics	3.6	3.7	3.7	3.5	3.2	3.3
Corporate Governance	3.6	3.9	3.5	3.3	3.0	2.7

In general terms, the themes most highlighted by the Stakeholders have already been identified as priorities by CORTICEIRA AMORIM and the initiatives that have been developed in the meantime are set out in this report.

The results obtained provide the Company's options in defining the priorities and main challenges to be validated.

An eco-efficiency analysis of cork floor coverings versus alternative floor coverings shows clear advantages of using cork flooring.

CORTICEIRA AMORIM enhances its position in the sustainable construction business, and establishes itself as an important partner for planners and Customers concerned about adopting best practices for the eco-efficiency of buildings.

CHAPTER III

Analysis of the product life cycle and eco-efficiency

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Analysis of the product life cycle and eco-efficiency

All products tell a story. They have an origin (raw materials), associated manufacturing processes and logistics, a useful life cycle and an end.

Cork products present distinctive characteristics in terms of the environment and the ecosystem that they make viable (cork oak forests) play a proven positive role in retaining CO_2, preserving biodiversity and combating desertification.

In a world facing important challenges in terms of sustainable development (such as global warming, loss of biodiversity and the risk of desertification), these characteristics of cork products clearly set them apart from competing products.

Customers and Consumers now require, more than ever, that companies inform them of the impacts of the products they supply, in a strict and transparent manner based on internationally recognised standards.

This requirement, especially with regard to environmental impacts, is particularly felt in the two segments of the market which are most representative of CORTICEIRA AMORIM's activity: the Wine Industry and Construction.

In terms of the wine market, from the large groups within the wine-making industry to the large distribution groups, their commitment to adopting good practices regarding the environment and reducing CO_2 emissions – their carbon footprint – is getting stronger and stronger.

In the construction sector, there is a growing determination to reduce the carbon footprint associated with the construction, use and maintenance of buildings. Therefore, more and more importance is being placed not only on the environmental performance of a product up to its installation in a building,

In 2007 about half of the world population drank a wine bottle sealed with an Amorim natural cork stopper.

3,000 million natural cork stoppers were manufactured and sold.

but also on its performance during the period in which the building is in use, namely the impact on energy consumption.

In this context, CORTICEIRA AMORIM contracted independent bodies of recognised merit to undertake an analysis of the environmental impacts of its main products – cork stoppers and floor and wall coverings – comparing these with the main competing products.

3.1. Analysis of the life cycle of cork stoppers v. plastic and aluminium stoppers

With the aim of comparing the environmental impact of cork stoppers with that of aluminium caps and plastic stoppers, CORTICEIRA AMORIM promoted an analysis of the life cycle of these products in 2007. This study, which was conducted by PricewaterhouseCoopers/Ecobilan[1] , was carried out in line with the ISO 14040 and 14044 standards.

In order to assess the environmental impacts of the three different types of stoppers for wine bottles, the study included analyses of seven indicators, as follows:

- emission of greenhouse gases;
- consumption of non-renewable energy;
- consumption of water;
- contribution to the acidification of the atmosphere;
- contribution to the deterioration of the ozone layer;
- contribution to eutrophication;
- production of solid waste.

In this study, and in line with the ISO 14040 standard, the least favourable scenario for the promoter of the study (in this case CORTICEIRA AMORIM) was always chosen. Thus, whenever necessary (namely where there is a lack of information regarding non--cork stoppers), the results presented penalise natural cork stoppers.

In this way, the study and comparative analysis carried out do not consider the environmental impacts resulting from some of the stages in the life cycle of non-cork stoppers, including:

- production of aluminium caps: the negative environmental impacts related with the whole production process of transforming aluminium into screwcaps were not considered;

[1] Ecobilan, a French company, is the world leader in life cycle analyses. It was acquired by PricewaterhouseCoopers in 2000.

Life cycle analysis: This is a standardised method that allows for an assessment of the environmental impacts of a product or service, throughout all the stages of its life – from the extraction of natural resources until the final destination of the product after it has been used –, counting all the flows, energy and environmental impacts, within the limits of the system studied.

Life cycle of cork stoppers

Water

Further constituents and auxiliaries

Fuels

Electricity

Transport

Cork Treatment

Stoppers production

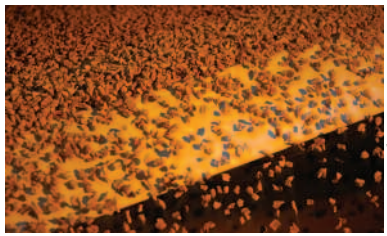
Cork Harvest

Incineration electricity generation

Bottling

Use

End of life



Reclycling

Landfill

Water Effluents

Air emissions

Production of waste

Cork stoppers: the only wine stopper with a positive environmental impact.

- production of plastic stoppers: the impact of the raw materials (essentially derived from oil) is considered, but the production process of the stopper and the respective environmental impacts are not considered, as in the previous case.

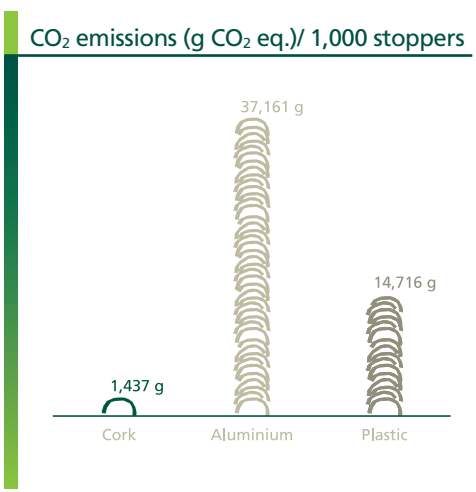
The study dealt with stoppers used in 750 ml bottles of wine consumed in the United Kingdom. The following aspects were studied:

	Cork Stopper	Aluminium Cap	Plastic Stopper
Production location	Portugal Sta. Maria de Lamas	France Chalon-sur-Saône	Belgium Thimister Clermont
Size (mm x mm)	45 x 24	60 x 30	43 x 22
Weight (g)	3.5	4.6	6.2
Composition	Cork 100%	Aluminium 89.9%; Expanded PET 7%; Tin 2%; Kraft paper 0.5%; PVDC 0.6%.	Low density polyethylene 68%; High density polyethylene 16%; Polypropylene 16%.

Conclusions of the study:

The study concluded that cork stoppers possess environmental advantages in comparison with alternative stoppers, in the different indicators.

With regard to the emission of greenhouse gases, considered a key factor in global warming, the study shows that CO_2 emissions associated with cork stoppers are significantly lower than those associated with aluminium caps and plastic stoppers. According to the study carried out, every plastic stopper emits 10 times as much CO_2 as a cork stopper and the CO_2 emissions from aluminium caps are 26 times higher than the emissions from cork stoppers, as shown in the graph at left.



These results suggest that each 45x24 natural cork stopper retains 6.4g of CO_2, corresponding to the carbon incorporated into each cork stopper via the process of photosynthesis. The impact by stage in the life cycle is summarised in the following table:

CO_2 emissions per stage of life cycle	Cork	Aluminium	Plastic
Production	-3,280.5	36,701.0	12,618.3
Transport	920.9	439.4	323.1
Bottling[1]	3,272.3	0.0	3,272.3
End of life	524.0	20.3	-1,497.5
Total Emissions (g CO_2 eq./ 1,000 stoppers)	1,436.7	37,160.7	14,716.2

[1] Only the PVC capsule (usually used in cork or plastic sealed bottles) is considered.

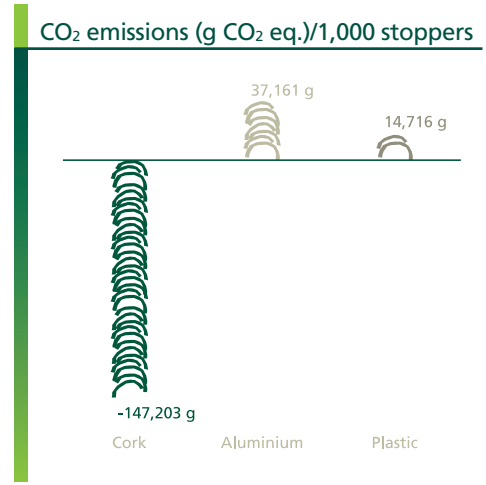
Furthermore, considering that cork oak forests are an important CO_2 sink (4.8 million tons in Portugal alone) and that it is the cork industry and cork products that make this important ecosystem viable, it is possible to associate part of this carbon credit with cork products. The diagram at right shows the results when we add to each 3.5g cork stopper the carbon sink of cork oak forests associated with the use of this amount of cork.

With a view to the total transparency and validation of this study and in line with the standards of Life Cycle Analysis adopted, this study was submitted to the critical assessment of an independent committee made up of experts in the various areas:

- an independent specialist in life cycle analyses;
- an association of plastics companies;
- an association of aluminium companies;
- an independent cork specialist.

The study conducted is currently being analysed by the experts consulted. The comments and suggestions of the experts will be analysed and included in the study, whenever pertinent.

The intention of CORTICEIRA AMORIM is that this study may show, in a transparent and independent manner, that the use of natural cork stoppers is the only possible option for wine cellars and distributors who wish to adopt best practices regarding the environment and contribute to mitigating greenhouse gas emissions.



CO_2 emissions of the stoppers analysed, by stages of life cycle, considering the sequestration of carbon associated with cork oak forests.
As shown in the graph, the environmental advantages of natural cork stoppers compared to synthetic stoppers are striking to the eye.

3.2. Comparing the eco-efficiency of cork and alternative floor coverings

In 2007, as a result of a previous R&D project, the Floor and Wall Coverings Business Unit, in partnership with BASF, the world's leading chemical company, launched a new generation of cork floor coverings using an innovative and eco-friendly binding technology called Acrodur®.

Acrodur® is a water-based binder that contains no ingredients such as phenol or formaldehyde, which significantly reduces emissions and shows an excellent technical performance.

At the same time as it launched this new generation of products, the Business Unit presented the conclusions of an eco-efficiency study. The study was carried out by BASF according to a methodology validated by the independent agency TÜV Berlin.

Acrodur®
Ecotechnology
by BASF

Cork flooring: a high performance environmental-friendly solution.

