



sustainability

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

'09



vision

transparency

sustainability



sustainability

contents

Chairman's Message	4
2009 Highlights	6
CHAPTER I	
CORTICEIRA AMORIM Presentation	9
CHAPTER II	
Corporate Governance and Sustainable Development Strategy	19
CHAPTER III	
Natural Choice Programme	31
CHAPTER IV	
Priorities and Challenges	39
CHAPTER V	
Performance Indicators	61
CHAPTER VI	
Report Framework and GRI Index	75
CHAPTER VII	
Verification Report	83



“The activity of CORTICEIRA AMORIM brings together unique characteristics to provide an integrated response to the new challenges and demands of society.”

Chairman's Message

Dear Stakeholders,

During the year of 2009, the private sector was challenged by the greatest economic-financial crisis since the Great Depression, certainly a historical period that forced companies, governments, regulatory entities and society in general to adopt exceptional measures and to review their models of operation and development.

Developments in CORTICEIRA AMORIM activities did not prove immune to the prevailing economic environment confronting a generalised deterioration in the early months of 2009 before, particularly as from the beginning of July 2009, entering a period of recovery with quarterly GDP rates steadily turning positive. However, as a consequence of the decisions taken and the measures adopted, CORTICEIRA AMORIM achieved a globally positive performance in 2009, especially throughout the second half of the year.

2009 was also characterised by the strengthening global awareness of the need to act to meet the major environmental and social challenges the world faces. Correspondingly, warnings about the need to evaluate the long term implications of decisions taken were heightened. In this field, the Copenhagen Summit may nevertheless have been the most important event of the year. Still today, the results of one of the largest ever planetary scale meetings, bringing together around 130 heads of states, remain under analysis. According to what emerged from the summit, all the main economies, for the first time ever, seriously recognise the need to reduce their CO₂ emissions – and limit the global rise in temperatures to 2°C – and set out commitments including reporting their emissions and actions transparently. Progress towards a low-carbon global economy is not another trend to evaluate, it is a need recognised by us all.

There is still much to be done to decide upon measurable commitments and targets for the reduction of CO₂ emissions at the global level. And, afterwards, there will still be more to do to ensure these targets are met. Consequently, companies are called upon to interpret this global challenge and the conclusions from Copenhagen and adopt development models that actively mobilise everybody behind the construction of prosperous, economies with social justice and environmental quality.

Any activity such as that of CORTICEIRA AMORIM, based upon a 100% natural raw material such as cork – cyclically extracted from trees without damaging them and promoting the economic and social

sustainability of regions at risk of desertification and encouraging the preservation of one of 34 world biodiversity hotspots – brings together unique characteristics to provide an integrated response to the new challenges and demands of society and, consequently, to consumers.

Deploying the most advanced technology, CORTICEIRA AMORIM now provides a vast range of products and applications across demanding industries – from wineries to construction taking in aeronautics, aerospace, transport, footwear, sporting articles, etcetera –, in a continuous commitment towards boosting the technical and environmental performance of its solutions. Additionally, CORTICEIRA AMORIM has been undertaking important work, in conjunction with its stakeholders, seeking to reinforce its already vast portfolio of cork applications, based upon the intrinsic technical and environment characteristics of its raw material (cork), allied to strong organisational strategic commitment towards R&D and Innovation.

The model of development adopted by CORTICEIRA AMORIM reflects its interpretation of the challenges facing the world, substantiated by the strategic options and actions set out in this report. A model of development founded upon core principles and values that have been handed down since the 19th century in which we take pride and that shall continue to govern the activities of CORTICEIRA AMORIM.

In the year of 2010 that we are now beginning, proclaimed the International Year of Biodiversity, we are certain that the characteristics of cork and the ecosystems it supports – the cork oak forests – will come in for praise. With the confidence and cooperation of all stakeholders, we shall continue our strategy of complementing this gift of nature – that is the raw material that we work with – by strengthening our sustainable development practices, creating value for different groups of stakeholders across the economic, social and environmental fields.

Cordially,



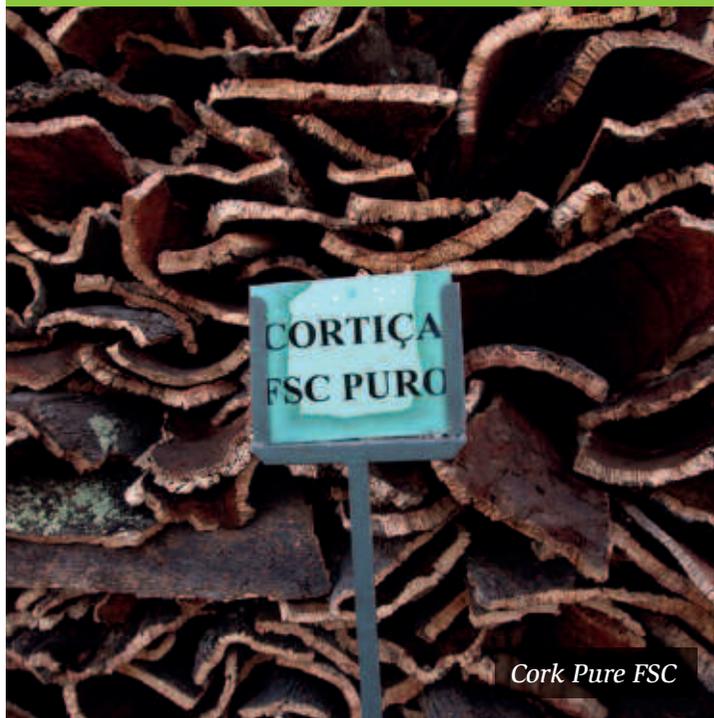
António Rios de Amorim

2009 Highlights

The economic constraints observed over the course of 2009 were reflected in a reduction of activities at the majority of companies that had to review and adjust their operational models in order to respond to the grave global economic-financial crisis.



30%
of world cork
manufacturing



Despite these difficulties, and due to the performance of a vast number of stakeholders, a large percentage of the targets set for 2009 were attained by CORTICEIRA AMORIM, which recorded a correspondingly positively global performance.

Major challenges	Aims and actions	Targets for 2009	Result	2009 Initiatives with greatest impact	Page
The development of the cork oak forests as a guarantee of the ecosystem	Foster best practices in sustainable forestry management	Award for "Enhancing the Value and Associated Sustainability of Cork Oak Forests and Associated Biodiversity"		Within the scope of the Sustainability of the Cork Oak and Associated Sustainability initiative, these two objectives were achieved	49
		Provide free technical advisory service available to at least six forestry producers			51
	Increase in FSC certified areas		Promotion of certification among forestry producers and the main wine producing markets	49	
Research and innovation	Increase the number of patent requests	Submit requests for four new patents		Three new patent requests were submitted	41 – 45
Training and qualification of Human Resources	Upgrade the qualifications of employees	Upgrade the qualifications of 300 employees between 2007 and 2009		Between 2007 and 2009, the qualifications of 318 employees were upgraded.	52
Affirmation and promotion of the advantages of using cork	Encourage the recycling of cork stoppers	Boost, by at least 25%, the quantity of cork stoppers recycled in Portugal by the Green Cork programme		Quantity of cork stoppers recycled under the Green Cork programme up by 88% on the previous year	56
		Implement this recycling programme in at least one other country		Cork stopper recycling programmes launched in France, Italy and South Africa	56 – 57
Leadership for responsible competition	Reduce CO ₂ emissions	Reduce by 2.5% on 2008		Registered reduction of 16%	45 – 48
	Reduce water consumption	Reduce by 4% on 2008		Registered reduction of 2.1%	64
	Implement supply code of conduct	To be implemented by the end of 2009			71

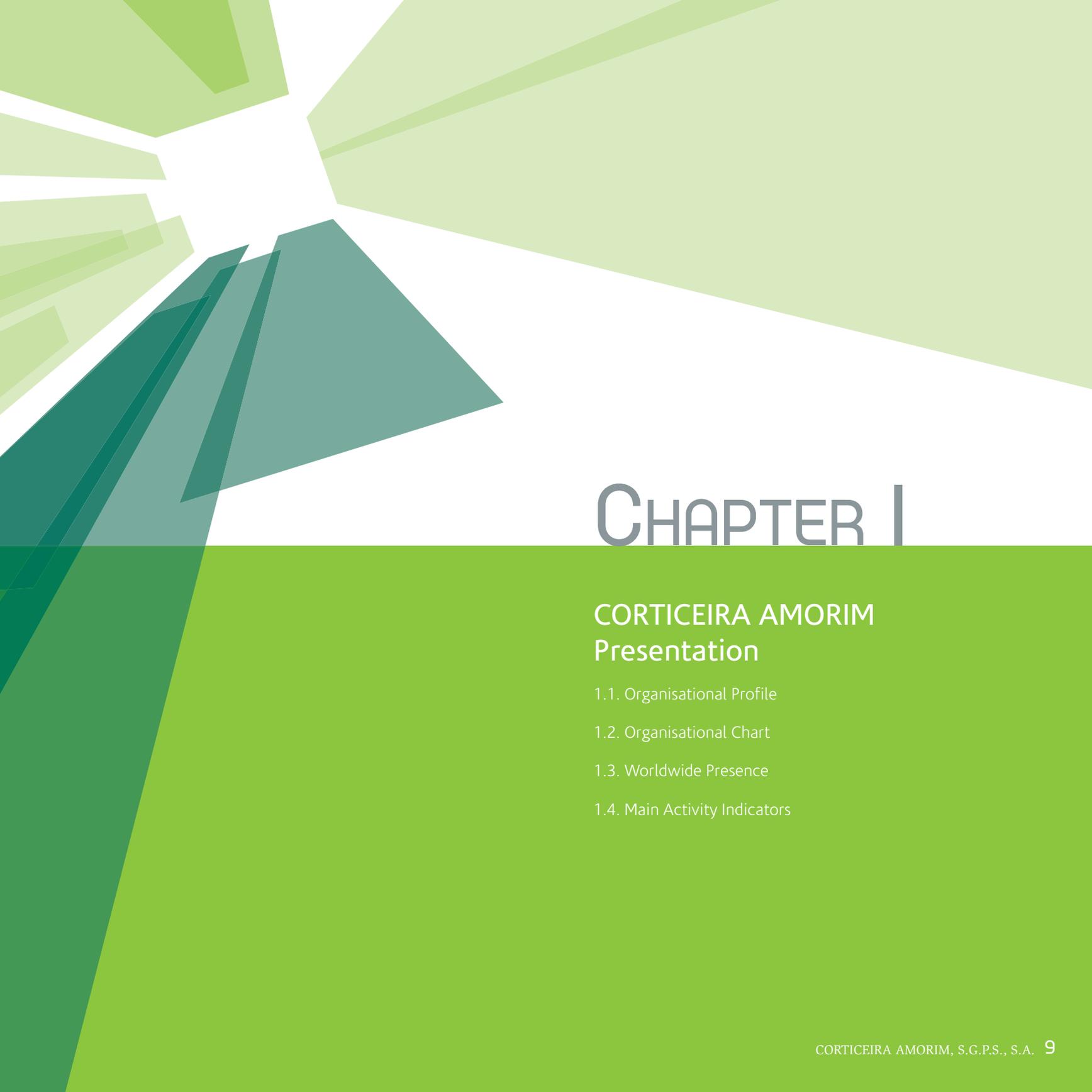


Achieved



Not Achieved





CHAPTER I

CORTICEIRA AMORIM Presentation

- 1.1. Organisational Profile
- 1.2. Organisational Chart
- 1.3. Worldwide Presence
- 1.4. Main Activity Indicators



THE ENVIRONMENTAL
IMPORTANCE OF CORK
AND CORK OAK FORESTS
IS RECOGNIZED
WORLDWIDE.

*It preserves biodiversity,
retains CO₂ and combats
desertification.*

CHAPTER I

CORTICEIRA AMORIM Presentation

1.1. Organisational Profile

Identification of the Organisation

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

Main product and services

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

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

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

The Cork Composites BU: concentrates its activities on the production of granulates, agglomerates and cork rubber. The natural properties of

cork provide solutions for sectors of activity including construction, footwear, automobile, aerospace, railways, decorative articles for the home, among others;

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

Operational structure of the Organisation

Adopting a management model based upon a Strategic-Operational Holding concept, the BUs are coordinated by the Executive Board of CORTICEIRA AMORIM, empowered with broad management powers with the exception of those that due to legal or statutory reasons are entrusted to the Board of Directors.

The Executive Board is assisted by Support Divisions (such as Investor Relations, Sustainable Corporate Development, Management Planning and Control, Human Resources, Administrative and Financial Divisions, etc.), which accompany and coordinate the BUs and their respective functional areas.

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

1.2. Organisational Chart

AMORIM NATURAL CORK			AMORIM NATURAL CORK		
Raw Materials	Cork Stoppers		Composite Cork		
AMORIM NATURAL CORK, S.A.	AMORIM & IRMÃOS, S.G.P.S., S.A.		AMORIM CORK COMPOSITES, S.A.		
PROCUREMENT	PRODUCTION	DISTRIBUTION			
Amorim Natural Cork, S.A. Ponte de Sôr – PORTUGAL 100%	Amorim & Irmãos, S.A. Santa Maria de Lamas – PORTUGAL 100%	Amorim Distribuição Santa Maria de Lamas – PORTUGAL 100%	Amorim Cork Composites, S.A. Mozelos – PORTUGAL 100%		
Amorim Natural Cork, S.A. Coruche – PORTUGAL 100%	Amorim & Irmãos, S.A. – Ind. Unit MPS Paços de Brandão – PORTUGAL 100%	Amorim Australasia Adelaide – AUSTRALIA 100%	Amorim Cork Composites, S.A. Corroios – PORTUGAL 100%		
Amorim Natural Cork, S.A. Abrantes – PORTUGAL 100%	Amorim & Irmãos, S.A. – Ind. Unit Raro Vergada – PORTUGAL 100%	Amorim Cork Italia, S.p.A. Conegliano – ITALY 100%	Drauvil Europea, S.L. San Vicente de Alcántara – SPAIN 100%		
Amorim Florestal España, S.L. Algeciras – SPAIN 100%	Amorim & Irmãos, S.A. – Ind. Unit Valada Valada – PORTUGAL 100%	Amorim Cork Deutschland, GmbH Bingen am Rhein – GERMANY 100%	Corticeira Amorim France, SAS Lavardac – FRANCE 100%		
Amorim Florestal España, S.L. San Vicente de Alcántara – SPAIN 100%	Amorim & Irmãos, S.A. – Ind. Unit Coruche Coruche – PORTUGAL 100%	Amorim Cork Bulgaria, EOOD Sofia – BULGARIA 100%	Chinamate (Xi'an) Natural Products Co. Ltd. Xi'an – CHINA 100%		
Comatral – Compagnie Marocaine de Transformation du Liège, S.A. Skhirat – MOROCCO 100%	Amorim & Irmãos, S.A. – Ind. Unit Champagne Santa Maria de Lamas – PORTUGAL 100%	Amorim Cork America, Inc. Napa Valley, CA – USA 100%	Amorim Cork Composites, Inc. Trevor, WI – USA 100%		
S.N.L. – Société Nouvelle du Liège, S.A. Tabarka – TUNISIA 100%	Amorim & Irmãos, S.A. – Ind. Unit Portocork Santa Maria de Lamas – PORTUGAL 100%	Amorim France, S.A. Eysines, Bordeaux – FRANCE 100%	Amorim (UK) Limited West Sussex – UNITED KINGDOM 100%		
S.I.B.L. – S.A.R.L. Jijel – ALGERIA 51%	Equipar, S.A. Coruche – PORTUGAL 100%	Victor y Amorim, S.L. Navarrete (La Rioja) – SPAIN 50%	Samorim Kinel, Samara – RUSSIA 50%		
	Francisco Oller, S.A. Girona – SPAIN 87%	Hungarokork Amorim, Rt. Veresegyház – HUNGARY 100%	Amorim Industrial Solutions Imobiliária, S.A. Corroios – PORTUGAL 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%			

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 Greve – DENMARK 100%
	Amorim Flooring (Switzerland) AG Zug – SWITZERLAND 100%
	Amorim Revestimientos, S.A. Barcelona – SPAIN 100%
	Dom Korkowy, Sp. Zo.o Krakow – POLAND 50%
	Amorim Flooring North America Hanover, MD – USA 100%
	Cortex Korkvertriebs GmbH Fürth – GERMANY 100%
	US Floors Inc. Dalton, GA – USA 25%

Insulation Cork

AMORIM ISOLAMENTOS, S.A.

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

AMORIM CORK RESEARCH

R&D and Innovation

Companies included in the Sustainability Report



1.4. Main Activity Indicators

Fig. 1 Main Activity Indicators

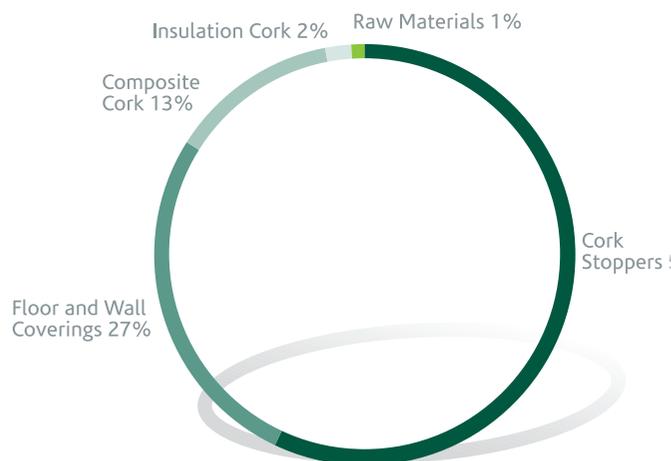
Indicators	2006	2007	2008	2009
Sales	442,552	453,770	468,289	415,210
EBITDA	55,949	58,124	48,367	38,521
Net Profit	20,105	23,245	6,153	5,111
Total Assets	561,588	596,014	574,721	524,730
Net Debt	225,331	231,780	222,962	138,613
Equity/Total Assets (%)	41.1%	41.2%	42.9%	47.6%
Market Capitalisation (at 31 st December)	260,680	260,680	107,730	125,020
Companies outside Portugal *	40	40	43	43
Industrial Units	27	28	28	28
Cork purchased (tons)**	111,832	131,156	117,086	88,445
Number of Employees (at 31 st December)	3847	3758	3745	3243

thousand euros

Notes: * Industrial and/or commercial companies in which CORTICEIRA AMORIM has a shareholding of over 50%.

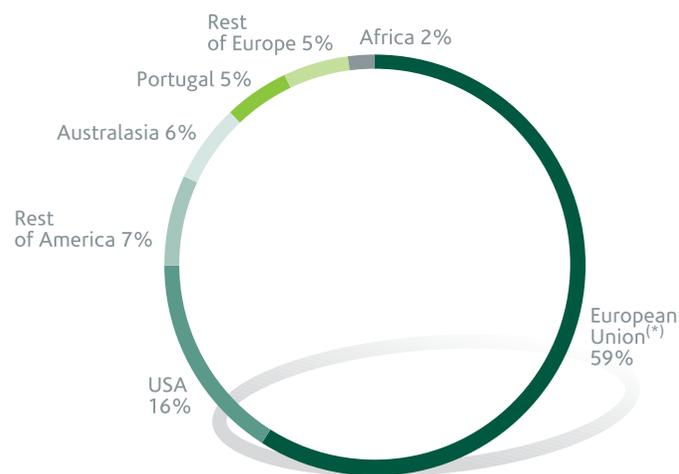
** includes winter virgin cork and cork waste

Fig. 2 Sales by BU (*)

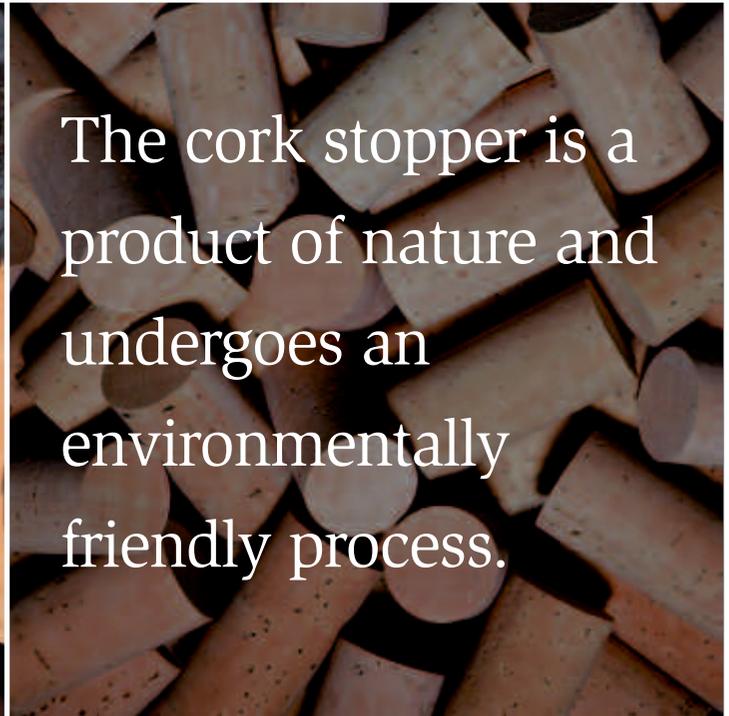


(*) Sales to non-group clients.

Fig. 3 Sales by Geographical Area

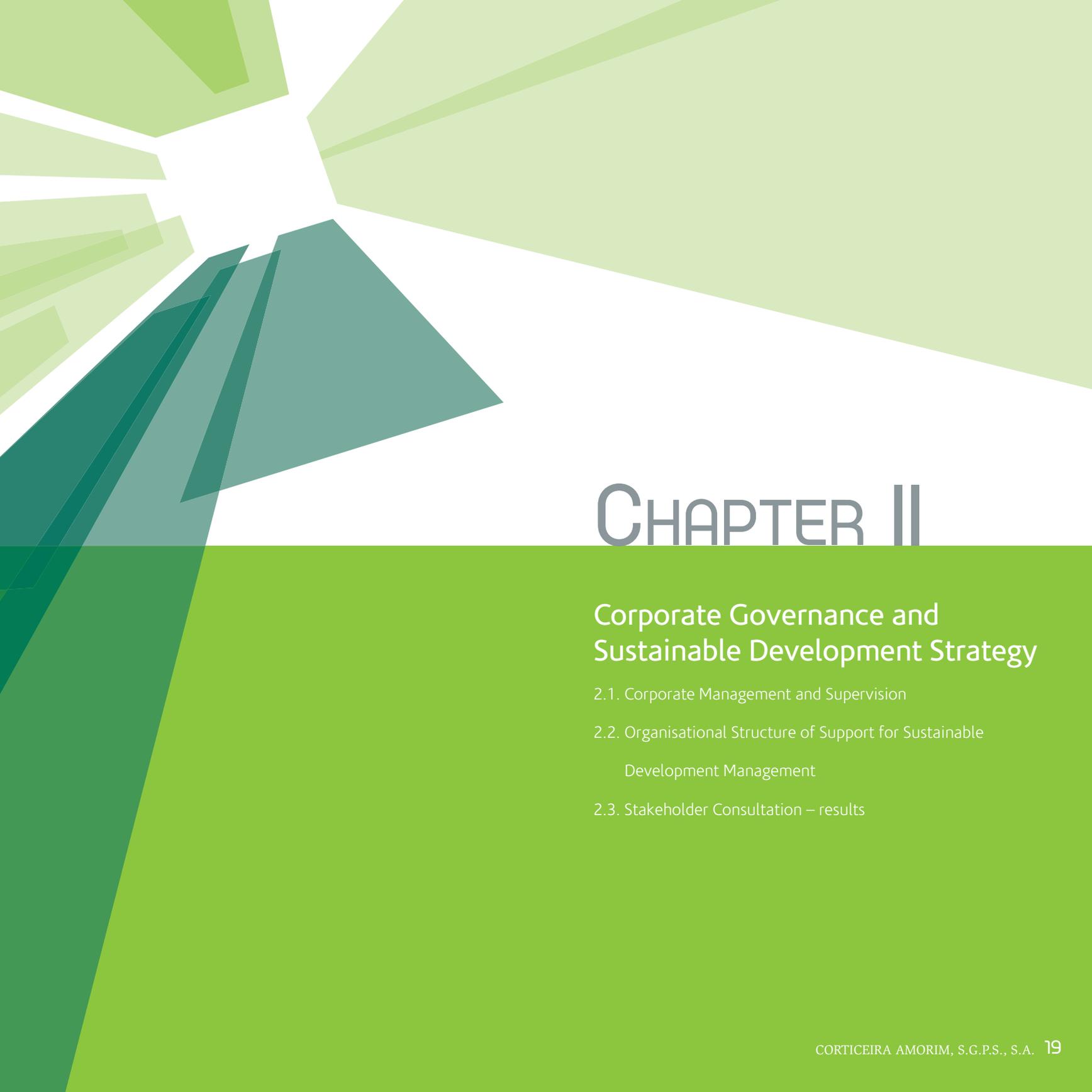


(*) Includes Switzerland and Norway; excludes Portugal.



The cork stopper is a product of nature and undergoes an environmentally friendly process.





CHAPTER II

Corporate Governance and Sustainable Development Strategy

2.1. Corporate Management and Supervision

2.2. Organisational Structure of Support for Sustainable
Development Management

2.3. Stakeholder Consultation – results

A photograph of a cork oak tree in a field. The tree's trunk is thick and reddish-brown. In the foreground, a large, irregular piece of harvested cork bark lies on the ground, showing its textured, reddish-brown surface. The background features a field of tall grass and yellow wildflowers under a blue sky with scattered clouds. The image is framed by green geometric shapes in the corners.

THROUGHOUT ITS
AVERAGE 200 YEAR LIFE
SPAN, A CORK OAK CAN
BE HARVESTED A
REMARKABLE 16 TIMES.

*The regular harvesting
of cork*

*is a decisive contribution
to the sustainability
of cork oak forests.*

CHAPTER II

Corporate Governance and Sustainable Development Strategy

Corporate governance best practices are a pillar to sustainable development at CORTICEIRA AMORIM. The 2009 Annual Report and Accounts provides a clear and detailed account of the corporate structure and practices, analysing in detail company practices in the light of best practice in the field and the recommendations of the Portuguese Securities Market Commission (CMVM). Matters considered relevant and complementary to the scope of this report are described below, in particular:

- Corporate Management and Supervision ;
- The Organisational Structure for Supporting the Management of Corporate Sustainability ;
- The Consultation and Involvement of stakeholders.

2.1. Corporate Management and Supervision

Having made a comprehensive study of models of governance developed for companies such as CORTICEIRA AMORIM, the group opted for a model based upon a clear separation between the administration and supervision entities and two audit boards, a Supervisory Board and a Board of Statutory Auditors. The approach is commonly known as the “strengthened Latin” model.

The Board of Directors considers that the adoption of this model has, as intended, resulted in the constitution of a supervisory body with stronger and more effective supervisory powers, composed entirely of members subject to an incompatibility regime and broader independence requirements.

It also considers that attributing these powers to an autonomous body – the Supervisory Board – helps create an efficient corporate governance model because it establishes a clear division between the management and supervisory bodies, avoiding the granting of supervisory powers to individual members of the Board of Directors, which by law is a collegial body.

The Board of Directors of CORTICEIRA AMORIM, composed of four non-executive members and three executive members, is responsible for directing the company's activities, with the powers to take decisions of a strategic nature. In addition to the aforementioned decision-making role, it monitors the most important aspects of the company's activities, including significant matters that have been decided upon or simply analysed by the Executive Board (Fig.4).

In addition to members of the board, board meetings are attended by an adviser, a position created in 2001, and held since that date by Américo Ferreira de Amorim.

The operational structure of CORTICEIRA AMORIM consists of three large areas of strategic intervention and five Business Units (BUs). With recourse to a management model based on the concept of a strategic-operational holding company, the BUs are co-ordinated by the CORTICEIRA AMORIM Executive Board, which has wide-ranging management powers, excepting those powers which, for legal or statutory reasons, are reserved for the Board of Directors.

The strategic alignment of the whole organisation is enhanced by the use of the balanced scorecard method, both globally in CORTICEIRA AMORIM and individually in the BUs. Within this scope, approval of strategic objectives and priority initiatives falls to the Board of Directors for both the Holding company and each BU.

Each BU has a Board of Directors made up of non-executive and executive members, including a managing director, and is responsible for decisions on all matters deemed to be of importance. The following diagram shows how the company's management structure is currently organised (Fig.5).

The Support Departments, which report to the Executive Board, are responsible for monitoring and coordinating the activities of the BUs and their respective operational areas (Fig.6).