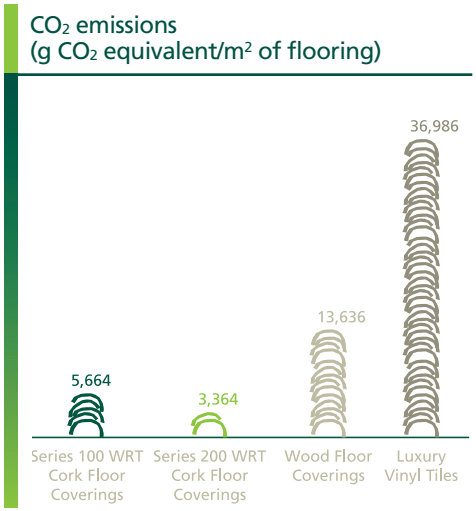
The study compared two of the main families of cork floor coverings using real process data regarding CORTICEIRA AMORIM floorings with alternative products that compete in the same market segment. The products studied were:

Product	Series 100 WRT Cork Floor Coverings	Series 200 WRT Cork Floor Coverings	Wood Floor Coverings	Luxury Vinyl Tiles
Size (mm)	295 x 905	300 x 600	1220 x 190	300 x 300
Thickness (mm)	10.5	4.0	13.5	3.0
Weight (kg/m²)	8.0	2.1	10.0	3.8

In terms of environmental impact, the eco-efficiency study focused on the indicators provided above for analysing the life cycle of cork stoppers. It also took into account the important aspect of the environmental impact of flooring products during their lifetime. All the results of the study refer to living on one square meter of flooring for 15 years, which includes production of the basic materials and the floorings, installation of the flooring, characteristics and differences in their use phase (cleaning and heating) and their disposal.

The study clearly demonstrated the superior eco-efficiency of cork floor coverings. Benefits included:

- lower consumption of resources (energy and raw materials) compared with the other products;
- lower costs for the end consumer, given that cork flooring products can significantly reduce heating costs thanks to their capacity to retain heat and their thermal insulation properties;
- being the best option in terms of greenhouse gas emissions due to efficient production processes, reduced heating efforts and the capacity of cork as a renewable raw material to absorb CO_2.

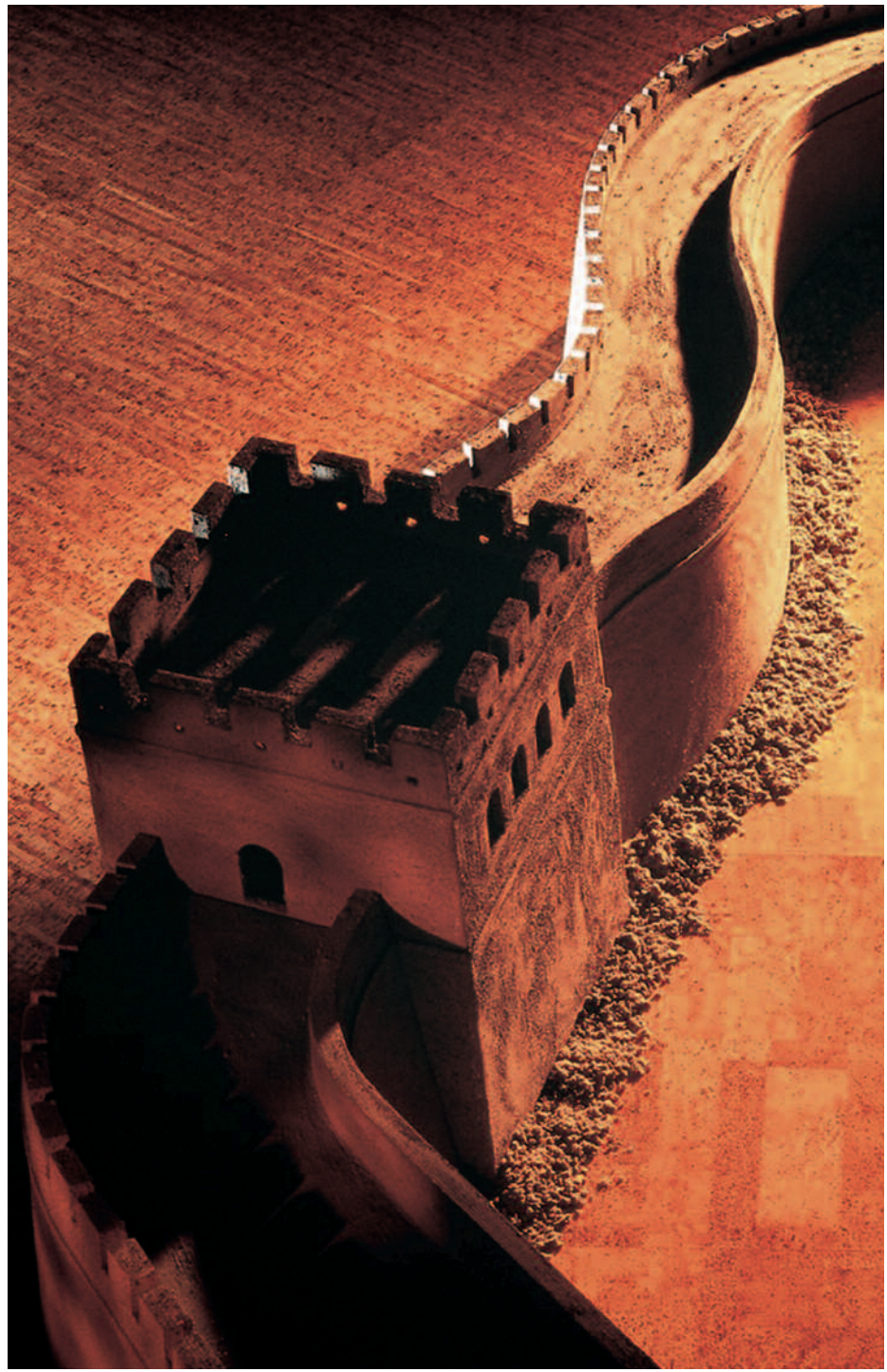


In regard to greenhouse gases, the study concluded that production, use and disposal of wood floor coverings imply the emission of 2.5 to 4 times more CO_2-equivalents per square metre than production, use and disposal of cork floorings. Luxury vinyl tiles produce 6.5 to 11 times more CO_2-equivalents over their whole life cycle than cork floor coverings, as shown in the chart at left.

This independent study will enable CORTICEIRA AMORIM to enhance the positioning of its products in the Sustainable Construction Business and establish itself as an important partner for planners and Customers concerned about adopting best practices for the eco-efficiency of buildings.

Eco-Efficiency Analysis:

Determines how environmentally friendly a product is in comparison with similar products. It also shows how economically efficient a product is from the consumer's point of view and compares for example, the amount of energy and other resources used and the quantity of greenhouse gases emitted during the production, use and disposal of different products.



The use of natural cork stoppers is the only possible option for wine cellars and distributors who wish to adopt best practices regarding the environment and contribute to mitigating greenhouse gas emissions.

CHAPTER IV

Priorities and challenges

CHAPTER IV

Priorities and challenges

4.1. Research, Development and Innovation

Patents

CORTICEIRA AMORIM's strategic commitment to innovation was reaffirmed in 2007, and took the form of submitting 10 new applications for patents – a truly record number, not only in the context of the cork sector, but also within the scope of the Portuguese business framework – with the aim of guaranteeing the protection of all the intellectual property rights generated and building a wider portfolio of patents.

CORTICEIRA AMORIM thus affirms itself, on a global scale, within the market segments in which it operates as an important technological partner, and is an example of innovation in perfect harmony with Nature.

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

Within the scope of the Business & Biodiversity initiative, clearly assumed in 2007 as a priority by the Portuguese Presidency of the European Union and framed within the Action Plan for the Recovery of Cork Oak and Holm Oak Forests created by Ministerial Order no. 18316/2006 of 8 September, CORTICEIRA AMORIM entered into an innovative agreement in 2007 with the Portuguese General Directorate of Forest Resources (DGRF), the Institute for the Conversation of Nature and Biodiversity (ICNB), QUERCUS – the National Association for Nature Conservation, and the World Wide Fund For Nature (WWF), with a view to The Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity.

This initiative represents the convergence of interests between the Portuguese Government, NGOs and CORTICEIRA AMORIM as world leader in the cork industry, with the purpose of strengthening the economic instruments of

sustainability of cork oak forests, widely recognising the crucial role of this important national asset in supporting biodiversity and in the fight against desertification and climate change.

The protocol signed seeks the implementation of an initiative based on the following objectives:

- to increase awareness of the enhancement of the value and sustainability of cork oak forests and associated biodiversity, including the creation of an award which will honour the best research work on the enhancement of the value and sustainability of cork oak forests and associated biodiversity – the biggest award ever set up for research work in this sector;
- to disseminate and reward best practice in the management and enhancement of the value of cork oak forests and associated biodiversity.

In this way, CORTICEIRA AMORIM's contribution to innovation covers the whole value chain of cork – from the tree to its end use.

Innovation Scoring

CORTICEIRA AMORIM, via Amorim Revestimentos, S.A., has actively participated in the development of an Innovation Scoring system – an instrument for self-diagnosis of innovation capacities and performance – and is one of roughly ten pilot companies testing this system in Portugal, in a project promoted by COTEC Portugal – Business Association for Innovation. This participation will enable the Company, on the one hand, to contribute with the experience of Amorim Revestimentos to the increase in innovation in Portugal and, on the other hand, will allow for the development of internal competences with a view to the future certification of Research, Development and Innovation management systems.

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

Within the scope of the new applications

- the development of new approaches to the treatment and agglomeration of cork using innovative solutions that are environmentally-friendly and involve low energy consumption, with a focus on the use of different enzymes;
- the development of a range of activities which seek, on the one hand, to optimise the extraction of cork compounds and, on the other, to characterise them with the aim of transforming them into high value-added applications in different areas ranging from the chemical industry to cosmetics;
- concluding the study of new glues, adhesives and varnishes obtained from cork: a more natural glue has been developed which may be used in the cork sector itself as well as in other industries.

"This hardly ever happens: industrialists, environmental defenders and government institutions have gathered to cooperate for the purpose of protecting biodiversity by fostering convergence of common interests."

In Sol newspaper, 13/10/2007

"The Great Cork Debate" (USA) highlights the position of cork regarding the improvements held in the quality control of natural cork stoppers, as well as it environmental advantages.

SPARK ONE
So one.

CORTICEIRA AMORIM developed the SparkOne®, considering the specifications required by champagnes and sparkling wines.

Within the scope of the Cork Stoppers BU

The projects and activities conducted in 2007 were based on the following strategic guidelines:

- intensifying the combat against the 2,4,6-Trichloroanisole (TCA) paint;
- gaining additional knowledge on the effectiveness of products in terms of wine/cork stopper interaction;
- studying new products.

In regard to the first aspect of this strategy – intensifying the combat against the problem of TCA[2] – during 2007 the ROSA Evolution process gained international validation and an application for a patent was submitted. The first ROSA Evolution industrial equipment was installed and produced results that lived up to expectations. As a result, the ROSA Evolution system is to be applied to the production of all natural cork stoppers.