2.2. Organisational Structure of Support for Sustainable Development Management

CORTICEIRA AMORIM's integrated sustainable development management system is at the core of its mission, strategic challenge and the values of the company, which establish:

- interaction with stakeholders: a process considered fundamental for the validation and review of CORTICEIRA AMORIM's strategic options regarding sustainable development;

- strategy: definition of the challenges, priorities and aims regarding sustainable development;
- operations: implementation of the initiatives and actions necessary for compliance with the aims defined and regular monitoring of performance;
- support structure: the implementation of an organisational structure which allows for the management and the effective alignment between sustainable development policies and practices (Fig.7).

Interaction with stakeholders

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

At the beginning of 2009, drawing on the specialised support of PricewaterhouseCoopers, CORTICEIRA AMORIM devised and implemented a system to engage and establish a dialogue with stakeholders, taking into account not only the methodological standards defined by AccountAbility and set out in stakeholder engagement standard AA1000SES, but also the need to ensure that CORTICEIRA AMORIM's strategic sustainability options meet the expectations of its stakeholders.

Correspondingly, the processes required for the identification and charting of stakeholders and the strategic priorities for sustainability were defined.

Fig. 4 Board of Directors

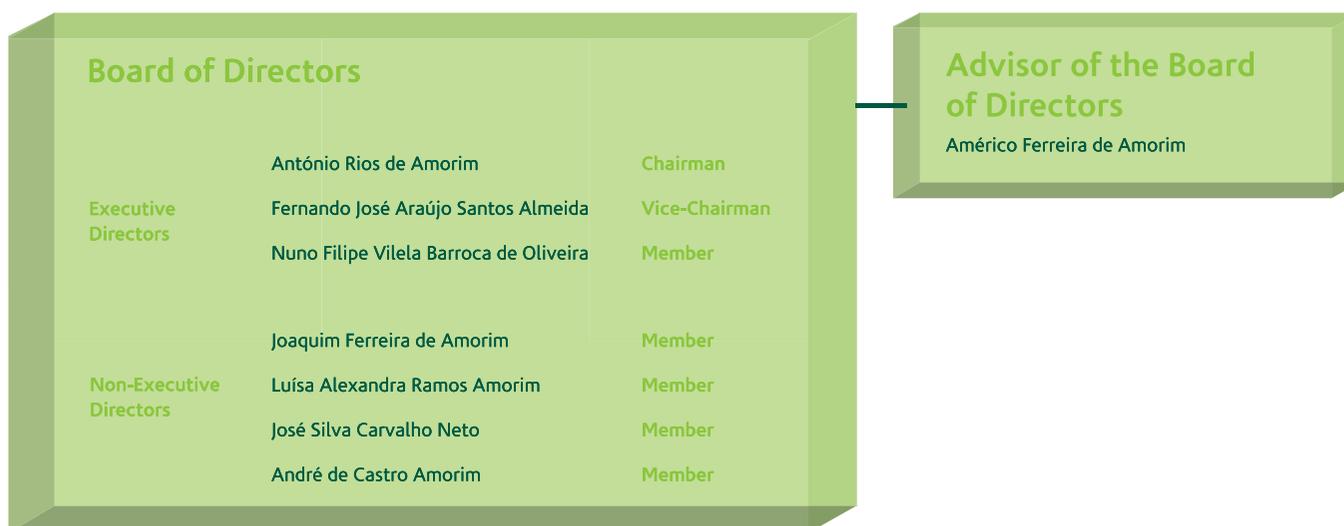


Fig. 5 Business Management Structure

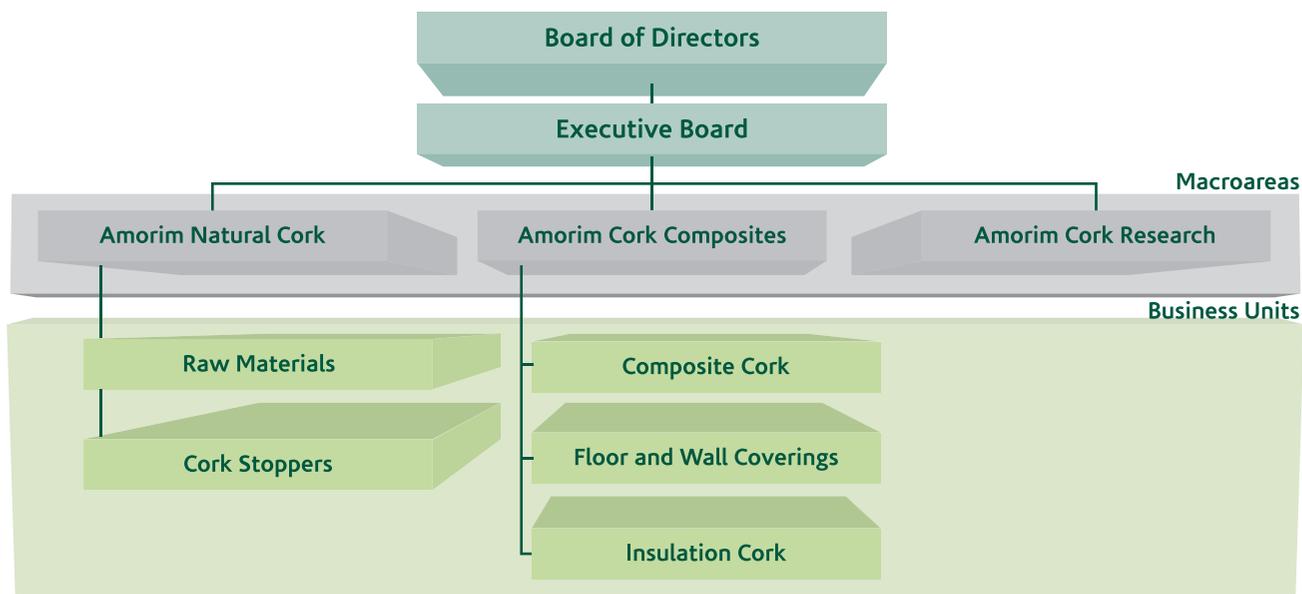


Fig. 6 Support Departments

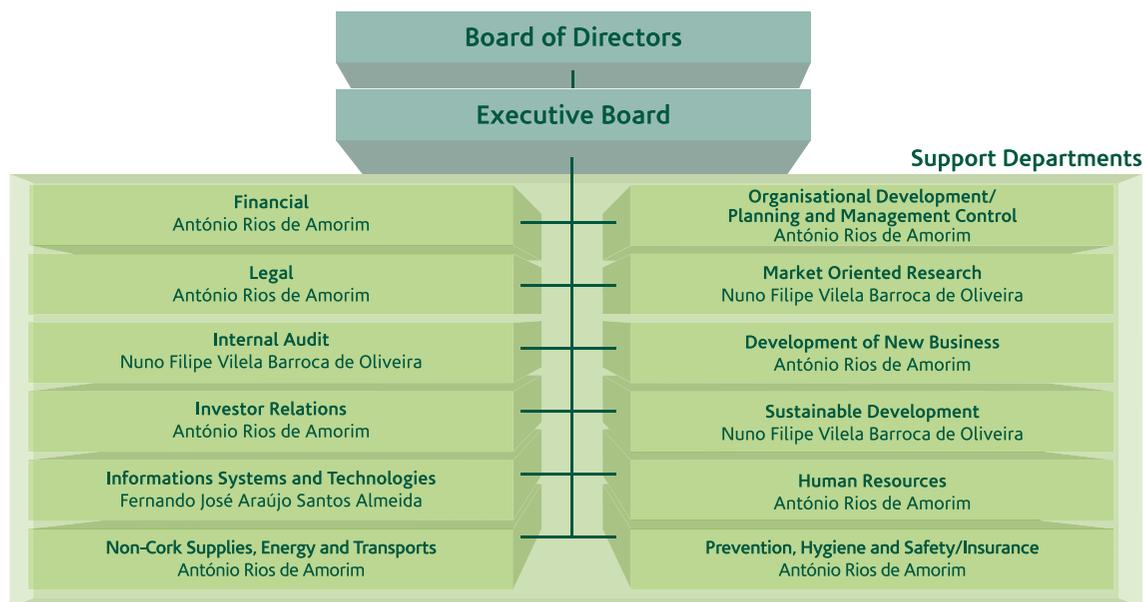
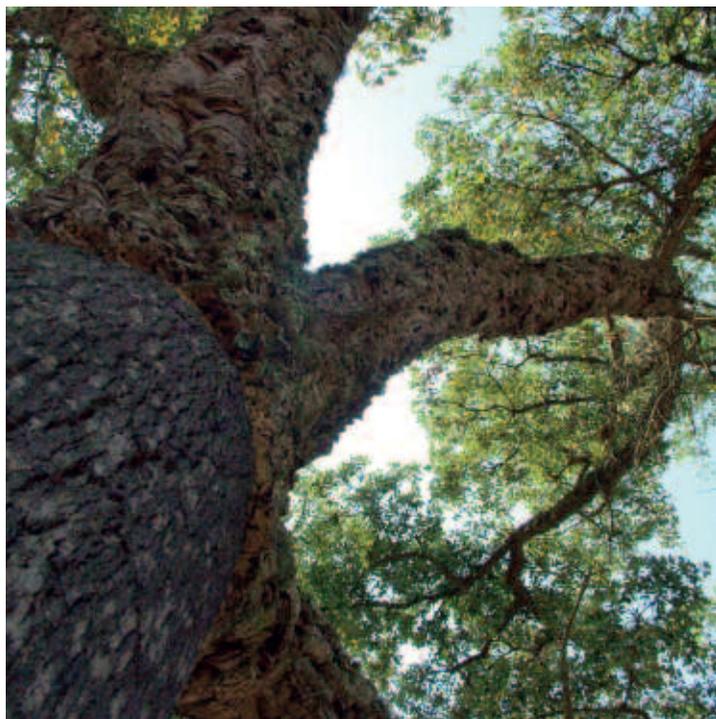
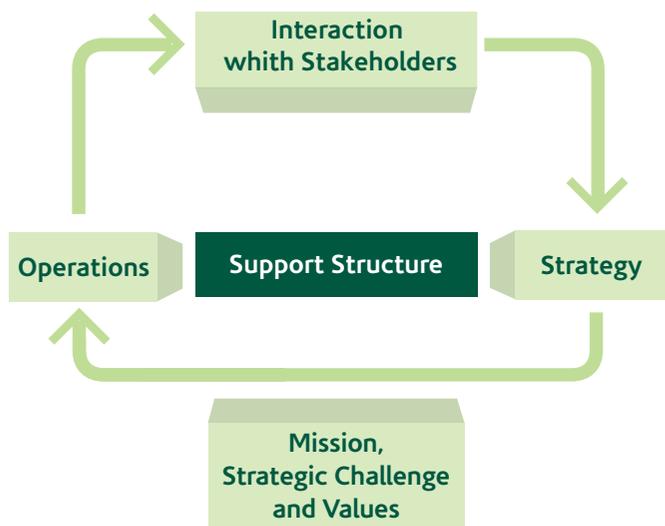


Fig. 7 Integrated Management System



Mission:

To add value to cork in a competitive, distinctive and innovative way that is 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 Organisation.

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

Strategy

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

The integration of processes into the strategic perspectives of the balanced scorecard has reinforced sustainable development practices via alignment of different management subsystems that promote efficiency, as summarised in the following table (Fig.8).

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

Hence, sustainable development targets and initiatives are brought together in a single management instrument and the sustainability scorecard is implemented both in CORTICEIRA AMORIM and in its BUs. In addition to the strategic objectives set out in the company's overall strategy plan, the sustainability scorecard incorporates other objectives which, although important, cannot, because of their nature or due to the difficulty of establishing cause/effect relationships, be included in the strategy plan.

The sustainability scorecard pre-defines the objectives for a specific year and the respective plans of action. The definition of objective targets, whenever feasible, adopts the indicators set out in the Global Reporting Initiative (GRI), with an important group of these indicators regularly monitored by CORTICEIRA AMORIM.

Fig. 8 Certifications

Company (country)	SYSTECODE	ISO 9001	ISO 14001	HACCP ISO 22000	FSC	BRC	OHSAS ISO 18001	WIETA
Raw Materials BU								
Amorim Natural Cork (Portugal)								
Amorim Florestal Espanha (Spain)								
Cork Stoppers BU								
Amorim & Irmãos (Portugal)								
Amorim Cork South Africa (South Africa)								
Amorim France (France)								
Amorim Cork Italia (Italy)								
Francisco Oller (Spain)								
Amorim Australasia (Australia)								
Korken Schiesser (Austria)								
Amorim Cork America (USA)								
Amorim Cork Deutschland (Germany)								
Industria Corchera (Chile)								
Victor & Amorim (Spain)								
Floor and Wall Coverings BU								
Amorim Revestimentos (Portugal)								
Composite Cork BU								
Amorim Cork Composites (Portugal)								
Amorim Cork Composites Inc. (USA)								

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

Operations

In order to coordinate all CORTICEIRA AMORIM activities relating to sustainable development in a single programme and to mobilise the whole group in support of this civic initiative, CORTICEIRA AMORIM has implemented the "Natural Choice" sustainability programme. The Natural Choice Programme objective is to raise the awareness of employees and society in general, as citizens responsible for raising future generations, of the need to adopt more environmentally friendly behaviours and to engage everyone in the challenge of sustaining our quality of life.

Natural Choice is a structured programme built on the initiative and effort of approximately one hundred Sustainability Ambassadors. In a voluntary capacity, these employees play a fundamental role as "agents of change", mobilising the whole organisation to meet sustainability targets and seeking, on a broader scale, to raise social awareness of the need to adopt more sustainable practices.

Support structure

Under the integrated Management System framework outlined above, CORTICEIRA AMORIM operates the following organisational structure for the management of Corporate Sustainability (CS) (Fig.9).

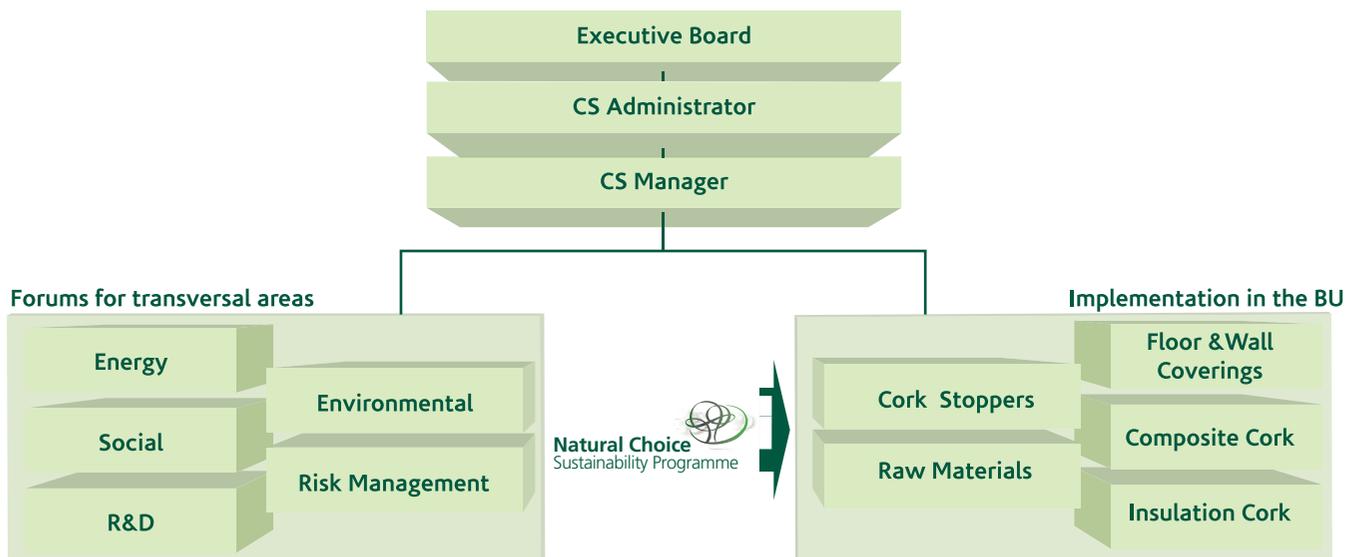
Responsibilities of the CS Administrator

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

Responsibilities of the CS Manager

- the identification of key issues (risks and opportunities) in the area of sustainability;

Fig. 9 Support Structure



- to guarantee compliance with the procedures and planning defined: definition of objectives, implementation of measures, reporting;
- the definition of the sustainability agenda for Social and Environment forums;
- to participate in other forums and, whenever necessary, propose themes for the agenda;
- to consolidate the information from the channels defined for stakeholder consultation;
- to raise the dynamism of communication channels with stakeholders;
- to energise the Natural Choice Programme and its Sustainability Ambassadors;
- to publish the Sustainability Report.

Forums for transversal areas

CORTICEIRA AMORIM has implemented five forums for specific sustainable development activities which should be dealt with transversally, with potential gains in synergy, and promoted as a concerted effort by all the group's companies. Besides representing an opportunity to share good practices between companies, and in some cases with stakeholders, these forums also allow for the supervision and specialised implementation of measures in areas of specific responsibilities.

Implementation in the BUs

Each BU has dedicated teams responsible for the implementation of sustainable practices, focusing on 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 for this area;
- conducting internal/external benchmarking to leverage organisational performance;
- identifying and proposing support actions in order to achieve the objectives and targets defined;
- implementing actions;
- monitoring results.

Natural Choice Programme

CORTICEIRA AMORIM's Sustainability Programme draws much of its strength from the work of the Sustainability Ambassadors, who are responsible for:



Lynx group



Stork group



Eagle group



Eagle Owl group

- disseminating messages and organising initiatives in their respective units;
- providing information on actions being carried out to Programme Management;
- undertaking specific missions under the auspices of the Natural Choice Programme;
- promoting the sharing of best practices between units;
- changing behaviour.

The team of Sustainability Ambassadors is composed not only of employees responsible for attaining the sustainability objectives of the BUs, but also of other staff members who, depending on their profile, play an important role in implementing measures to achieve those objectives and in mobilising energies in support of CORTICEIRA AMORIM's Sustainability Programme.

In accordance with the number of BUs and the geographical dispersion of the group's facilities in Portugal, these Ambassadors have been organised into four groups, with the following names:

- Lynx (Raw Materials and Insulation Cork BUs) ;
- Stork (Composite Cork BU);

- Eagle (Cork Stoppers BU);
- Eagle Owl (Floor and Wall Coverings BU).

Thus, in close coordination with their respective BU, the Sustainability Ambassadors play a central role in implementing the sustainability strategies of the BUs and CORTICEIRA AMORIM and in mobilising employees and the wider community in support of building a better world.

2.3. Stakeholder Consultation – Results

At the beginning of 2009, CORTICEIRA AMORIM concluded a comprehensive review of its stakeholder consultation and engagement process. This project brought about the identification of the main sustainability issues and concerns to be considered as future strategic priorities for the company as well as a strategic understanding of stakeholder involvement.

The identification of the stakeholder groups and subgroups that CORTICEIRA AMORIM should take into consideration follows a set of criteria seeking to define their relative importance, involving:

1. Influence – stakeholders who have or may come to have influence or powers of decision making and which may facilitate or hinder CORTICEIRA AMORIM's performance - decision makers;
2. Dependence – stakeholders impacted on by CORTICEIRA AMORIM activities;
3. Responsibility – stakeholders to which CORTICEIRA AMORIM has or may come to have legal, financial or operational liabilities (Fig.10).

Evaluation according to these three criteria enables the classification of the relative importance of the different stakeholders, resulting in their organisation into seven subgroups, as set out in the diagram (Fig.11).

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

This led to the identification of 80 stakeholders with opinions considered important to the results and subsequent definition of action plans. These stakeholders were first sent a questionnaire with the intention of later holding interviews structured around the following three sections:

1. Reputation: seeking to ascertain stakeholder opinions on the reputation of CORTICEIRA AMORIM across different fields;
2. Areas of Intervention: with a view to better understanding stakeholder opinions on priorities, perceived performance and their suggestions for improvement;
3. Involvement and Communication: with a view to evaluating stakeholder satisfaction with the information made available and obtain possible suggestions for improvement.

This consultation process obtained responses from 63 (around 79%) identified stakeholders and on the issue of the “Relevance of sustainability within the scope of CORTICEIRA AMORIM activities”, the themes given greatest emphasis by stakeholders, generally speaking, are identified in this report and as detailed in the following diagram (Fig.12).

Fig. 10 Evaluation Criteria

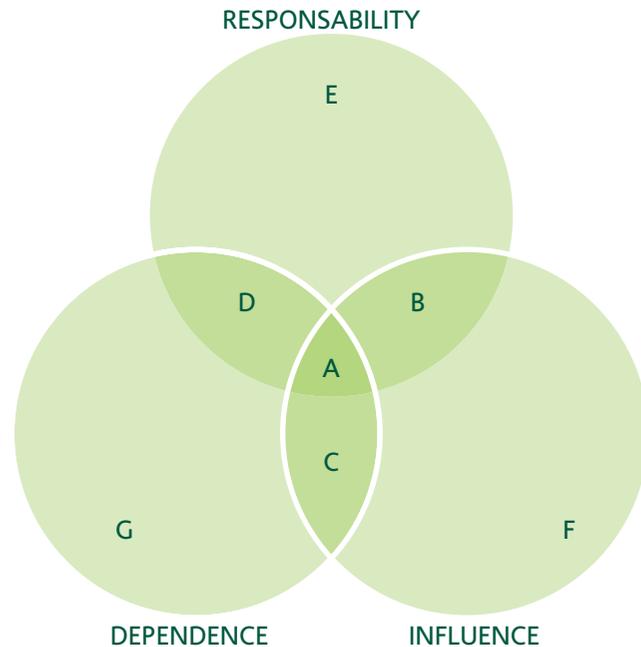
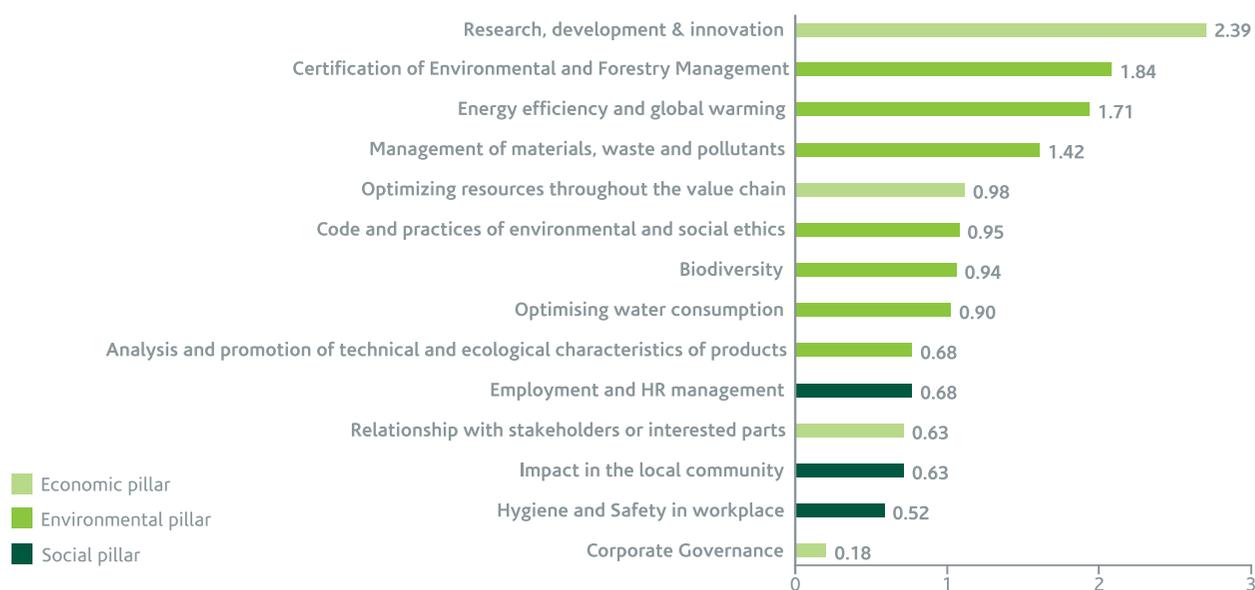


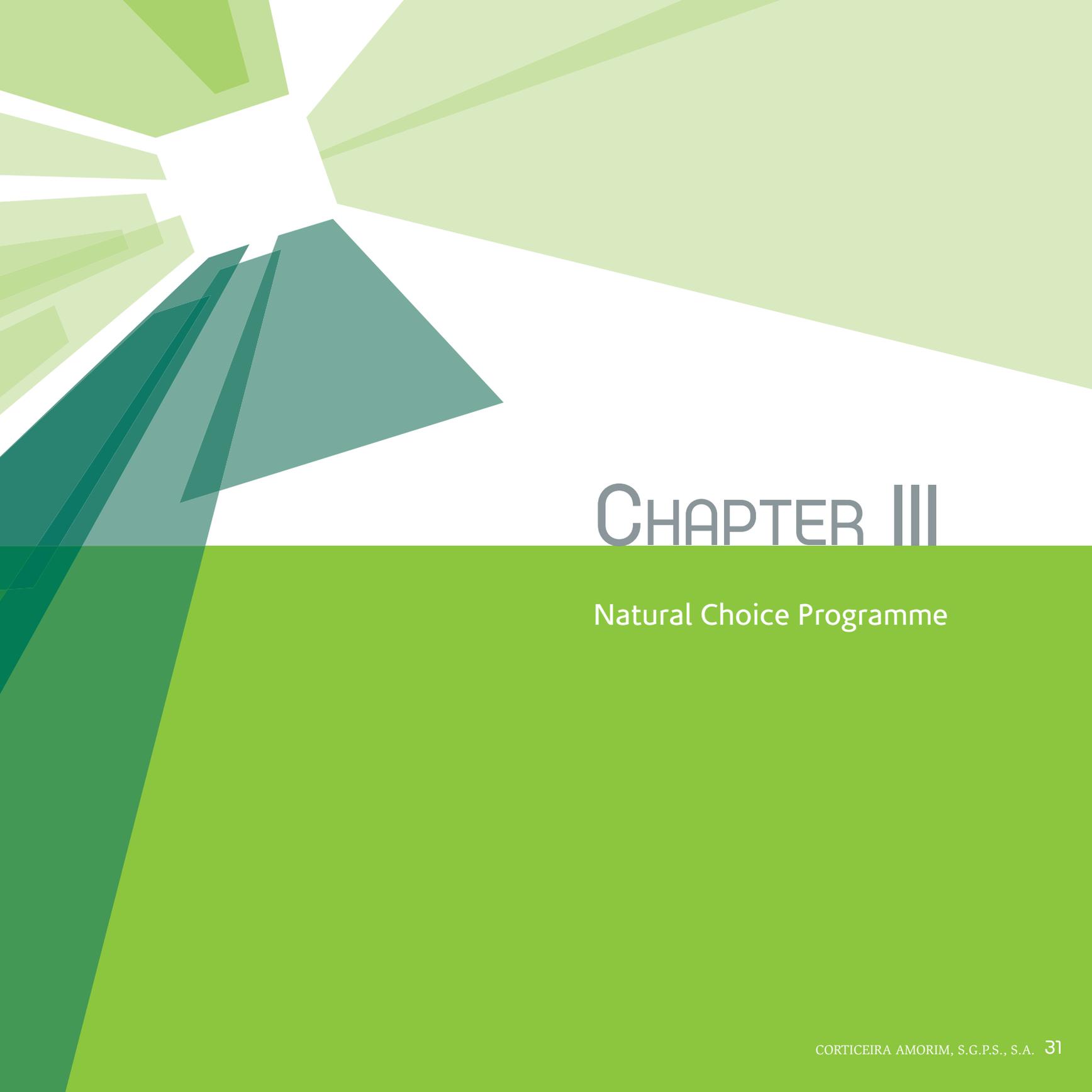
Fig. 11 Stakeholder Analysis

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

Fig. 12 Main Issues of Sustainability





The background features abstract geometric shapes in various shades of green and teal. On the left, there are several overlapping, semi-transparent shapes that resemble rays of light or a stylized sunburst. The right side of the page is dominated by a large, light green shape that tapers towards the top right. The bottom half of the page is a solid, vibrant green.

CHAPTER III

Natural Choice Programme

CORK OAK FORESTS:
THE BASIS OF
A RECOGNIZED
BIODIVERSITY
HOTSPOT IN THE
WORLD.

*One of the few
ecosystems*

*capable of guaranteeing an
economic activity while
preserving biodiversity.*

CHAPTER III

The Natural Choice Programme

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

The main aims of the Natural Choice programme are to:

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

To ensure commitment to the Natural Choice programme and its objectives, a motivational structure has been set out by CORTICEIRA AMORIM's CEO and covers all company employees (potential agents of sustainability) (Fig.13).

The motivational and support structure for the programme includes a team of about one hundred Sustainability Ambassadors, from all BUs and operating areas, who play a fundamental role as agents of change promoting sustainable development and responsible for implementing the "Natural Choice" programme. In accordance with the number of BUs and the geographical dispersion of the group's facilities in Portugal, the Ambassadors are organised into four groups with the following names: Lynx, Stork, Eagle and Eagle Owl.