In 2007, particular progress was made in gaining more knowledge about the interaction of cork stoppers with wine. This work benefited considerably from comparative studies of the permeability of different closures, namely technical stoppers (Neutrocork®, Twin Top®, Advantec®, etc.), natural and colmated cork stoppers and other alternative closures.

A new scientific paper[3] on permeability was published, explaining how oxygen enters wine through cork stoppers and the interface between cork and bottle.

Included in this strategic area, it is worth highlighting a study into the causes linked to the loss of gas from Champagne, which produced useful information on how the internal shape of bottles and different types of cork affect this phenomenon.

An important development in the strategic area of new product development was the launch of the SparkOne® Champagne stopper made of cork micro particles in a single piece with no disks. This stopper was developed internally by the BU and validated in conjunction with an important Champagne house.

Within the scope of the Floor and Wall Coverings BU

New solutions were presented to the market in 2007 and new projects are already under way, with a view to their launch in the next few years.

[2] TCA – Trichloroanisole

[3] Lopes, P., Saucier, C., Teissedre, P. L. e Glories, Y. (2007), "Main routes of oxygen ingress through different closures into wine bottles", Journal of Agricultural and Food Chemistry, 55, 5167-5170.

The results of activities and projects developed in 2007 include:

- the launch of a new varnish, HPS (High Performance Surface), that has been proved to increase the resistance (to scratches, stains, shoe marks...) of floor coverings and to enhance the product's natural look;
- the launch of a flooring collection using a new type of wood look, sizes and colours aimed at the US market;
- the total replacement of the agglomeration resin MUF (Melamine – Urea – Formaldehyde) with an acrylic resin that contains no formaldehyde or isocyanides.

The projects under way which will continue in 2008 include:

- increasing the resistance to fire and ultraviolet light of products finished with WRT varnish;
- the development of new looks for the 2009 collection, using innovative processes for the cork industry, including painting, decoration and PVC embossing;
- obtaining cork agglomerates using agglomeration resins obtained from natural products – the Ecobinders project, which includes several European partners in addition to Amorim Revestimentos and Amorim & Irmãos (Cork Stopper BU).

Within the scope of the Cork Composites BU

One of the expected effects of the new organisational structure, which is the result of the integration of the former Agglomerates and CorkRubber BUs within this new Cork Composites BU, is the synergies expected at the level of R&D.

Amorim & Irmãos was awarded with the Innovation Prize for the method/system ROSA Evolution.

CTT (the Portuguese Postal Service) and the Portuguese Assembly of the Republic issued the world's first stamp made of cork. It was designed by artist João Machado, in homage to the Portuguese cork sector, which put Portugal at the forefront of world cork production.

Throughout 2007, the R&D activities have focused on developing new products and applications either through exclusive projects or by creating and/or consolidating partnerships with outside entities. These include:

a) in the industrial sector:

- pursuing existing projects with the European Space Agency (ESA) and the European Aeronautic Defence and Space Company EADS N.V. (EADS) with a view to gaining approval for the use of cork agglomerates in aerospace applications;
- developing products in the area of Fibre Reinforced Plastic (FRP) composites for use in different applications in the aeronautic, naval and transport sectors;
- developing the concept of Railway Interior Solutions (RIS) in partnership with other companies, with a view to using cork in the interior of transport equipment, focusing on the natural characteristics of this raw material.

b) in the construction sector – emphasis on the development of new sub-flooring solutions:

- ProfileCork – for floating floors;
- CRC – for use on ceramic floors;
- BackingCork – for use on technical wood floors.

c) within the scope of cork and rubber solutions – emphasis was placed on developing applications with a strong potential for international growth over the medium term. To this end, materials and solutions involving three new product ranges were developed:

- Amorim T&D – aimed at the growing international market for electricity distribution and transmission (transformers and accessories);
- TechSeal – aimed at sealing applications for the Automobile/Heavy Duty sector as well as other industrial sectors;
- Acoustic Core Materials – the second generation of this range of acoustic products with applications in the maritime, rail and general transport sectors, which now incorporate, amongst others, fire-resistant materials.

The BU is also actively engaged in the "Seating Module" project being developed by the ACECIA Group of Complementary Companies, to which it has contributed the development of an innovative comfort solution for car seating using a special cork composite.

The same type of composite has also been used in the development of a solution for medical products used in operating theatres and rehabilitation and geriatric services.

Creation of Amorim Cork Research

As mentioned in Chapter II of this report, the setting up in 2008 of Amorim Cork Research, the body that will centralise all the Group's research and industrial property activities, was announced in 2007.

4.2. Global warming

The phenomenon of global warming is one of the biggest challenges that humankind has ever been faced with. The importance of this issue is clear in the priorities identified by CORTICEIRA AMORIM's Customers, and also by most of its Stakeholders. Within this area, throughout 2007 CORTICEIRA AMORIM's intervention has been based above all on the following guidelines:

- increasing knowledge about the impact of the products and the ecosystem which they make viable;
- carrying out internal and external awareness-raising actions;
- improving the performance and efficiency of the processes.

With a view to **increasing knowledge about the impact of products and the ecosystem which they make viable,** the following initiatives can be highlighted:

- a life cycle analysis of cork stoppers and a eco-efficiency study of cork flooring. With these two studies, CORTICEIRA AMORIM gained tools which, besides revealing the advantages of cork solutions over competing solutions with alternative materials in terms of CO_2 emissions, also allow for the identification of the stages in the life cycle which produce the greatest impact at this level. Hence, the importance of this work also lies in the possibility of, as a result of them, establishing improvement plans focused on the most relevant stages.
- new studies on the retention of CO_2 by cork oak forests. In its 2006 Sustainability Report, CORTICEIRA AMORIM stated that the area of cork oak forest in Portugal alone represents a carbon sink of 4.8 million tons. This figure was based on a preliminary study undertaken by the Portuguese School of Agronomy (ISA). Although this result is revealing in its own right (a sink which corresponds to approximately 5% of all CO_2 emissions in Portugal), CORTICEIRA AMORIM decided that it was important to conduct more studies, in order to gain broader knowledge and to make more information available regarding this matter. With this aim in mind, CORTICEIRA AMORIM began making contacts in order to establish a partnership with a Portuguese university with a view to obtaining additional studies on the CO_2 retention capacity of cork oak forests.

Carlos Manuel Silva, General Manager of the Insulation Cork BU, highlights the unique environmental characteristics of the cork insulation in the Annual Conference of the BCSD Portugal about Sustainable Construction.

CORTICEIRA AMORIM also defined as a guideline for the reduction of greenhouse gases, the promotion of **awareness-raising campaigns**, with a view to changing the behaviour of individuals and organisations. Within this area, we can highlight:

- informative sessions in the industrial units of the Floor and Wall Coverings and Agglomerates BUs;
- international meetings on the strategic alignment of the Cork Stopper and Floor and Wall Coverings BUs, with this issue being placed on the agenda of the main decision makers in the BUs;
- participation in conferences and seminars on this theme;
- the production of communication material with the aim of raising awareness of the need to adopt appropriate behaviour.

Regarding the objective of **improving the performance and efficiency of the processes,** the activities carried out in 2007 covered direct improvements in performance and induced in the value chain and/or resulting from voluntary actions.

It is important, therefore, to note the initiative promoting the Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity for the effects it produced:

- in terms of good practice: on one hand, making a free technical advice service available to forest producers and, on the other, creating an award which seeks to honour and promote good practice regarding the Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity;
- in terms of research: by means of the launch of the biggest prize ever awarded for research work in this sector. The aim of this measure is to stimulate new approaches and the acquisition of new knowledge which will produce effects in strengthening the positive role of cork oak forests in this area.

With this initiative, which will contribute decisively to the sustainability of the ecosystem supported by the use of cork, CORTICEIRA AMORIM is also contributing to reinforcing the positive impact that cork has in terms of CO_2 retention.

With regard to CORTICEIRA AMORIM's processes and within the guideline for **improving the performance and efficiency of processes,** the creation of an Energy Efficiency Forum which brings together energy managers from the different BUs should be highlighted. In 2007 the members of this Forum, in partnership with Iberdrola, implemented a project of energy optimisation in Portugal which involved all of CORTICEIRA AMORIM's BUs. Following an exhaustive diagnosis, with a view to identifying opportunities for improvement, a plan of action was defined and a large number of the measures identified were implemented in 2007. Intervention in the following areas should be highlighted:

Action plan

Equipment/Process	Action
Dust removal	Control of the duration and operating cycles of compressed air
Compressed Air	Optimisation of equipment and implementation of regular maintenance of equipment and networks
Thermo-fluid Pumps	Reduction of the flow in circulation in partial load
Engines	Regulation of the speed in partial load in most equipment
Cold production	Reuse of water from the process
Natural gas steam generators	Recovery of exhaust heat
	Replacement, whenever possible, by the use of biomass
Baking ovens	Reuse of heat between baking cycles
Granulates driers	Recovery for water heating
Mixers	Changing operating times
Shrink film ovens	Reduction in heat loss
Electrical energy management	Implementation of a system to monitor consumption in real time
Lighting	Reinforcement of translucent elements
	Control of artificial light
	Change to more energy efficient equipment

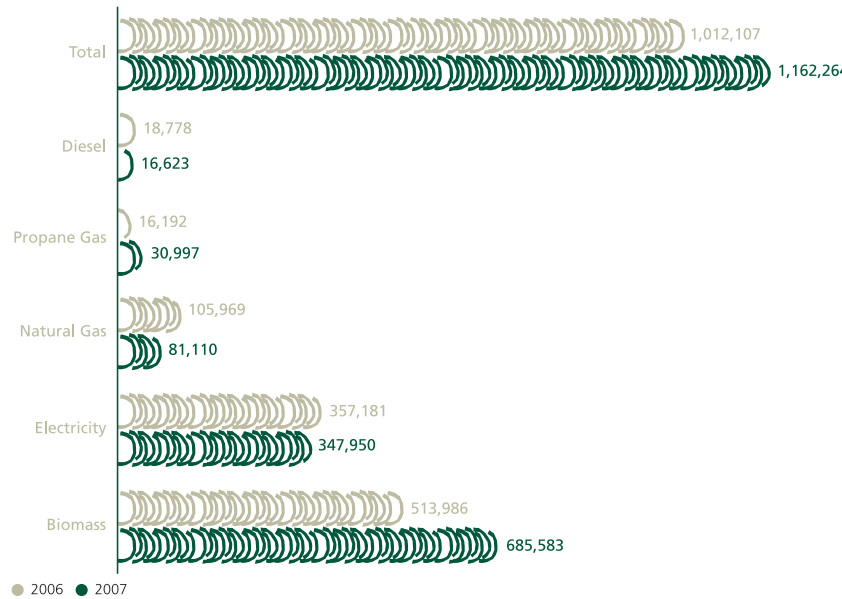
Cork boiling system. The revolutionary Convex system for boiling cork assures that water is constantly filtered thus enabling its reuse.