Fig. 13 Motivational Structure



In addition to the alignment events stages by each group, an Annual Ambassadors Meeting is held. This meeting, where the first copies of the Sustainability Report are delivered, promotes reflection and debate on sustainability related themes of priority to the organisation. With the participation of guest speakers, the 2009 event analysed the following themes:

- Business and biodiversity – challenges and opportunities;
- Sustainable construction – facts and trends;
- Cork oak forests – their importance and risks from the NGO perspective;
- Cork oak research – state of the art.

The Sustainability Ambassadors play a central role in the implementation of the sustainability strategy at each BU, in accordance with the objectives set for that year as well as the development of mobilization or awareness campaigns whether at the respective BU or whether more transversally across the CORTICEIRA AMORIM group. Within this context, activities taking place under the auspices of the Amorim Sustainability Week, held annually between June 1 – National Cork Oak Day – and June 5, World Environment Day, deserve due attention.

Among the motivational initiatives that took place during 2009 are the following highlights:

Environmental Education

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

- participated in commemorations of Batalha Municipal Council Tree and Water Day;
- held informative sessions with the Leonardo Coimbra (Filho) school group and took part in the ecological fair staged by this Porto school group;
- cooperated with the IADE – Institute of Visual Arts, Design and Marketing – Design group, with a presentation of the group's sustainability strategy;
- within the scope of the sustainability week, multiple awareness initiatives were held and involved a total of over 600 students, in schools from across the councils of Santa Maria da Feira, Silves, Vendas Novas, Ponte de Sôr and Coruche.

Earth Condominium

CORTICEIRA AMORIM was a founding participant in the Earth Condominium initiative, a voluntary system that seeks to make an integrated approach to the common good, and in 2008 became the first company-condominium. The CORTICEIRA AMORIM sustainability agents not only promote this Global Neighbourhood organisation, particularly in terms of the environment education initiatives carried out, but also 500 CORTICEIRA AMORIM employees signed up en mass to the Gaia Declaration – the founding declaration of the Earth Condominium. To learn more: www.earth-condominium.com

Cork stopper recycling

CORTICEIRA AMORIM Ambassadors and Agents encouraged recycling in general and the recycling of cork stoppers in particular. With the objective of strengthening this practice and extending it to the families, friends and acquaintances of all employees, the challenge was set to see who could collect the largest number of used corks, with this initiative falling within the scope of Green Cork – the cork stopper recycling program set up in Portugal. This initiative also provided the opportunity to distinguish the ambassador group achieving the best level of performance with the awarding of the trophy “The world in our hands” – a rotating trophy that CORTICEIRA AMORIM attributes every year to the Ambassador or BU group with the best performance in response to a specific environmental challenge.

The response proved extraordinary with a total of two tons of used stoppers collected from the north to the south of Portugal. The trophy ended up in the hands of the Lynx group (that brings together the Insulation and Raw Materials BUs) for having collected over 1.2 tons of cork stoppers.

Sustainability Week was also marked by the donation of a used cork container, for domestic use, to all employees, and which will also be handed out at environment education events staged by Ambassadors.

Promotion of good environmental practices

Across the different establishments, awareness campaigns were staged to encourage the adoption of best practices in fields such as energy efficiency, water saving, the reduction of paper consumption or sustainable mobility. The actions and communication materials produced for this purpose focused on the example set by the Sustainability Ambassadors, who “lent their faces to the environmental cause”, thus generating greater involvement and commitment among colleagues. The effects of these actions were reflected in the generally good results registered by CORTICEIRA AMORIM across different parameters for evaluating environmental performance. The promotion of best practices in conjunction with employees also included various information sessions dedicated to themes such as alternative energies or gardening.



In 2009, particular emphasis was placed on energy efficiency, including the “Less Energy, More Environment” competition for CORTICEIRA AMORIM employees. With this initiative, all were invited to reflect and put forward ideas for reducing energy consumption. A total of 16 employees submitted competition proposals with colleague Manuel Vieira from the Floor and Wall Coverings BU distinguished for his idea of installing electric circuits / timers enabling equipment to be switched off according to pre-defined schedules.

No-car Day

As in the previous year, on World Environment Day, CORTICEIRA AMORIM employees were invited to leave their car at home and opt for more environmentally friendly modes of transport, whether car pooling, or in case of living close enough, getting to work on bike or on foot. Hence, on June 5, car utilisation recorded a drop of 22% on the average verified for May.

Social Solidarity

In addition to CORTICEIRA AMORIM’s involvement in social solidarity causes in the form of donations or investments to the public benefit, employees promoted diverse initiatives primarily focused on the their surrounding communities throughout the year. Correspondingly, local social, charitable or environmental institutions were invited to present their causes to company members of staff and then raise the funds considered necessary for some of these institutions.

Within this scope, various causes were embraced by Ambassadors and Sustainability Agents resulting in campaigns such as the supply of books, academic and school materials, clothing, toys, electrical appliances and donations to the causes identified.

Learning Entrepreneurialism

Under the auspices of the Porto Future programme – a partnership between CORTICEIRA AMORIM, Porto Municipal Council and the Leonardo Coimbra (Filho) School Group – and with the support of the Junior Achievement Portugal association, a volunteer project entitled “*Learning Entrepreneurialism*” was run.

This project has as its underlying principle that wealth is synonymous with education and renders feasible, through training, a business and entrepreneurial spirit in young people granting them the unique opportunity to be and do more. Through the deployment of a user friendly methodology, interesting and easy to apply, this was designed to contribute towards truly unique and special learning experiences. This programme furthermore stands out as it is run in schools by volunteers, but always employees of “Junior Achievement” partner companies. Fifteen CORTICEIRA AMORIM volunteers participated in this programme and managing the following modules:

- **The Family** (for students aged between 6 and 7) – 5 sessions of 45 minutes per volunteer;
- **The Community** (for students aged between 7 and 8) – 5 sessions of 45 minutes per volunteer;
- **Economics for Success** (for students aged between 13 and 17) – 6 sessions of 90 minutes per volunteer.

Any company employee is eligible to volunteer for this programme. The only demand in effect is that volunteers for the Economics for Success module have a minimum of three years working experience.

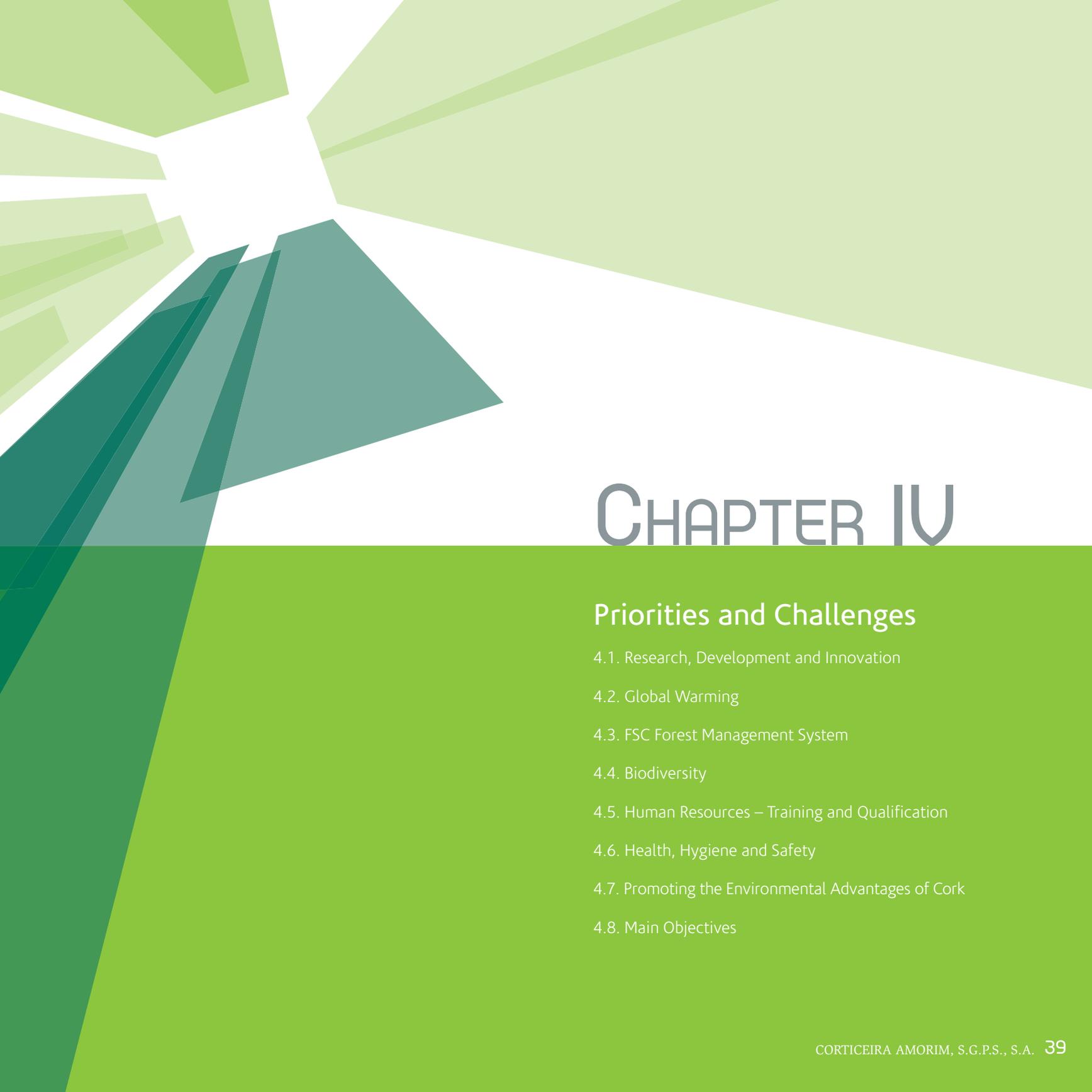
100

Sustainability
Ambassadors



Cork:
a great gift for future
generations.



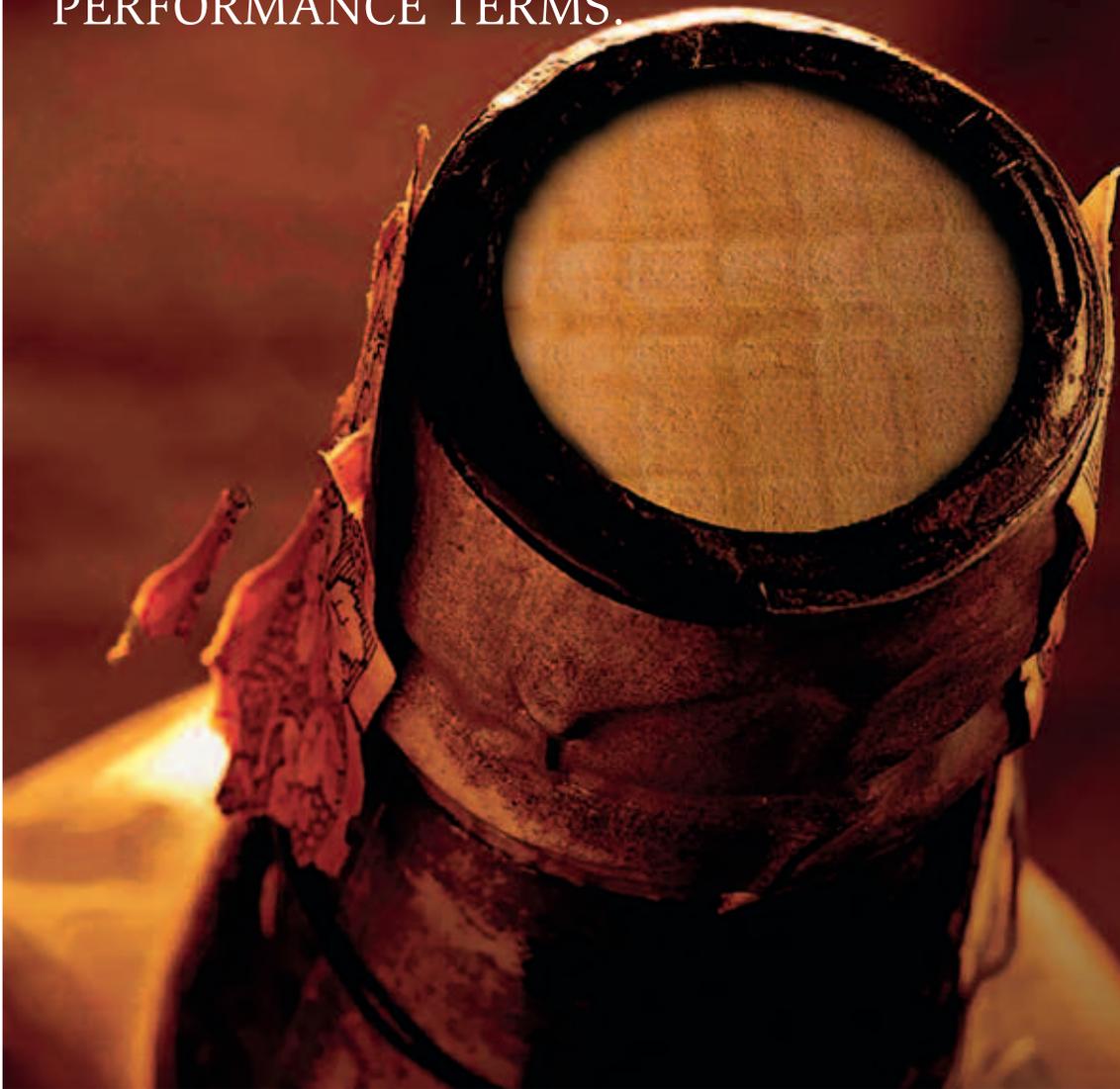


CHAPTER IV

Priorities and Challenges

- 4.1. Research, Development and Innovation
- 4.2. Global Warming
- 4.3. FSC Forest Management System
- 4.4. Biodiversity
- 4.5. Human Resources – Training and Qualification
- 4.6. Health, Hygiene and Safety
- 4.7. Promoting the Environmental Advantages of Cork
- 4.8. Main Objectives

CORK STOPPER:
THE ONLY CHOICE
RESPONSIBLE IN SOCIAL,
ENVIRONMENTAL AND
PERFORMANCE TERMS.



*"Only drink wines with
natural cork stoppers",
Countdown 2010*

CHAPTER IV

Priorities and Challenges

4.1. Research, Development and Innovation

Patents

With the objective of guaranteeing the protection of all the intellectual property rights generated and to establish a broad portfolio of patents, CORTICEIRA AMORIM submitted applications for three new patents in 2009.

MOR for Cork – Market Oriented Research

In recent years, CORTICEIRA AMORIM has undertaken a strong commitment to Research, Development and Innovation (RDI), with the purpose of developing new products and business areas for the group.

Beyond the R&D taking place at each BU relating to current businesses, CORTICEIRA AMORIM also deploys a team with the specific mission of conceiving and developing new cork products and rendering technical support to the development of new business areas. These transversal activities are the responsibility of the recently renamed **MOR for Cork**, the CORTICEIRA AMORIM Department of Market Oriented Research (Fig.14).

Through to 2009, CORTICEIRA AMORIM had already been running a research centre dedicated to the development of new cork based products and applications. The renaming and restructuring of this entity results from the implementation of a new approach, more market oriented and with greater interaction with the New Business Development department.

Fig. 14 **MOR for Cork**



Throughout 2009, this department provided sustained support to the CORTICEIRA AMORIM new business development unit, particularly in answering technical questions over the entry into the hydrocarbon, fat and solvent absorbents market. 2009 also saw great emphasis on the development of composite materials that bond cork to natural and synthetic thermoplastics. The result of this development is the creation of a material able to endow thermoplastics with the unique characteristics of cork.

The enhancement of components extracted from cork experienced intense activity in 2009, particularly in the field of seeking out potential industrial partners, which enabled the bringing together of the competences necessary for new project launches in 2010.

It is the strong conviction of CORTICEIRA AMORIM that this emphasis on RDI involves both continuing with investment in knowledge about cork as well as the establishment of partnerships with research entities and companies, nationally and internationally, that combine the complementary knowledge and requirements for the implementation of strategic scale projects.

Within the scope of the demand and the strategic partnerships actually established, "Innovation Day" deserves highlighting as it brought together CORTICEIRA AMORIM and BASF, at this German multinational's headquarters in Ludwigshafen, with the objective of identifying opportunities for joint developments and transforming the synergies created by the complementary facets of the company profiles into new businesses advantageous to both partners.

This initiative included the presentation and exhibition of the technical projects ongoing at each company and a workshop, while also establishing a working methodology that aims to guarantee a permanent flow of technical information between the companies so that no opportunities for cooperation are left overlooked.

Cork Stoppers BU

With the objective of boosting the performance of the current product family, activities undertaken have focused on the reduction of compounds with unpleasant aromas, in particular 2,4,6 - trichloroanisole (TCA). Thus we were able to introduce a new process (steaming) for the treatment of cork boards at an early stage in the production flow that enables initial decontamination ranging between 40 and 60%. Within the scope of the natural stopper production process attention goes, on the one hand to the raised performance achieved by the ROSA® Evolution technology enabling a reduction in the TCA level (when present) of around 80% and, on the other, the improvement of this decontamination technology developed by CORTICEIRA AMORIM, raising the number of installed ROSA® Evolution systems to six. For the technical stoppers, new technology was introduced bringing about a further increase to the ROSA® efficiency rate, boosting the reduction in TCA levels (when present) from 80% to 90%.

¹ Lopes, P.; Lopes, T.; Sampaio, J.; Lino, J.; Pimenta, M.; Coelho, J.; Mendes, A.; Cabral, M.. *Permeation of taint compounds through different closures in wine bottles. At 60TH Annual Meeting, American Society for Enology and Viticulture, June 23-26, 2009, Napa, California, USA.*

The study on the migration of TCA through closures was also completed. The results are highly relevant and important for cork stoppers as it makes clear that by the end of six months in the bottle, volatile compounds present in the environment around bottles sealed by synthetic stoppers are already present in the wine. This occurrence does not take place with natural cork stoppers and technical stoppers at the end of 24 months. The results of this work were presented¹ at the American Enology Society Congress held in Napa in June 2009.

As a consequence of work carried out in 2009 CORTICEIRA AMORIM announced, in early 2010, the launch of an innovative and exclusive collection of luxury capsulate stoppers, designed to meet the needs of premium spirit brands. The new cork stopper, named Top Series®, emerged out of the CORTICEIRA AMORIM strategic commitment to innovation and resulting from cutting edge technologies that have now culminated in four product lines for different market segments – Prestige, Elegance, Premium and Classic Value.

Of further note is the performance achieved by the new stopper Acquamark®, officially launched in December 2008, demonstrating strong market demand for this natural and high technical performance solution, able to stave off the price based competition from closures derived from plastic or aluminium.

Floor and Wall Coverings BU

With the objective of gaining market recognition as a supplier of Floor Coverings that are differentiated by their utilisation of cork in their solutions, the main objective of BU research and development activities is the introduction of new technical solutions combining cork with different covering materials. Correspondingly, competences in the utilisation of these materials were acquired and implementation partners identified enabling the market launch of a revised portfolio not only from the technical and visual solutions perspective but also in terms of image.

In the **Corkcomfort** and **Woodcomfort** lines, the presentation of a new collection of visuals based upon new decorative cork styles and new technologies for painting and attachment, innovative to the cork industry. These visuals are rich in texture, colour and design enabling the range to be deployed in a broader range of environments and differentiating them with the advantages inherent to cork.

In 2009, the **Vinylcomfort** range was similarly upgraded with products designed, in terms of their dimensions and technical characteristics, for retail areas, providing exclusive visual effects.

The year in question also saw the launch of new projects to be developed over the course of 2010 and including the development of new visuals for the **Ipcork** and **Corklife** brands, in addition to the wall coverings collection and the development of new surface finishings.

It is the strong conviction of CORTICEIRA AMORIM that this emphasis on RDI involves both continuing with investment in knowledge about cork as well as the establishment of partnerships with research entities.



17

Patents
submitted for
registration in the
past three years.

ROSA® new technology
boosts the reduction in
TCA levels, when present,
from 80% to 90%.

Composite Cork BU

In 2009, this BU experienced intense levels of RDI activity launching a significant number of new products that have enriched its extensive portfolio of applications, including:

- in the construction sector, the BU launched a new range of noise reduction underscreed materials, which complement the Acousticork range of underpaving for the acoustic correction of floating pavements, woods and ceramics (the reduction of impact and percussive noise);
- also in the construction sector, AcoustiCORK T31 was launched targeting glued wood pavements and enabling the installation of the sub-paving and the final surface in a single operation;
- for this same sector, and in the area of floating pavements, NRT 94 made its market debut and a new benchmark that beyond guaranteeing acoustic and thermal insulation also provides pavement constructors enormous flexibility in their options and designs;
- for railway infrastructures, the Composite Cork BU developed and certified various cork with rubber materials at the German railway company Deutsche Bahn for insulating against track vibrations (rail absorbers), thus strengthening the advanced technical image of composite cork;
- in the area of materials and cork with rubber sealant products, a new gasket was launched for new diesel motors (with low emission levels) for the globally scaled OEM market;

- the CORECORK range of materials, especially designed for the FRP composite industry, was deepened with the new reference product NL 11, resistant to fire and M1F1 certified (in compliance with the norm NF F16-101).

Complementarily, the BU launched three software support packages for its commercial activities while also innovating in the technical services provided to the market. These packages not only consolidate all the product information and applications considered relevant to the market but particularly serve as design guides for target users. Launched since 2009 were:

- Joint Analysis QTool R2.0, designed for the general application of sealants (Techseal and T&D range). This is an updated version detailing more materials and with more technical information, designed for OEM engineering offices. The 2009 version also appears with a simpler interface and intuitive option conceived particularly for gasket manufacturers and specialist distributors;
- NRSv2009, designed to insulate against airplane noise in sandwiched panels, is used in dividing walls, doors and acoustic flooring used in transport applications, among other purposes. This is a revised version and now including the ACM fire resistant material enabling many more material combination options;
- ISIS (Beta release) is a software package designed to estimate the noise insulation impact in homes. The software, designed for project management and architectural offices suggests Acousticork materials for under-paving dependent either on the underscreed and final pavement type being designed or the acoustic correction sought after.

With the objective of ensuring its operational presence and relevance to cutting edge fields of technology such as the aeronautical, road and rail transport and automobile sectors, the BU, in conjunction with different partners, has launched the Aerocork, IBus, ISeat and Plascork projects. The company thereby hopes to obtain results enabling its new products to be swiftly launched onto the market.

At the international level, the BU is involved in two space sector projects: the AEROFast project – “AEROCapture for Future spAce tranSPorTation” –, in conjunction with EADS N.V., with Amorim Cork Composites developing new means of thermal protection (deflective shields) in cork composites. The second project, in partnership with the European Space Agency, seeks to identify new cork composite applications for the space sector.

Insulation Cork BU

In 2009, the CORTICEIRA AMORIM Development of New Business Unit made a relevant contribution towards expanding the Cork Insulation BU product portfolio. In fact, thanks to a R&D process, it proved possible to create a cork based solution for the control of pollution. Hence, this BU has already launched a line of absorbents for spillages of oils, hydrocarbons and organic solvents retailed under the CorkSorb® brand.

This business start up results from a research project ongoing for various years and represents the first result of R&D specifically undertaken for the development of new applications for cork, with added value, in utilising cork for environment protection while maintaining a close alignment between this new solution and the sustainability policies and practices in effect across the entire Organisation.

4.2. Global Warming

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

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

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

With the objective of **increasing knowledge relating to product impact and the ecosystems they make viable**, studies highlight the extent of CO₂ retention attained by cork oak forests. Following the partnership agreed in 2008 with CORTICEIRA AMORIM, the ISA and a forestry producer installed the equipment and technology necessary to obtain additional data on the CO₂ absorption capacity of cork forests. Measurement of the CO₂ flows between the vegetation and the atmosphere, by means of the covariance of flow fluctuations, enables the calculation of Net Ecosystem Productivity (NEP) and of great temporal discrimination (for example, taking accurate measurements every 30 minutes), thus enabling the causes of intra or interannual variations to be identified. Within the scope of this project, throughout 2009 measurements were taken and although this is a multi-annual project, the results thus far obtained validate the conclusions of previous studies pointing to normal annual sequestration rates of 156 g C per m² (that is 5.72 t CO₂ per hectare and year).

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

- a no-car day on June 5 – World Environment Day – leading to the removal of 233 cars from the roads;
- information workshops designed not only to raise employee awareness of global issues but also to inform employees as to the set of good practices they may adopt;
- information seminars on renewable energy sources and raising awareness about the more environmentally friendly solutions already available;

- participation in conferences and seminars relating to this theme;
- participation and sponsorship of the 45th Isocarp Congress – Low Carbon Cities;
- producing informative materials encouraging individuals and organisations to undertake positive actions in this area;
- energising environmental education initiatives at schools in the surrounding community;
- the promotion of an ideas competition “Less Energy, More Environment” for CORTICEIRA AMORIM employees. This initiative invited everybody to reflect and provide their input on how to reduce energy consumption.

With the objective of **improving perspective**, activities taking place in 2009 approach the direct improvement of performance as well as including better performance in the chain of value and/or resulting from voluntary actions.

In this context, the initiative for the Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity merits special mention for the results produced, above all in terms of good practice, making a free technical advice service available to forest producers and seeking to reward and promote good practice in the sustainable management of cork oak forests. 2009 also saw the launch of a competition rewarding the forestry owner demonstrating best management practices. The awarding of the “Sustainability of Cork Oak Forests and Associated Biodiversity” prize, in November 2009, in addition to distinguishing the winning forestry estate, also proved the opportunity to present and promote the good practices that explained the competition jury's decision thus seeking that these become adopted by the largest possible number of forestry producers.

With this initiative, contributing towards the sustainability of the ecosystem supported by cork extraction activities, CORTICEIRA AMORIM also strengthens the positive impact this causes in terms of CO₂ retention.

In regard to CORTICEIRA AMORIM processes and in terms of **improving performance**, important work was carried out under the auspices of the Energy Efficiency Forum in the following areas (Fig.15).

In addition to the aforementioned measures, the Energy Efficiency Forum regularly undertook new studies in order to identify new opportunities. Among the key audits carried out in 2009 by specialist entities were six large scale industrial installations, ensuring compliance with the legislation in effect in Portugal on Energy Intensive Consumption Management Systems with the results of this work leading to the identification of opportunities and projects of multi-annual implementation timeframes.

Fig. 15 Energy Efficiency Forum – Intervention Areas

Equipment/Process	Action
Dust removal	<ul style="list-style-type: none"> • Control of the duration and operating cycles of compressed air.
Compressed air	<ul style="list-style-type: none"> • Optimisation of equipment and implementation of regular equipment and network maintenance.
Engines	<ul style="list-style-type: none"> • Regulation of the partial load speed of most equipment; • Research into the engines best suited to specific functions, specifically in terms of efficiency class and nominal power; • Definition of the procedures and efficiency criteria to take into consideration during new engine procurement .
Natural gas steam generators	<ul style="list-style-type: none"> • Recovery of exhaust heat; • Replacement, whenever possible, by the use of biomass; • Recovery of the heat generated by water heating processes.
Baking ovens	<ul style="list-style-type: none"> • Reuse of heat between baking cycles; • Increased use of biomass.
Granulate driers	<ul style="list-style-type: none"> • Increased use of biomass.
Boilers	<ul style="list-style-type: none"> • Increased use of biomass; • Completion of an audit of most boilers installed with the objective of identifying opportunities to improve and increase performance; • Optimisation of thermal fluid circuits with a view to reducing losses; • Training and increasing competences in industrial heating systems; • Thermal insulation of system components.
Cork stopper washing machines	<ul style="list-style-type: none"> • Increased use of biomass.
Drying houses and stopper pre-drying	<ul style="list-style-type: none"> • Increased use of biomass.
Lighting	<ul style="list-style-type: none"> • Reinforcement of translucent input; • Control of artificial light; • Change over to more energy efficient equipment; • Definition of the procedures and efficiency criteria to incorporate into redesigning or creating working areas.
Biomass	<ul style="list-style-type: none"> • Implementation of a centralised management system, with a visible impact on the appropriate allocation of resources to the different industrial units, as well as significantly boosting earnings from sales to third parties.
Energy management	<ul style="list-style-type: none"> • Implementation of new tools for tariff analysis by the existing management system generating important electricity savings .

In the year under consideration, the Insulation BU completed an important investment in a new grinder at the Silves unit, with recourse to the very latest technology that enables considerable gains to be made not only in terms of productivity but also energy efficiency. Hence, the electric energy consumed specifically during grinding (measured in KWh / ton) was down by 40% in 2009 on the previous year and with the same period seeing a reduction in excess of 50% on the cost of electricity.

This year also saw Amorim Cork Composites win an important energy efficiency award under the auspices of the “The Motor Challenge” programme. This programme is a European Union initiative with the purpose of reducing carbon dioxide emissions through encouraging industrial companies to implement voluntary measures to improve the energy efficiency of their power systems.