Besides the measures outlined above, which are the fruit of a growing awareness regarding energy efficiency, new studies were begun with a view to identifying new opportunities for improvement.

Thus, and in consolidated terms, CORTICEIRA AMORIM's energy consumption, measured in GJ/year, increased in 2007 in comparison with the previous year, mostly as a consequence of the increase in activity, with this increase totally supported by the greater consumption of vegetable biomass waste from its production activities.

CORTICEIRA AMORIM's CO_2 emissions in 2007 reflect a decrease of 3.4% on 2006.

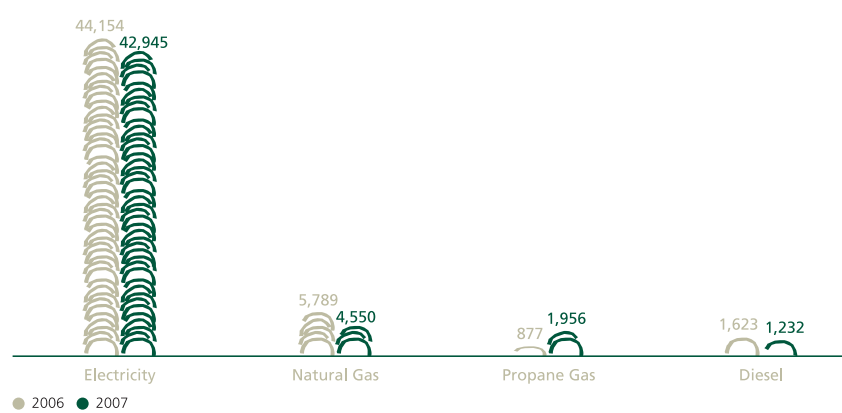
Total energy consumption by source (GJ/year)



Note: With the improvements implemented in 2007 in the monitoring systems, the amount of energy reported in the 2006 Sustainability Report (890 thousand GJ) was revised, mostly due to the biomass generated and consumed in the same industrial unit. The 2006 figures shown in the graph are the corrected figures. In addition, from 2007 diesel consumption is also considered, in comparison with 2006.

With the increase in the use of biomass, which satisfies 59% of the energy needs, CORTICEIRA AMORIM's CO_2 emissions in 2007 (50,683 t) reflect a decrease of 3.4% on 2006 (52,443 t). The breakdown according to source is presented below:

CO_2 emissions (t/year)



Note: Rectification of energy consumption in 2006 naturally implies correction of the figures for CO_2 emissions (50,919 t reported in the 2006 SR). To calculate the CO_2 emissions associated with the consumption of natural gas, propane gas and electricity, the factors used were the same as those used in the 2006 SR, namely: natural gas: 56.1 kg CO_2 /GJ (Source: Instituto do Ambiente); propane Gas: 63.1 kg CO_2 /GJ (Source: Instituto do Ambiente); electricity: 445 g CO_2 /KWh net (Source: EDP 2006).

As some Stakeholders noted during the course of the consultation process, it is important to view the evolution of CO_2 emissions in relation to the level of activity, here represented by the evolution in the consumption of the cork raw material. Thus, given the increase in the consumption of cork, there has been a decrease of 4.6% in the CO_2 emissions per kg of cork consumed.

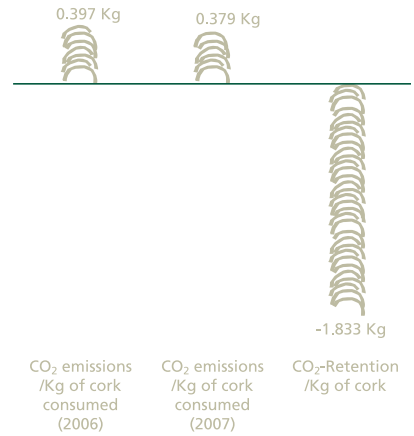
CO_2 emissions / Kg of cork consumed

	2006	2007
Cork consumption	132,079 t	133,752 t
CO_2 emissions	52,443 t	50,683 t
CO_2 emissions (Kg) / Kg of cork consumed	0.397	0.379
Variance	-4.6%	

In terms of greenhouse gas emissions it should also be pointed out that the carbon fixed by cork oak forests is stored in the cork and in the products produced by CORTICEIRA AMORIM. If we consider that, on average, half the weight of cork is carbon (C), this means that each kilogram of cork is responsible for fixing 1.833 kg of CO_2.

Most of the emissions associated with transport result from the transportation of merchandise carried out by contracted companies. Thus, and with a view to improving performance in terms of CO_2 emissions, it should be noted there has been greater use of transportation of merchandise by sea as opposed to road, as shown in the graph at right:

CO_2 Emissons Versus CO_2-Retention per Kg of cork



Transportation of products

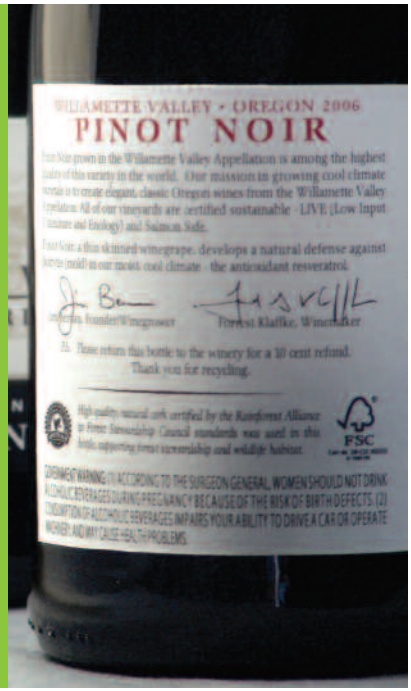
4.3. FSC Forest Management System

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

It is not the only international certification scheme, but its great difference derives from the recognition that it has been afforded by NGOs. Like the WWF, both Greenpeace and Friends of the Earth also consider the Forest Stewardship Council (FSC) to be the only reliable system for ensuring responsible forest management, or rather, management carried out in a sustainable manner at the economic, environmental and social level.

The FSC allows owners and managers to improvement forest management, leading, in practice, to significant gains, both in efficiency and performance and in the creation of new market opportunities, given the growing demand for products with FSC certification.

Although it does not own any forests, CORTICEIRA AMORIM is one of the main promoters of FSC certification of forest management systems in Portugal, and has certified the main industrial units in the cork line. In 2007, it strengthened its commitment to this system by implementing the chain of responsibility management



Willamette Valley Vineyards, the first winery to use only Amorim corks with FSC certification.

system in line with this standard in the industrial unit in Ponte de Sôr. The respective certificate was received at the beginning of 2008.

Currently, CORTICEIRA AMORIM has four units already certified by the FSC: the two main units of the Raw Materials BU, one unit in the Cork Stoppers BU and another in the Cork Composites BU. The Company aims to certify other industrial units in the future.

This certification is important since it makes it possible to offer Customers added guarantees of ethical business practices throughout the chain of custody: from the forest to end-product, preserving cork oak forests.

In 2007, CORTICEIRA AMORIM promoted this certification at various events, presenting the practical cases of its certified units and pointing out the growing number of Customers, namely in the wine industry, that regard the FSC certification as a positive distinguishing factor.

With regard to the forest producers, there has been not only recognition of the importance of a Forest Management System but also a growing interest in its certification which, in 2007 and in Portugal alone, led to FSC certification of over 8,400 hectares of cork oak forest.

Within the scope of the protocol celebrated between CORTICEIRA AMORIM, DGRF, ICNB, QUERCUS and the WWF, one of the measures adopted seeks to provide free technical advice to forest producers, for the identification and adoption of best practices in the management of cork oak forests. Although FSC certification is not a direct and immediate effect of this advice service, which is totally financed by CORTICEIRA AMORIM, it is believed that it will benefit the adoption of good practices, contributing to the sustainable management of cork oak forests.

4.4. Biodiversity

Within the scope of the Business & Biodiversity initiative, an innovative agreement was signed in October 2007 between CORTICEIRA AMORIM, DGRF, ICNB, QUERCUS and the WWF.

This initiative for the "Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity" represents a convergence of interests between the Portuguese Government, NGOs and CORTICEIRA AMORIM as world leader in the cork industry, with the purpose of strengthening the economic instruments of sustainability of cork oak forests, widely recognising the crucial role of this important national asset in supporting biodiversity and in the fight against desertification and climate change.

Cork oak forests are the basis of an ecosystem which is unique in the world, and which contributes to the survival of many native species of fauna and preservation of the environment. Since its exploitation does not harm the trees and there is no need to create

infrastructures on site, it has been possible over the years to preserve around 60 million trees in their natural state. The result is an ecosystem with a rich biodiversity unparalleled in Europe, which is responsible for approximately 100,000 jobs, and which represents an important barrier to social and environmental desertification of the producing regions.

The convergence of the interests of all of the Entities involved thus creates a unique and pioneering opportunity to combine the dedication of the five institutions mentioned above, under the sponsorship of CORTICEIRA AMORIM, with a view to protecting cork oak forests and preserving biodiversity.

The protocol provides for a range of measures deemed appropriate to strengthen the cork sector, in particular, at the level of the forest producers, the provision of a free technical advice service for the identification and adoption of best practice in the management of cork oak forests.

A technical committee composed of representatives from the five Organisations is entrusted with the implementation of the agreement.

4.5. Training and qualification of human resources

The growing concern to promote the adaptation of Human Capital to the new contexts and challenges of the whole of the Organisation in a structured and guided manner was at the heart of the changes, evolutions and also consolidations in the different BUs of CORTICEIRA AMORIM.

Thus, the importance given to the basic qualifications of the workforce should be highlighted. The Company's Skills Recognition, Improvement and Certification (RVCC) programme saw more than 100 Employees join the stages for certification of the third cycle of ordinary grammar school level (9th year of school level) and for advanced grammar school level (12th year of school level).

Also in the area of basic qualifications, the Floor and Wall Coverings BU launched the first edition of its "Operator Skills" course, aimed at developing the skills of production employees in a structured and considered manner with a view to providing operators with full professional qualifications tailored to the needs of the organisation and the management of the BU's current production requirements.

The Agglomerates and Cork Stoppers BU launched pilot training/action programmes for industrial operators as part of their continuous improvement initiatives. The results

The amount of Training grew around 43% on the previous year.