The measures implemented by Amorim Cork Composites focused essentially on three key areas: the reduction of compressed air pressures, the acquisition of compressors specifically providing lower consumption, with variations in speed and with an integrated controller for the management of the compressed air system and the elimination of leaks from the compressed air distribution network. The energy optimisation thereby achieved enabled a reduction in CO₂ emissions estimated to be of around 238 tons/year.

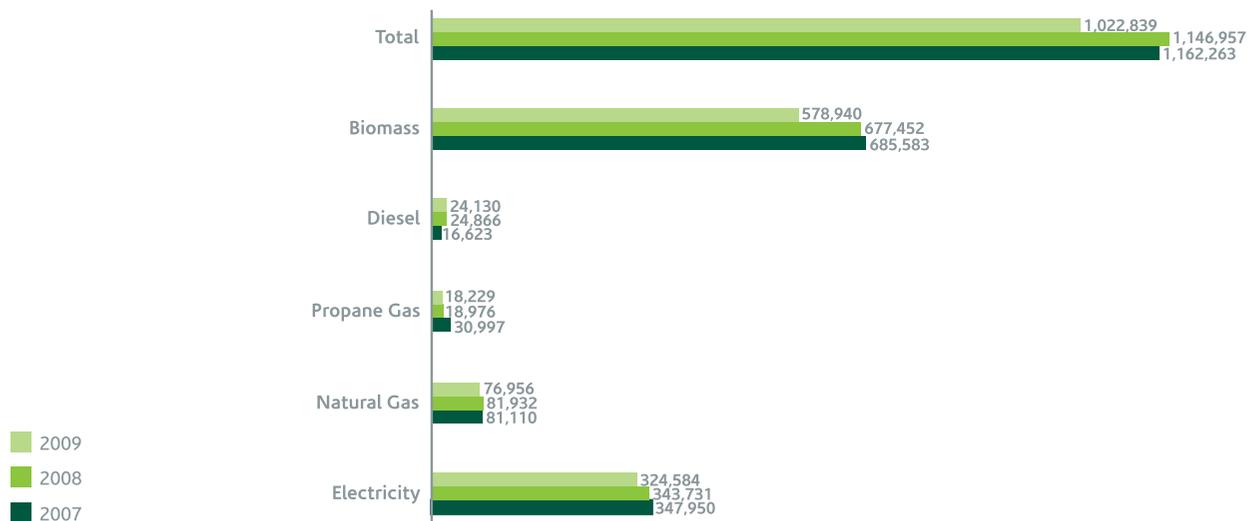
Therefore, and in consolidated terms, the consumption of energy by CORTICEIRA AMORIM, measured in GJ/year, was down 10.8% in 2009 on the previous year as set out below (Fig.16).

In 2009, the same conversion factors were used as for the previous year based upon information rendered by the Portuguese Environment Agency.

Biomass is the main energy source for CORTICEIRA AMORIM, especially in productive processes, where utilisation is dependent on the company's own levels of production. It is for this reason, and due to the drop in production experienced in 2009, the utilisation of biomass presents a percentage reduction greater than that recorded for other sources of energy.

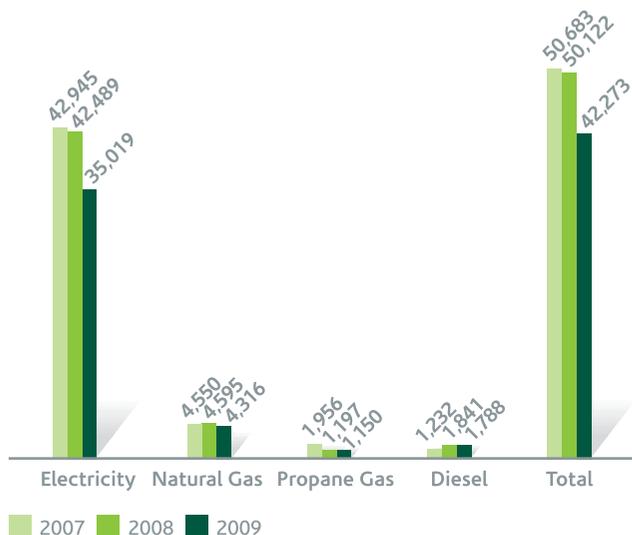
Biomass guaranteed 57% of CORTICEIRA AMORIM's energy needs in 2009. Recourse to this energy source, neutral in terms of CO₂ emissions, in conjunction with the energy efficiency measures implemented, the reduction in the level of activity and an alteration to the energy mix in Portugal (with a substantial boost to renewable energies) together brought about an almost 16% cut in CO₂ emissions, greatly exceeding the target set for this reduction (2.5%) in 2009, with segmentation by source presented in the following page (Fig.17).

Fig. 16 Energy Consumption by Source (GJ/year)



In 2009, the same conversion factors were used as for the previous year based upon information rendered by the Portuguese Environment Agency

Fig. 17 CO₂ Emissions (t/year)



Note: To calculate the CO₂ emissions associated with the consumption of propane gas, natural gas and diesel, the factors used were the same as those applied in the 2008 Sustainability Report, namely: propane gas: 63.1 kg CO₂ /GJ (source: Portuguese Environment Agency); natural gas: 56.1 Kg CO₂/GJ (source: Portuguese Environment Agency); diesel: 43.1 Kg CO₂/GJ (source: Portuguese Environment Agency). As regards electricity, an alteration was made to the conversion factor (from 445 g CO₂/KWh, in 2008, to 387.9 g CO₂ /KWh in 2009), based upon the most recent information from EDP (for 2008).

This all thereby strengthened the reduction in CO₂ emissions that the company has achieved since 2006 – the year of the first CORTICEIRA AMORIM sustainability report and the first audit of CO₂ emissions. Excluding the variations caused by alterations to the reporting perimeter, particularly the inclusion of Francisco Oller and Amorim Flooring Switzerland as from 2008, CORTICEIRA AMORIM has recorded a fall in CO₂ emissions of 22.4% over the last three years (Fig.18).

The most significant proportion of transport associated emissions result from the transport of goods carried out by subcontractors. In 2009, there was a significant reduction in the product tonnage despatched from Portugal. In the particular case of transporting products to Germany, namely coverings, this drop was far greater than the average registered by other markets. Given that the goods to this market are transported by sea, this means that the fall registered in transport by sea is greater than that for by road thus explaining the lower relative weighting of sea transport as regards road transport, as detailed in the Fig.19.

Fig. 18 CO₂ Emissions Evolution

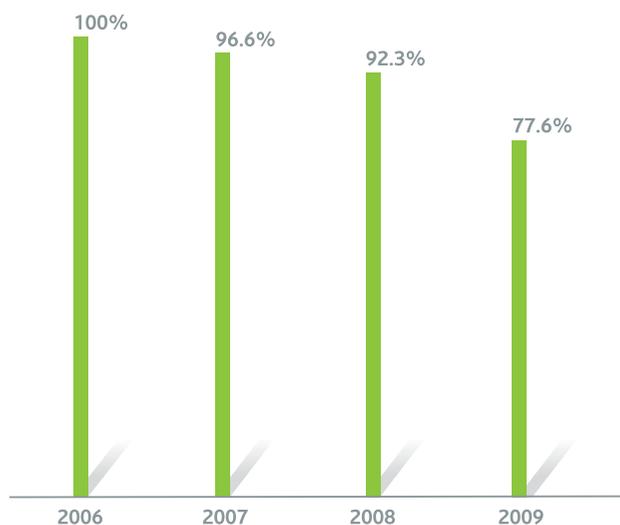


Fig. 19 Emissions Associated with Transportation



4.3. FSC Forest Management System

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

Although it does not own any forests, CORTICEIRA AMORIM is one of the main promoters of FSC certification of forest management systems in Portugal, and certified the first industrial units in the field of cork. In 2009, it strengthened its commitment to this system by implementing the chain of responsibility management system in line with this standard at Amorim France and at its Coruche unit of the Cork Stoppers BU, which produces Twin Top® stoppers.

By the end of 2009, eleven CORTICEIRA AMORIM units had received this certification:

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

The strengthening of this strategic commitment by CORTICEIRA AMORIM also took shape with the auditing of the chain of custody of four industrial units of the Cork Stoppers BU. The certification of these establishments will allow the company to classify its champagne corks, capsulated stoppers and Neutrocork® stoppers with the FSC registered trademark.

Membership of the Forest and Trade Iberian Network, which began in 2008 with Amorim Revestimentos, was extended to the Cork Stoppers and Composite Cork BUs at the end of 2009. CORTICEIRA AMORIM has thus strengthened its commitment to this worldwide network of companies that encourages the responsible consumption of forest products and aims to prevent further degradation of the world's forests. On 20 May CORTICEIRA AMORIM was visited by the First Trade Mission of the Forest and Trade Iberian Network dedicated to certified cork, organized by the WWF in Portugal.

CORTICEIRA AMORIM has continued to be active in promoting this certification at various events, presenting the practical cases of its certified units and pointing out the growing number of customers, particularly in the wine industry, who regard FSC certification as a positive distinguishing factor.

The world market is beginning to show clear signs of adhesion to responsibility policies. Two major supermarket chains in the United

Kingdom, Sainsbury's and Co-Op, announced at the end of 2009 that they were adopting commitment policies regarding wine sealants, with a progressive move towards bottling with FSC cork stoppers. Sainsbury's – the second largest supermarket chain in the UK – announced that as of 2010 all cork stoppers used in its wines will be certified by the Forest Stewardship Council. It is predicted that by the end of 2010 the number of wines bottled using FSC stoppers will have risen to 6 million, which will make Sainsbury's the largest user of certified cork in the world.

Currently, approximately 40,000 hectares of cork oak forest in Portugal have been certified by the FSC system. The WWF and UNAC (Portugal's Mediterranean Forest Union) are committed to obtaining FSC certification for 150,000 hectares of cork oak forests by 2012.

4.4. Biodiversity

A forest management best practices award was launched in 2009, with the aim of rewarding estates and forest owners for best practices in the management and enhancement of the value of cork oak forests and associated biodiversity. This award arose out of the agreement signed between CORTICEIRA AMORIM, the AFN, the ICNB, Quercus and the WWF, as part of the European Business & Biodiversity initiative.

As part of this partnership, an Initiative for the Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity has been implemented, based on two major objectives: on the one hand, to increase knowledge by encouraging research projects in this area and, on the other hand, to disseminate and reward best practices in the management and enhancement of the value of cork oak forests and associated biodiversity. The best practices award falls within this second objective. Besides rewarding forest owners, it also seeks to promote best practices in the management of cork oak forests and associated biodiversity.

Five estates reached the final stage of the award process and were judged by a jury made up of one representative from each of the institutions belonging to the protocol. Following the jury's deliberations, and based on fourteen different criteria, the Herdade da Machoqueira do Grou was selected as the winner of the first edition of this award. Machoqueira do Grou, which is located in the dry lands of the Ribatejo region, was considered to be a model to be followed in terms of its dynamic and intelligent planning which promotes the sustainability of the cork oak forest – one of the few ecosystems capable of guaranteeing economic activity with the preservation and enhancement of biodiversity.

At the same time as presenting the "Sustainability of Cork Oak Forests and Associated Biodiversity Award", the best practices² on which the jury based its decision were also presented and disseminated, with the aim that these will be adopted by as many forestry producers as possible.

² Document available at www.corticeiraamorim.com

11

Units with FSC
certification.



Machoqueira do Grou was considered to be a model to be followed in terms of its dynamic and intelligent planning which promotes the sustainability of the cork oak forest.

Also as part of the European Business & Biodiversity initiative, CORTICEIRA AMORIM funded a free technical advisory service for forestry producers for identifying and adopting best practices in the management of cork oak forests and associated biodiversity. During its first two years (2008 and 2009), 25 estates and 8000 hectares of cork oak forest were considered, proving the success of the initiative. CORTICEIRA AMORIM was forced to suspend this service due to its heavy use, but it is due to be relaunched in 2010.

As set out in the partnership protocol, the Initiative Assessment Committee (made up of the chairpersons of the five bodies which signed the agreement) met in the last quarter of 2009, in order to, on the one hand, assess the implementation of the measures set out in the protocol signed in 2007 and, on the other hand, to identify other mechanisms to be implemented for the enhancement of the value and sustainability of the cork oak forests and associated biodiversity, and forthcoming actions. The Assessment Committee concluded that the measures implemented so far, besides being highly successful, continued to be appropriate in terms of future challenges. It suggested the development of additional activities and projects in areas such as the assessment of ecosystem services, extending the partnership to other bodies and increasing the areas of cork oak forest with forest management system certification, amongst others.

4.5. Human Resources – Training and Qualification

The economic and financial climate in 2009, and particularly in the first half of the year, meant that it was necessary to revise some of the guidelines on training and qualification of human resources, and also to undertake major restructuring and a reduction in the number of employees. The economic climate means that the allocation of resources must take into account not only the expected return but also the period necessary to obtain that return, which largely explains a greater focus on training activities with short and medium-term impacts on economic performance. This necessary redirection of activity and, above all, the reduction in the number of employees account for the

12.8% fall in the amount of training in 2009 (Fig.20).

Hence the number of training hours per employee fell from 16.6 hours in 2008 to 16.4 hours in 2009. The main reductions were in the categories which normally register the highest amount of training (Fig.21).

In the area of internal communication, in a particularly demanding year, a number of measures were planned and implemented. These ranged from quarterly communication with middle and upper management to information meetings at the various levels within the operating framework regarding the results, the company's aims and the action plans to be developed in each area.

Maintaining a social environment in line with the different times and stages experienced was one of the most successful achievements of human resources management in 2009. It should be highlighted that the Raw Materials BU and the Composite Cork BU launched their periodical newsletters, thus strengthening the internal communication mechanisms available and joining the Cork Stoppers and Floor and Wall Coverings BUs which already have these communication tools.