More than 270 cork oaks were planted by Employees and local students in the thematic week: "Your action counts".

obtained in terms of productivity, improvements in working conditions and team involvement and mobilisation indicate that this type of scheme is a model to follow.

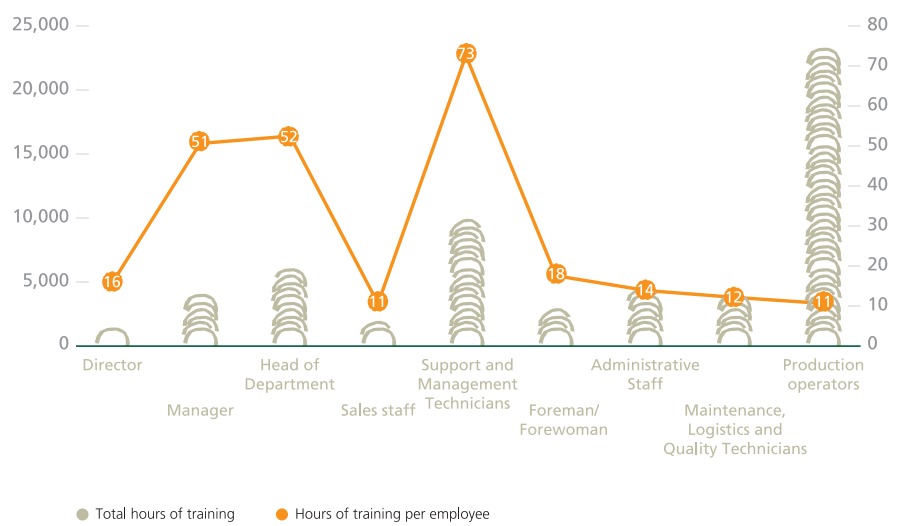
Continued investment was made in management training through transversal initiatives covering a number of BUs (the second edition of the Global Management Course and organisation of internal management seminars and conferences) and by financing post graduate studies.

In the area of improving and developing skills, a growing concern to develop integrated and focused training processes is evident in each BU. Successful examples include the LEME project (leadership) run by the Floor and Wall Coverings BU and the Raw Materials BU's Strategic Development of Human Resources project.

Thus, the amount of training within CORTICEIRA AMORIM grew in 2007 to 54,428 hours, representing an increase of 42.9% on the previous year. This new and significant increase in investment in the qualification of the Human Resources was general, with all of the BUs and most of the countries in which CORTICEIRA AMORIM operates contributing to it.

In overall terms, this amount of training represents an average of 16 hours per Employee per year, an increase of 38% on the previous year's average. The following graph presents the information according to professional category:

Hours of training per employee by professional category



4.6. Health, Hygiene and Safety

In 2007, CORTICEIRA AMORIM reaffirmed the priority given to issues related to Health, Hygiene and Safety (HHS) at Work.

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

In 2007, the amount of training in this area reached 9,809 hours, which represents an increase of 133% on the 2006 total (4,209 hours). With regard to increasing awareness and prevention, it is of note the range of activities carried out by the Floor and Wall Coverings BU within the scope of the European Safety Week. Seminars were held on "Increasing Awareness in Ergonomics" and "World of Work and Health Conditions". Educational material was distributed and films were shown related to the correct procedure for moving loads.

Among the activities developed in 2007, of particular importance is the fundamental role played by the HHS Forum in the continued sharing of good practice between the BUs and in the strengthening of skills in this area. This Forum – which is made up of one member of the Executive Board, CORTICEIRA AMORIM's Risk Manager and HHS managers from the BUs – besides meeting twice yearly with an agenda dedicated to discussing specific themes, from 2007 now has a corporate website which has benefited the organisation and systematisation of the sharing of information in this area.

CORTICEIRA AMORIM's efforts in regard to HHS has extended to cooperation with several Organisations within the Municipality of Santa Maria da Feira (Portugal). A large-scale accident simulation was performed in the Company with the main aim of assessing the effectiveness of the coordination and intervention of the various Organisations involved, such as: the Municipal Council's Civil Protection Service; three fire-fighting units; INEM – the National Institute for Medical Emergencies; the Red Cross; the Aveiro District Centre for Aid Operations; the National Republican Guard; the Public Security Police; S. Sebastião Hospital, EPE and the Mozelos industrial unit of Amorim Cork Composites.

CORTICEIRA AMORIM believes that this initiative produced clear benefits, not only for the Company but also for the surrounding community, in testing the suitability and speed of the resources necessary for occurrences of this nature.

Regarding prevention, an analysis of work station risks was carried out at the Corroios unit, which included the participation of professionals from the medical and labour sectors. Additionally, a visit was organised to an industrial unit which does not belong to the Group for an analysis of the prevention of accidents in units using thermo-fluid networks.

The amount of training in Health, Hygiene and Safety increased 133% on the 2006 total.

CORTICEIRA AMORIM broadened the scope of its intervention regarding HHS, promoting the adoption of good practices amongst its Suppliers. Of particular note at this level are the training actions provided by the Cork Composites BU, which are required of all Suppliers who carry out work on the Company's premises.

CORTICEIRA AMORIM continues to register accident rates which are much lower than the average for the sector, and the frequency and seriousness of accidents has decreased in practically all of the BUs, with the exception of the Corroios unit of the Cork Composites BU, largely due to poorer performance in terms of the number of days lost.

Health and Safety Indicators

	2006	2007
No. of deaths	0	0
Accident frequency index	10.0	8.2
Rate of occupational illnesses	13.0	2.2
Rate of days lost	110.1	181.0
Absenteeism rate	4.48%	4.14%
Total Employees	3,266	3,406

Concepts:
Injury frequency rate = Number of injuries/ number of work hours X 200,000
Occupational disease rate = Number of cases of occupational disease / number of work hours X 200,000
Rate of working days lost through absence = Number of lost working days due to absence / number of work hours X 200,000
Absenteeism rate = Number of lost working days due to absence / number of workdays

The year 2007 was also characterised by a large investment in promoting health, including a significant mobilisation of the workforce in this area with the organisation of a range of medical (respiratory, ophthalmologic, dental, cardiovascular and other) examinations as well as a series of information and awareness campaigns (diet and healthy lifestyles, ergonomics, smoking, alcoholism and drug addiction).

4.7. Affirmation and promotion of the environmental advantages of cork

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

Despite the use of cork in a great range of products consumed in over a hundred markets, CORTICEIRA AMORIM believes that the advantages that are associated with it, and above all the environmental advantages, are not widely known on a global scale.

The affirmation of these advantages is primarily based on technical and scientific demonstrations, in line with internationally recognised and validated parameters. For a

number of years CORTICEIRA AMORIM has stood out as the main promoter of this international affirmation of cork products, namely by means of Research & Development projects.

Of importance in this area, in 2007, were the studies which compared cork products with the greatest sales weight (cork stoppers and floor coverings) with other competing products. These independent studies carried out by PricewaterhouseCoopers/Ecobilan and BASF, for the cork stoppers and flooring respectively, clearly demonstrated the environmental advantages of using cork products, based on internationally recognised methodologies (Life Cycle Analysis and Eco-efficiency Study) and validated by independent Organisations.

The affirmation and promotion of the advantages of cork should therefore be seen as a priority with regard to sustainable development. It is crucial that the advantages of cork be publicised and that Customers, Decision-makers and Consumers be supplied with the support necessary to make a conscious decision, in the belief that in this way CORTICEIRA AMORIM is making an important contribution to the economic performance in the cork sector and, consequently, to economic, social and environmental sustainable development in the regions of the Mediterranean where the cork oak can be found.

Besides the many promotional activities carried out during the year in question – which are systematically listed in the section entitled Main Events in the 2007 Annual Report and Accounts – special mention should also be made of the structuring of a cork stoppers recycling project which should simultaneously enable the strengthening of the environmental qualities inherent in the use of cork and provide further information to Consumers regarding the unique characteristics of cork and the ecosystem which its extraction makes viable.

Commemorative coin issued to commemorate the Portuguese Presidency of the EU Council and the 50th Anniversary of the Treaty of Rome. The coin is embossed on one side with a cork oak tree, a symbol of one of the principal sources of wealth in Portugal.

4.8. Summary of aims

MAJOR CHALLENGES	AIMS AND ACTIONS	YEAR
Development of cork oak forests as a guarantee of the ecosystem	Encourage an increase in R&D in the forestry area	2008
	Increase the number of FSC certified areas	2008
Research and innovation	Increase the number of patent requests	2008
Training and qualification of Human Resources	Increase the average number of hours of training per Employee	2008
	Upgrade the Academic qualifications of 300 Employees between 2007 and 2009	2009
Affirmation and promotion of the advantages of the use of cork	Launch the recycling programme for cork stoppers in Portugal	2008
	Internationalisation of the recycling programme	2009
	Increase dynamism of new studies into the role of cork oak forests in combating climate change	2008
Leadership for responsible competition	Reduce CO_2 emissions	2008
	Reduce water consumption	2009
	Implement suppliers code of conduct	2008
	Reduce the absenteeism rate	2008

"Cork production
is one of the rare examples
of a truly sustainable
forest exploitation responsible
for maintaining an ecosystem
of overriding environmental
and social importance."

In Diário Económico newspaper,
10/01/2006

CHAPTER V

Performance indicators

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Performance indicators

In 2007, CORTICEIRA AMORIM channelled resources into the implementation of an information system, with a view to regularly monitoring a vast range of sustainability indicators, in each BU and in consolidated terms. This system will enable the systematic analysis of information, with standardisation of criteria and procedures, strengthening the information and favouring the implementation of improvement actions.

5.1. Environment

In 2007, the practice of Amorim Cork Composites, S.A. regarding environmental issues was distinguished with Certification to ISO 14001:2004 standard, which consolidates the certification of its Environmental Management System.

Materials consumption

In 2007, CORTICEIRA AMORIM recorded a new increase in its activity, primarily justified by the growth in the Cork Stoppers BU, which in itself explains the increase in materials consumption shown in the following table:

Consumption of raw materials

Tons

	2006	2007
Cork	132,079	133,752
Rubber	1,698	6,035
Other raw materials	1,232	1,774
Chemical products	12,453	13,807
Packaging material	6,900	8,097
Paper	n. a.	77
Total	154,361	163,542

The cork oak forests contribute to the survival of many native species of fauna, some of which are threatened with extinction.

In 2006[4] the sustainability indicators information system did not allow for information to be obtained on the consumption of the US unit of the Cork Composites BU, which represents a consumption of 4,450 tons of rubber in 2007. From 2007 the consumption of paper also began to be monitored, although it was not possible to obtain this information for 2006, therefore making it impossible to assess the effectiveness of measures implemented at the level of computerisation of processes and awareness-raising among users.

Recycling

The main advantage of cork recycling is related to the fact that this material incorporates carbon fixed by the cork oaks, which remains there during the whole useful life of the product. Therefore any increase in the life cycle of this cork via recycling delays emission of this carbon back into the atmosphere.

In the last Sustainability Report one of the objectives defined by CORTICEIRA AMORIM was the launch of a cork stopper recycling campaign and, within this scope, in 2007 the necessary partnerships for the implementation of a structured national programme of collection and recycling were established.

The Recork America initiative in the US is of particular note, since it surpassed all expectations with the collection of two tons of used cork stoppers – twice the number predicted.

As a consequence of the partnerships established with other cork stopper recycling programmes being implemented, above all in Europe, CORTICEIRA AMORIM significantly increased the incorporation of used cork stoppers in the production of other high value-added cork products, particularly in the Cork Composites BU. This amount of cork stoppers corresponds to the recovery of 1.39% of the total quantity of cork stoppers sold annually by CORTICEIRA AMORIM.

Within the scope of cork rubber applications the incorporation of recycled rubber was increased, thus continuing a trend observed in previous periods.

Use of recyclable materials

Tons

	2006	2007
Tyre granulate	275	667
Paper	1	
Cork stoppers	16	222
Other cork products	-	124
Total of recycled materials	293	1,014

[4] The 2006 Sustainability Report recorded materials consumption (of 138,881 tons) which did not include the materials consumption of materials of the aforementioned unit in the USA or the consumption of chemicals by the Floor and Wall Coverings BU. The information now recorded for 2006 includes not only the chemical consumption of the Floor and Wall Coverings BU but also other corrections, of a lesser degree, which proved necessary after the introduction of the new information system.

Water consumption

In 2007, for every ton of cork used, CORTICEIRA AMORIM consumed 0.7% less water. However, given the growth in the activity recorded in the last year, the total consumption of water suffered a slight increase.

Despite the improvement seen in the performance of some BUs, with the increase in activity and the introduction of manufacturing processes with a favourable impact on the technical performance of the products, but an unfavourable impact in terms of water consumption, the previously defined objective for water consumption reduction was not achieved in 2007.

For 2008, CORTICEIRA AMORIM's objective is to carry out an in-depth study into the main water consumption areas and processes and structure a work plan which, in the medium term, will allow for consistent reduction in water consumption.

Water consumption

	2006	2007
Total water consumption – m^3	410,790	413,216
Total cork consumption – t	132,079	133,752
Water consumption / cork consumption (m^3/t)	3.110	3.089

Biodiversity

The areas where CORTICEIRA AMORIM develops its activity are not located in zones classified by the Institute for the Conservation of Nature and Biodiversity (ICNB) as protected zones, so that at this level there is no significant impact on biodiversity.

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

Amorim Revestimentos makes its employees' children aware of the importance of cork: a great gift for future generations.

More than 80% of CORTICEIRA AMORIM's wastes are valorized.

Emissions, Effluents and Waste

In terms of emissions, effluents and waste, the evolution seen largely reflects the increase in CORTICEIRA AMORIM's activity. Of note is the beginning of monitoring of gas emissions from the Coruche unit and the Champagne unit, both in the Cork Stoppers BU, which completed their first full year of operation in 2007 (following the industrial reorganisation).

Air emissions

t/year

	2006	2007
Particles	76	134
SOx	1	1
VOC	15	19
NOx	236	214

Emissions calculated from the results of monitoring of gas emissions carried out in 2006 and 2007.

For liquid effluents, monitoring anomalies which were detected and corrected immediately after publication of the 2006 Sustainability Report have now been rectified.

Liquid effluents

m^3

	2006	2007
Industrial effluents	142,626	151,027
Domestic effluents	47,470	44,163
Total	190,096	195,191

In terms of waste, a significant part of dangerous industrial waste for elimination refers to construction waste which resulted from interventions in buildings, and was not thus waste generated by the Organisation's ongoing activities. On the other hand, the reduction in non-harmful industrial waste – to be turned into successively more highly valued products – is related to the increase in the internal energy use of biomass waste generated in the production processes.

Waste

t/year

	2006	2007
Hazardous waste	254	279
Recovery	138	106
Elimination	117	172
Non-Hazardous waste	19,754	19,475
Recovery	16,272	15,757
Elimination	3,482	3,718
Total	20,008	19,753

No significant spills were recorded in 2007. The figure for environment-related fines rose to € 7,000 in the year in question.

Regarding the emission of gases that damage the ozone layer, the processes involved in the processing of cork do not require the use of this type of product. No leaks of these gases from air conditioning equipment were recorded.

5.2. Human Resources

Employment

This Sustainability Report covers 90% of CORTICEIRA AMORIM's employment positions on 31st December 2007. Regarding the change in the scope, compared to the 2006 Report, it is only necessary to mention the inclusion of the holding company (CORTICEIRA AMORIM, S.G.P.S., S.A.) which had 24 Employees at the end of the year.

Employment

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

An analysis of the Company indicators reveals a reduction in the labour turnover rate (assessed by the departures) which is largely justified by the industrial reorganisation that took place in 2006 in the Cork Stoppers BU, which implied the transfer of production lines (within Portugal) and product specialisation of the industrial establishments.

	2006	2007
Total leaves	374	235
Total turnover rate	11.0%	6.9%
< 30	2.3%	1.6%
30 a 50	5.7%	3.5%
>50	3.0%	1.8%
Women	3.2%	1.7%
Men	7.8%	5.2%

Work and Management Relations

Freedom of association is a right of all Employees, and is exercised by at least 35% 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 the Portuguese Association of Cork (APCOR) and the sector's trade unions, and cover 100% of the workforce.

Project 2ndSKIN Cork Jewellery – cork jewel –, sponsored by Amorim Cork Composites.

Diversity and Equal Opportunities

Based on the experience of the 2006 Sustainability Report, the first produced by CORTICEIRA AMORIM, and with a view to increasing the standardisation of concepts between the different Companies in the Group, changes were made to the professional categories, when compared to those reported in 2006.

In this way and from 2007, the GRI indicators (LA10, LA13 and LA14) now refer to the same professional categories, which was not the case before.

CORTICEIRA AMORIM workers by age and Male/Female ratio

	Age			Gender		Total
	< 30	30 a 50	> 50	Male	Female	
Director	1	21	18	40	0	40
Manager	0	62	12	62	12	74
Head of Department	6	91	19	92	24	116
Sales Staff	5	82	30	96	21	117
Support and Management Technicians	31	80	18	96	33	129
Foremen/Forewomen	6	87	49	125	17	142
Administrative Staff	45	214	47	141	165	306
Maintenance, Logistics and Quality Technicians	35	209	72	264	52	316
Production Operators	363	1396	407	1509	657	2166
Total 2007	492	2,242	672	2,425	981	3,406
Total 2006*	436	2,010	844	2,370	920	3,290

* In 2006 it was not possible to present information on the Moroccan and Australian units, since the sustainability information systems did not provide the necessary data. These two units had 97 Employees on 31st December 2007.

CORTICEIRA AMORIM is committed to promoting continuous improvement and innovation processes among its employees by prompting and involving them in the pursuit of its strategy.

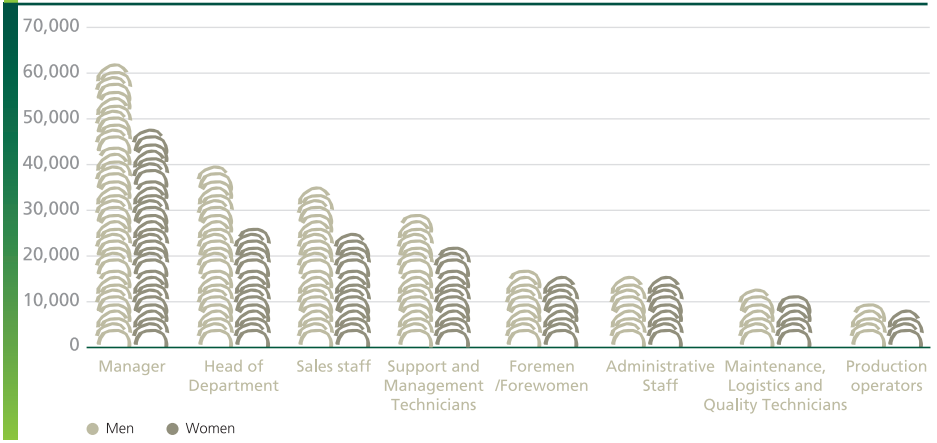
Non-discrimination

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

The cork sector is one of the most traditional sectors in Portugal. There has been some discussion regarding the difference in remuneration for functions which are different but considered to be equally demanding. Bearing in mind that there are collective work contracts agreed with the unions, this is a sector issue for which CORTICEIRA AMORIM has sought, on its own behalf, to establish an agreement which will enable the level associated with the functions in question to be gradually increased. To this end, CORTICEIRA AMORIM will continue to concentrate its best efforts with a view to obtaining an agreement for the sector.

Average Annual Salary

Euros

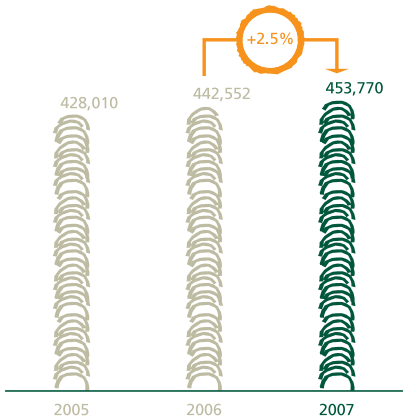


Note: The information presented cannot be compared with the previous year for the following reasons:

- changes in the professional categories (for the reasons previously explained), with the implementation of a definition which is stricter and more transversal to all the companies;
- change in the scope: in 2006 the information only covered the units located in Portugal and, from 2007, it now covers all the companies included in the Sustainability Report ;
- period of remuneration considered: with the inclusion of all the companies in the Group (and not only the Portuguese ones) it is necessary to consider the yearly remuneration in order to obtain a common base for different companies in different countries. In 2006, since only Portuguese companies were considered, the analysis was based on monthly salaries.

Fairhills Association is an accredited Fairtrade project in South Africa with which CORTICEIRA AMORIM is associated. Photo: Children at one of the two Fairhills day centres with cork flooring donated by CORTICEIRA AMORIM.

Sales Evolution



5.3. Economics

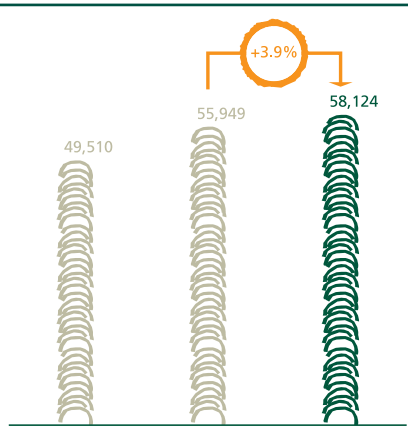
Because CORTICEIRA AMORIM's activities are focused almost exclusively on manufactured cork products, the richness and diversity of its applications, allied to the multiplicity of its sales markets, provided for a relatively even evolution throughout 2007. In 2006, the outstanding performance of the Raw Materials, Floor and Wall Coverings and Insulation Cork BUs helped compensate for the more modest evolution of the other BUs. In 2007, however, the strong growth of the Cork Stopper BU, in terms of both business activity and income, more than offset the deceleration that some other BUs experienced. In terms of markets, growth in North America was of particular note, despite the highly negative impact of the US dollar exchange rate. The evolution of this particularly important market, together with positive growth trends in markets such as East Europe, enabled the group to compensate for some of the losses registered in other markets, particularly Germany.

Quarterly growth was also relatively even, despite the fact that the group's margin fell in the fourth quarter. The margin was particularly affected by the combined impact of a lessening of US dollar depreciation in the last quarter and by a less favourable sales mix.

As was the case in the last quarter of 2006, the last quarter of 2007 benefited from the recognition of some non-recurring gains, which, in both years, helped compensate for the lower level of income that marked both fourth quarters.

Significant events that marked the year for CORTICEIRA AMORIM included the important acquisition in the last quarter of 87% of the Oller Group, a historic brand in the Catalan and European markets. Other important events included the launch of the Group's Chinese subsidiary and the acquisition of the SOBEFI industrial plant in the Cognac region of France.

EBITDA



Wealth generated

The following table summarises the main economic performance indicators[5]:

Thousand euros

	2006	2007
Direct economic value generated	448,880	457,563
Revenues	448,880	457,563
Economic value distributed	424,459	423,855
Operating costs	305,956	307,198
Employee wages and benefits	91,627	87,806
Payments to providers of capital	16,028	18,729
Payments to State Organisations	10,692	10,007
Community investments	156	114
Economic value retained	24,422	33,708

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

[5] Concepts used:
Revenue – corresponds to the sum of the following items: Sales and Service Provision; Supplementary Income; Operating Subsidies; Internal, Company Work; Other Operating Income; Financial Income and Gains; Real Estate Gains (after the deduction of losses),
Operating costs – Not including amortisations,
Investment in the community – includes on the value of cash donations, not product donations (€ 13,000 in 2007).

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 the local social security systems which cover all its Workers. This amount rose to € 13.7 million in 2007.

Financial incentives

In 2007 the Portuguese companies used € 200,000, aimed mainly at supporting R&D projects and the introduction of new technologies in the industrial processes.

Purchasing policy

CORTICEIRA AMORIM's main suppliers are suppliers of raw materials, essentially cork, and suppliers of transport services. The purchase of cork is for the most part in Portugal, and therefore the greatest economic impact is felt in this country, particularly in the Alentejo region. Purchases made in North Africa also show a significant economic contribution in these countries, alongside an equally important social and environmental contribution.

Cork purchases

Thousand euros

	2006	2007
Portugal	120,121	141,758
North Africa	8,126	5,159
Other origins	16,532	20,632
Total	144,779	167,549

Local hiring of staff

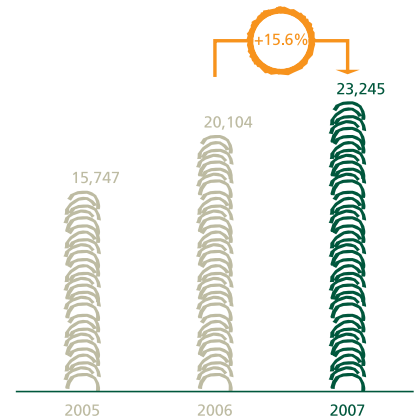
The practice of hiring local staff is followed and over 85% of the Directors of the external companies are from the local community.

5.4. Human Rights

Defence and respect for Human Rights is a fundamental practice of CORTICEIRA AMORIM. No cases of discrimination have been identified in any of the activities and operations carried out, nor the risk of occurrence of child labour, forced or compulsory labour or restrictions to the freedom of association or unionisation.

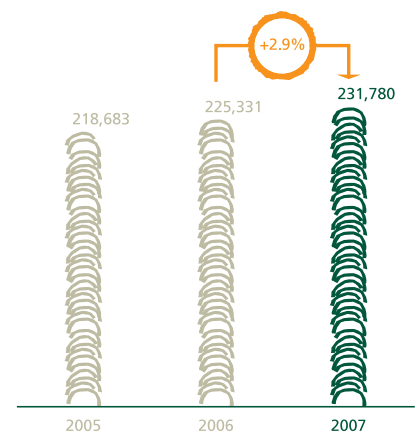
As an objective for 2008, CORTICEIRA AMORIM has defined the implementation of a code of conduct for suppliers which strengthens the safeguarding and defence of Human Rights throughout the chain of supply.

Net Profits



Thousand euros

Net Debt



Thousand euros

Cork Stoppers: 100% recyclable! Amorim Cork America is promoting recycling of used corks in the USA.

5.5. Society

Aware of its role in the communities in which it operates, CORTICEIRA AMORIM sponsors several causes in a wide range of areas, such as social action and support for children, the disabled and the elderly, education, the environment and cultural activities, amongst others. In 2007, the total donations to social responsibility initiatives reached € 114,000.

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

As a result of its presence in different communities, which allows it to develop activity on a global scale – with sales in over 100 countries – CORTICEIRA AMORIM is a member of a number of national and international associations representing the most varied types of Stakeholders, namely trade and business associations, research centres and other organisations of civil society.

Analysis of the risks associated with corruption in the various BUs is carried out in CORTICEIRA AMORIM through audits of the process of internal control and external audits, which evaluate the compliance of the processes and identify inefficiencies that may result from corruption. In this context, no situations of corruption nor any situations which justified vocational training in this area, besides those resulting from the actions of the internal audit, were identified in 2007.

5.6. Product responsibility

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

In the particular case of the production of cork stoppers, an indispensable tool to assure and demonstrate the quality of the cork stoppers is certification by SYSTECODE, which ensures compliance with the International Code of Good Bottle Closure Practices (CIPR). As a complement to and reinforcement of the guarantees given to the Customer in this matter CORTICEIRA AMORIM has made significant efforts with regard to the implementation of the HACCP[6] methodology and the certification in line with ISO 22000.

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

[6] Hazard Analysis and Critical Control Points. HACCP is a preventive system that is used in the food industry.

- Certification of the products of the Insulation Cork BU by ACERMI – Association pour la Certificacion de Materiaux Isolants (France), by SITAC – Swedish Institute for Technical Approval in Construction (Sweden) and by FIW MÜNCHEN (Germany);
- CE marking according to the European standard EN 13170 for the products of the Insulation Cork BU and according to the European Standard EN 14041 for the products of the Floor and Wall Coverings BU;
- Certification by CSTB – Centre Scientifique Technique du Bâtiment according to the UPEC classification of the two series of products (series 2000 and 4000) of the Floor and Wall Coverings BU;
- Certificates of compliance with ECAIAQ – European Collaborative Action, Indoor Air Quality & Its Impact on Man, issued by the Interior Air Quality Laboratory of the University of Porto for the products of the Floor and Wall Coverings BU.

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

- 100% of cork stoppers sold comply with the requirements of the Systecode certification;
- assessment of the impacts on health and safety, in the stages of (I) development of the conception of the product and (II) research and development, is carried out in line with the ISO 22000 procedures implemented. Regarding the phase of storage, distribution and supply of the products, this assessment is assured in the four Portuguese industrial units with the cork stopper finishing operation and ISO 22000 certification. In addition, the products dispatched via the own distribution network (Companies in the Group located in the country of destination), are subject to finishing operations in those Companies, which in some cases also present the ISO 22000 or HACCP certification. In this way, 78% of the cork stoppers are already distributed via establishments with ISO 22000 or HACCP certification;
- all cork flooring sold in Europe complies with the requirements of the CE marking and, in this way, over 83% of the total flooring produced by CORTICEIRA AMORIM complies with this marking according to the EN14041:2004 standard. This standard specifies requirements related to health, safety and energy saving. It is important to note that this standard does not cover wall coverings;
- practically all expanded cork composites display the CE marking according to the European standard EN 13170, including most of the products sold outside Europe.

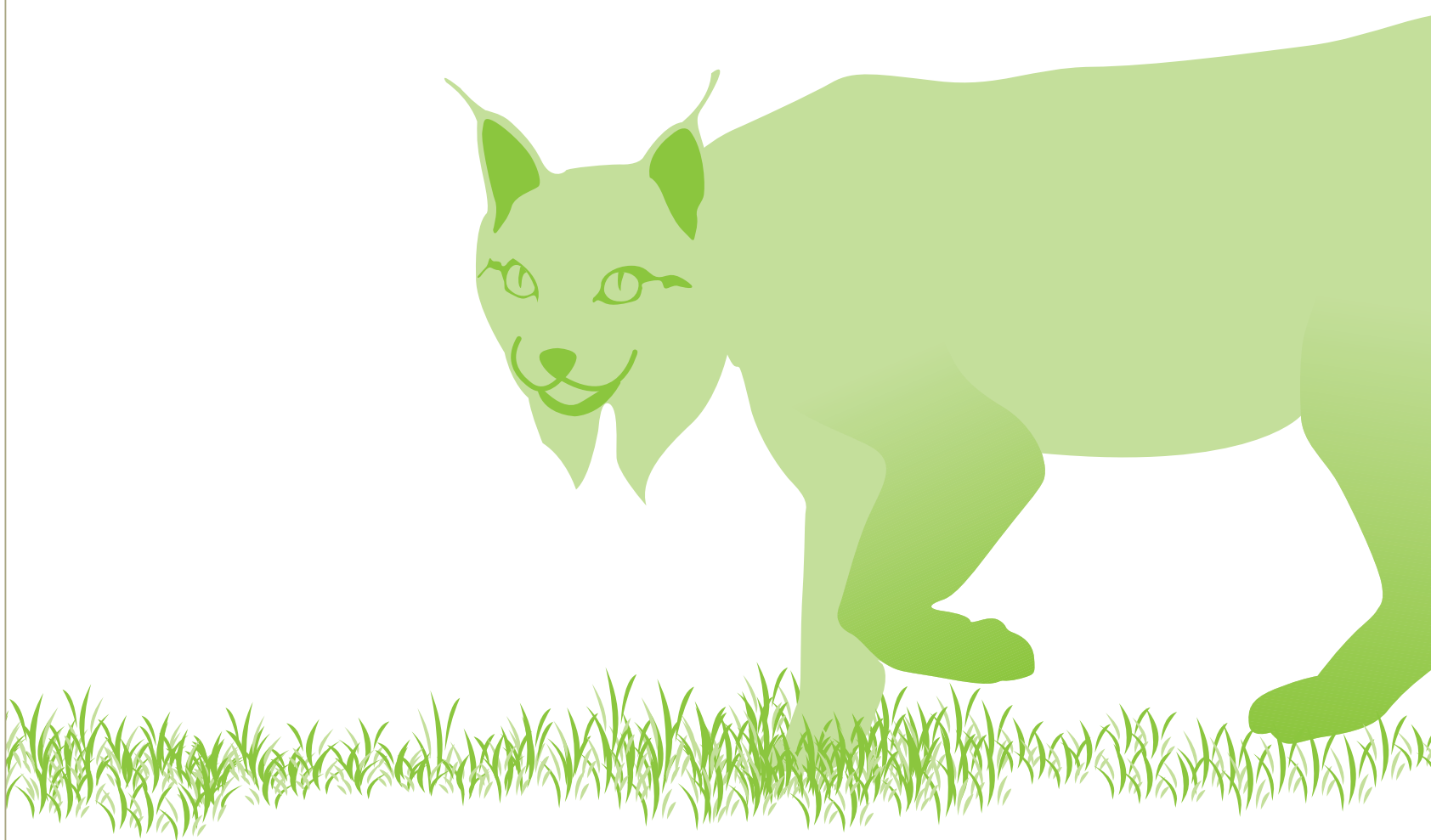
Natural cork manufacture: fully integrated industrial process where nothing is lost and all is valued.

"As an Ambassador for WWF (formerly World Wildlife Fund), I would like to appeal to the UK wine trade to recognise the environmental and socioeconomic importance of cork oak forests before it is too late."

Stephen Poliakoff
Ambassador for WWF, June 2007

CHAPTER VI

Report framework and GRI index



CHAPTER VI

Report framework and GRI index

6.1. Report framework

This second Sustainability Report to be produced by CORTICEIRA AMORIM reports information regarding 2007, including, whenever possible, appropriate and relevant information on the main indicators for 2005 and 2006, thus granting Stakeholders a perspective on recent developments. The Company undertakes to produce a new edition of this document every year to communicate its performance in the sphere of sustainability and the level of compliance with the commitments made here, promoting independent confirmation of this. In 2007, confirmation of the Sustainability Report and the Report and Accounts was charged to PricewaterhouseCoopers.

In drawing up this report the G3 Global Reporting Initiative (GRI) Guidelines were followed, according to which level B is attributed with regard to the application of the GRI Report Structure.

Framework of the report

Application level B+

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

B+ GRI REPORT 3rd PARTY CHECKED

This document is available at www.corticeiraamorim.com. Any explanation may be requested from the Company via the email corticeira.amorim@amorim.com.

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

To define the range of companies comprised in this report, a criterion has been adopted which contemplates the inclusion of all the companies which generate significant impacts in terms of sustainability. All of the national and international production units have been included (except the Algerian unit, whose sustainability information systems do not provide the necessary data). In relation to the distribution companies, those which may have significant impacts because of their size (turnover and number of Workers) have been selected. The companies comprised in this report, marked in green in the organisational chart presented in Chapter I, correspond to 85% of CORTICEIRA AMORIM's sales and 90% of its Workers. In terms of the scope of the report and compared with the document presented in the previous year, information has only been added regarding the Holding Company – CORTICEIRA AMORIM, S.G.P.S., S.A. – which had 24 Workers at the end of 2007.

CORTICEIRA AMORIM intends to include all of its companies in the scope of the Sustainability Report within a period of four years and in a progressive manner.

The themes covered were chosen with a view to their relevance in the current context of sustainability, its materiality, and the expectations and opinions of the Stakeholders expressed in the consultation process outlined in Chapter 2.3.

This report explains the methodology used in order to calculate the presented indicators, as a complement to the GRI G3 Guidelines.

Whenever the data presented does not refer to all of the companies covered, the missing information will be indicated. In the same way, whenever the data presented derives from estimates, the basis on which they have been calculated will be made explicit.

CORTICEIRA AMORIM has implemented strict systems of control, which allow it to comply with the extremely demanding requirements of food industry.

6.2. GRI Index

GRI ref.	Description	Value/ Location
1	STRATEGY AND ANALYSIS	
1.1	Statement of the CEO	Page 3-5
1.2	Description of Key Impacts, Risks, and Opportunities	Page 47-54
2	ORGANISATIONAL PROFILE	
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2.2	Primary products and/or services	Page 11
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2.4	Location of organisation's headquarters	Page 11
2.5	Countries where the organisation operates	Page 16
2.6	Nature of ownership and legal form	Page 11
2.7	Markets served	Page 16
2.8	Scale of the reporting Organisation	Page 17
2.9	Significant changes during the reporting period	Page 21-23
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3.2	Date of the most recent report	Page 81
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3.5	Process for defining report content:	Page 81; 82
3.6	Boundary of the report	Page 82
3.7	Other specific limitations on the scope or boundary of the report – strategy and projected timeline for providing complete coverage	Page 82
3.8	Basis for reporting	Page 82
3.9	Data measurement techniques and the bases of calculations	Page 82
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	Page 82
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Page 82
3.12	GRI Content Index	Page 83-87
3.13	Assurance	Page 81
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4.1	Governance structure of the Organisation	Page 25 AR&A Page 78
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4.5	Linkage between compensation for members of the Board of Directors, senior managers, and executives and the Organisation's performance	AR&A Page 83; 95

GRI ref.	Description	Value/ Location
4.6	Processes in place for the Board of Directors to ensure conflicts of interest are avoided	AR&A Page 70-74
4.7	Qualifications and expertise of the members of the Board of Directors	AR&A Page 87-93
4.8	Mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the state of affairs of their implementation	Page 23; 25
4.9	Procedures of the Board of Directors for overseeing the Organisation's identification and management of economic, environmental, and social performance	AR&A Page 78-81
4.10	Processes for evaluating the Board of Directors own performance, particularly with respect to economic, environmental, and social performance	Page 27-28
	Commitments to External Initiatives	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the Organisation	AR&A Page 78-81
4.12	Externally implemented economic, environmental, and social charters, principles, or other initiatives to which the Organisation subscribes or endorses	Page 3; 22; 58
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4.16	Approaches to Stakeholder engagement, including frequency of engagement by type and by Stakeholder group	Page 29
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EC4	Significant financial assistance received from Government	Page 75
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In drawing up this report the G3 Global Reporting Initiative (GRI) Guidelines were followed.

GRI ref.	Description	Value/ Location
	ASPECT: INDIRECT ECONOMIC IMPACTS	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or Pro bono engagement (thousand euros)	13
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EN3	Direct energy consumption by primary energy source	Page 55
EN4	Indirect energy consumption by primary source	Page 55
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EN8	Total water withdrawal by source	Page 69
	ASPECT: BIODIVERSITY	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 69
EN12	Impacts of activities, products, and services on biodiversity	Page 57; 58
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EN21	Total water discharge by quality and destination	Page 70
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EN28	Monetary value of significant fines and total number of non-monetary sanctions	Page 70
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GRI ref.	Description	Value/ Location
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	ASPECT: LABOR/MANAGEMENT RELATIONS	
LA4	Percentage of Employees covered by collective bargaining agreements	Page 71
LA5	Minimum notice period(s) regarding significant operational changes	It is not exist
	ASPECT: OCCUPATIONAL HEALTH AND SAFETY	
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HR1	Percentage of significant investment agreements that include human rights clauses	0%
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	0%
	ASPECT: NON DISCRIMINATION	
HR4	Total number of incidents of discrimination and actions taken	Page 75
	ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	
HR5	Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk	Page 75
	ASPECT: CHILD LABOUR	
HR6	Operations identified as having significant risk for incidents of child labour	Page 75
	ASPECT: FORCED AND COMPULSORY LABOUR	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour	Page 75
	ASPECT: COMMUNITY	
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	Do not exist

Providing an higher standard of occupational health, hygiene and safety training has led to a decrease in injury rates.

GRI ref.	Description	Value/ Location
	ASPECT: CORRUPTION	
SO2	Percentage and total number of business units analysed for risks related to corruption	Page 75
SO3	Percentage of Employees trained in Organization's anti-corruption policies and procedures	Page 76
SO4	Actions taken in response to incidents of corruption	Page 76
	ASPECT: PUBLIC POLICY	
SO5	Public policy positions and participation in public policy development and lobbying	Page 76
	ASPECT: COMPLIANCE	
SO8	Monetary value of significant fines for non-compliance with laws and regulations	0 €
	ASPECT: COSTUMER HEALTH AND SAFETY	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement	Page 76; 77
	ASPECT: PRODUCT AND SERVICE LABELING	
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	Page 76; 77
	ASPECT: MARKETING COMMUNICATIONS	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	Do not exist
	ASPECT: COMPLIANCE	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	0 €

"If you opt for cork flooring, you are often also motivated by an ecological conviction."

Bernd Reck
Director of Marketing
E-EDK/KF Group

CHAPTER VII

Assurance

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Assurance

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

PricewaterhouseCoopers & Associados, S.R.O.C., Lda.

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

Independent verification report
Of the "Sustainability Report 2007"
(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 2007" (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. Any use of this Report by any third party is of its entire responsibility and at its own risk.

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 the following indicators: direct economic value generated and distributed contributions to social security regimes, subsidies received from government, cork consumption, used tires consumption, natural gas consumption, electricity consumption, total greenhouse gas emissions, total waste produced by type and treatment method, total workers and total training hours.

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Corticeira Amorim, SGPS, S.A.

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) Confirming the existence of data and information required to reach level B of compliance with GRI3, self declared by CA on the Report.

Data and information analyzed include, beside the contents of the Report, information referred on the Report and available at the 2007 Annual Report and Accounts.

Conclusions

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

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

As external auditors of CA, our opinion on economic indicators analysed is expressed on the 2007 Annual Report and Accounts.

Lisbon, May 21, 2008

PricewaterhouseCoopers & Associados SROC, Lda.
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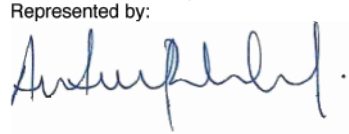

António Joaquim Brochado Correia, ROC

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