With a view to adapting its Human Capital to the new contexts and challenges facing the whole organisation, the major focus continued to be on the Skills Recognition, Improvement and Certification (RVCC)



Fig. 20 Total Hours of Training

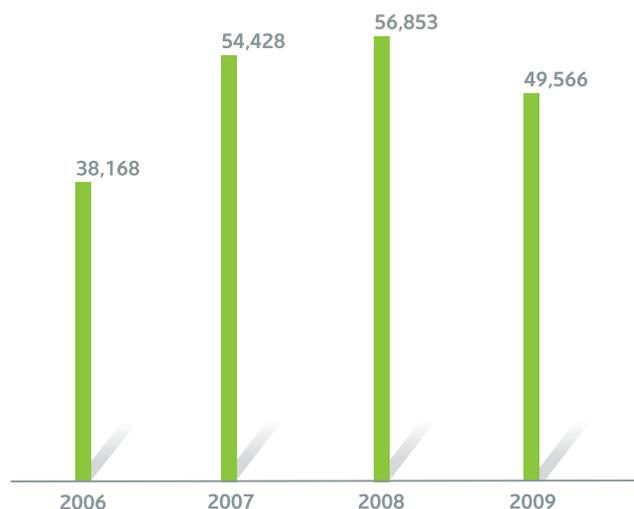
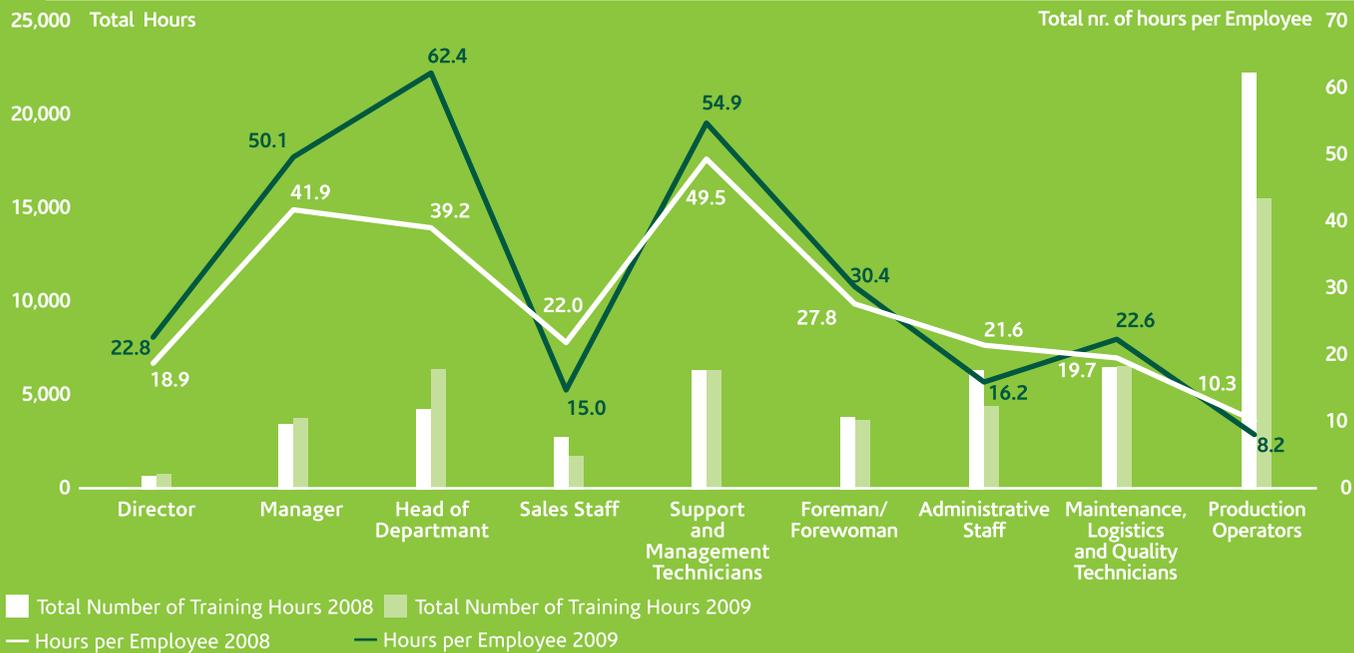


Fig. 21 Number of training hours by professional category



programme, which seeks to improve the educational qualifications of employees. In 2007, CORTICEIRA AMORIM set a goal for the period of 2007-2009 of increasing the educational qualifications of 300 employees. This objective was surpassed, with 318 employees concluding their respective programmes by the end of 2009. At that

time 49 employees were still involved in the programme, as can be seen in the Fig.22.

The goal set for Skills Recognition, Improvement and Certification (RVCC) has been achieved, thus allowing the organization to improve the average educational qualifications of its employees. A slowing down in the amount of training can therefore be envisaged, insofar as most of the employees at whom this strategic initiative was aimed have already completed their respective programmes and increased their educational qualifications.

Fig. 22 Educational Qualifications of Employees

	2007 – 2009	
	Processes Completed	Processes carried over from 2009 to 2010
Raw materials BU	105	0
Cork stoppers BU	97	26
Floor and wall coverings BU	73	17
Composite cork BU	34	6
Insulation cork BU	8	0
Holding and others	1	0
Total	318	49

4.6. Health, Hygiene and Safety

In 2009, CORTICEIRA AMORIM reaffirmed the priority it gives to issues related to Health, Hygiene and Safety (HH&S) at Work.

During 2009, in view of the threat of a world H1N1 flu pandemic, the company set up a structured plan which included:

- implementation of information activities;
- creation of emergency medical lines for employees;
- implementation of exceptional safety measures in the workplaces and in areas with the greatest movement of people;



- definition of action teams and procedures in the event of an outbreak of H1N1 flu, in order to ensure the permanent operation of areas and departments which are critical to CORTICEIRA AMORIM's activity.

Thus, no outbreak of flu was recorded among CORTICEIRA AMORIM employees in 2009, nor was there any impact on the company's activity.

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

In 2009, HH&S training totalled 7270 hours, which represents an increase of 5% on the 2008 total (6919 hours). Successive improvements in the main HH&S indicators reflect the results of the continuous investment in this area. Of particular note is the fact that there was improvement in the accident frequency index, largely due to a significant reduction in accidents in the Composite Cork BU. The absenteeism rate fell once again, with increases in absenteeism in the Cork Stoppers and Floor and Wall Coverings BUs being more than compensated by the reductions in the other BUs.

The Business Units implemented a number of activities in this area in 2009, including seminars to raise awareness and the distribution of teaching materials. The HH&S Forum continued to play a role in the sharing of good practices between the BUs and improving skills in this area.

Accident rates at CORTICEIRA AMORIM remain much lower than the average for the sector. The large investments the company has made in employee training, together with investments in processes and working conditions, resulted in further improvement in the main indicators in 2009.

Fig. 23 Accident Rates

	2007	2008	2009
Nr. of deaths	0	0	0
Accident frequency index	8,2	7,3	6,1
Work-related Illness rate	2,2	0,9	0,8
Lost working days rate	181,0	166,0	205,3
Absenteeism rate	4,14%	3,61%	3,48%
Total Employees	3406	3426	3031

Definitions:

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

Work-related Illness Rate = No. of Cases of Work-related Illness/Potential hours of work x 200,000.

Lost Working Days Rate = No. Days Lost/Potential hours of work x 200,000.

Absenteeism Rate = Days Missed/Potential days of work

4.7. Promoting the Environmental Advantages of Cork

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

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

The affirmation of these advantages is primarily based on technical and scientific demonstrations, in line with internationally recognised and validated parameters. For a number of years CORTICEIRA AMORIM has been the main promoter of this international affirmation of cork products, specifically through research and development projects. As a result, the R&D projects promoted by CORTICEIRA AMORIM have allowed for greater dissemination of the potential use of cork in various solutions and sectors of activity, as well as the setting up of partnerships with world renowned technical and scientific bodies.

In 2009 the Portuguese government initiated a special support plan for the cork industry. Amongst the measures set up, of particular note is the support given to APCOR – the Portuguese Cork Association – with a view to promoting cork in the main international markets. This support is based on the granting of a €27 million incentive for international marketing activities aimed at the wine and construction sectors.

CORTICEIRA AMORIM's efforts with regard to affirming and promoting the environmental advantages of cork will be channelled towards this sectorwide initiative. CORTICEIRA AMORIM is part of this unprecedented investment, being the main private investor in this strategic programme for the cork sector.

Besides the many promotional activities carried out in 2009 – detailed under the Main Events section of the Annual Report and Financial Statements for 2009 – the implementation of cork stopper recycling projects in several countries deserves special mention. Besides encouraging a new recycling practice and prolonging CO₂ retention, these initiatives have also included information activities aimed mainly at consumers, with a view to increasing knowledge about the technical and environmental characteristics of cork and the economic, environmental and social value of the ecosystem that this raw material supports.

In 2009 CORTICEIRA AMORIM has implemented cork stopper recycling projects in France, Italy and South Africa.



Green Cork

The Green Cork cork stopper recycling programme in Portugal seeks not only to transform used cork stoppers into other cork products, but also to finance part of the “Creating forests, protect biodiversity” project, which will plant only indigenous Portuguese trees, such as the cork oak (*Quercus suber*). The project was set up based on the use of existing distribution channels, thus providing a collection system without additional costs, and ensuring that all proceeds are channelled into tree planting.

22.57 tons of cork, which corresponds to around 5 million cork stoppers, were collected in 2009 from 39 Continente supermarkets, 13 Dolce Vita shopping centres, by Biological from the oils collection from restaurants network and from scouts groups and schools.

By the end of 2009, around 85,000 trees had been planted as part of the “Creating forests, protect diversity” project, which receives all the proceeds from the Green Cork project.

For further information, consult <http://greencork.wordpress.com/>

“Tappo a chi?” Project

The first organised project in Italy for the collection of used cork stoppers was launched in 2009. Amorim Cork Italia was part of the “*Tappo a chi?*” project, which was led by Rilegno – the Italian Consortium for the collection, recovery and recycling of wood. The project aims to implement a new recycling practice in six of the Italian regions which belong to the “Wine Tourism Movement”, namely: Piemonte, Lombardia, Liguria, Trentino Alto Adige, Veneto and Emilia Romagna.

Amorim Cork Italia guarantees purchase of the collected cork stoppers and all the proceeds from the project go to social solidarity projects. The collected cork stoppers are subsequently processed in CORTICEIRA AMORIM’s cork stopper recycling unit and transformed into new cork products.

As part of the “*Tappo a chi?*” project, Amorim Cork Italia signed an agreement at the end of 2009 with the Municipality of Valdobbiadene and with Savno for the door-to-door collection of cork stoppers in the city of Valdobbiadene, the world heritage site of Prosecco wine.

2010 will be the first year of operation of this project and, consequently, a year in which to assess the results.

For further information, consult <http://www.tappoachi.it/>

Cork stopper recycling in South Africa

Cork stopper recycling began in South Africa as a result of a partnership between Amorim Cork South Africa and Spier Wines. To begin with, the recycling project will cover all of Spier’s sales points and premises (hotels and restaurants, for example), but may later develop to cover a wider area with particular emphasis on other companies within the hotel and restaurant sector.

Amorim Cork South Africa acquires the collected cork stoppers and all proceeds are channelled into projects or institutions, such as the Lynedoch school. The cork obtained from recycling the used cork stoppers is later reused in a number of different areas, such as floor and wall coverings, insulation and decoration, amongst many other applications.

Recycling in France

Amorim France, in partnership with the Castellane (Epernay) and Georges Duboeuf (Beaujois) estates, implemented a cork stopper collection and recycling project. 428,420 cork stoppers were collected in just four months of this initiative.

Champagne de Castellane (part of the Laurent-Perrier Group) and the Georges Duboeuf estate joined CORTICEIRA AMORIM in providing a precious contribution to the sustainable development policies carried out by the wine sector, by giving up their stock of used cork stoppers.

The collected cork stoppers are subsequently sent to Portugal to CORTICEIRA AMORIM’s recycling unit, where they are transformed in order to later become part of various types of applications. The proceeds from this recycling, similarly to those from the Green Cork project, are used to finance part of the “Creating forests, protect biodiversity” project.

ReCORK Project in the USA

In 2009, American Airlines’ network of “Admirals Club” lounges and Sodexo, the company responsible for managing the services provided in these lounges, joined CORTICEIRA AMORIM’s cork stopper recycling project, ReCORK.

A total of 24 “Admirals Club”, located in airports in cities such as New York, Washington, Chicago, San Francisco, Miami, Atlanta, Austin, San Diego and San Juan (Puerto Rico), amongst others, have now begun to collect all used cork stoppers. The partnership with American Airlines strengthens the success of this initiative, which has been widely accepted in the American market. ReCORK (previously ReCORK

America), which began two years ago, is now responsible for the collection of over four million used cork stoppers in the USA.

ReCORK subsequently sends the cork stoppers to units belonging to SOLE – a leading shoe and shoe components factory –, thus allowing for the reuse of the cork in products of high added value and prolonging the product's life cycle. In this way it is possible to prolong the retention of carbon stored in the cork for decades. Using the collected cork stoppers SOLE develops high quality products which meet the needs of clients such as the American and Canadian Armies, NFL and NBA professionals, the climber Ed Viesturs, and the Ultramarathon Man, Dean Karnazes.

For further information, consult: www.recork.org

Awards and Distinctions

CORTICEIRA AMORIM also received a number of awards in 2009. The publicity resulting from these awards also provides an opportunity to raise awareness not only about the world leader in this sector, but also the cork oak forests and the environmental services that they provide, as well as the many applications of cork. The following awards received in 2009 were therefore important moments in terms of affirmation:

1. CORTICEIRA AMORIM was placed in the World Top 10 in the category of "Relevance & Materiality" of the Corporate Register Reporting Awards

CORTICEIRA AMORIM's Sustainability Report was considered by the "Corporate Register Reporting Awards" (CRRA) to be one of the ten best in the world with regard to the relevance of the information provided for understanding sustainability issues within the field of business.

2. "The Motor Challenge" energy efficiency award, promoted by the European Commission

Amorim Cork Composites received this important award as recognition for the energy efficiency measures implemented within the company, which also lead to a significant reduction in CO₂ emissions.

3. Amorim Isolamentos received the CONCRETA Best Stand Award

Designed by the architect Nuno Graça Moura and António Queirós, who was responsible for the interior design, the stand was made entirely from expanded cork composite panels and was considered the best stand at the Concreta – International Construction and Public Works Fair.

The Sustainability Report
was considered one of the
10 best in the world
with regard to the relevance
of the information provided.

4. Charles Darwin Award for "Save Miguel"

The film Save Miguel (www.savemiguel.com) received the Charles Darwin Award at the Art&Tur – International Tourism Film Festival, held in the city of Barcelos. The film was recognised as being the best film in terms of promoting biodiversity values.

5. The innovative "Save Miguel" campaign won in the categories of "Best Original Screenplay" and "People's Choice" at the prestigious Oenovideo Festival – the International Grape and Wine Film Festival.

The organisers of the Oenovideo Festival also acknowledged Save Miguel director Sean Ashcroft, together with leading American director Martin Scorsese and British director Howard Greenhalgh, whose short films also collected awards.

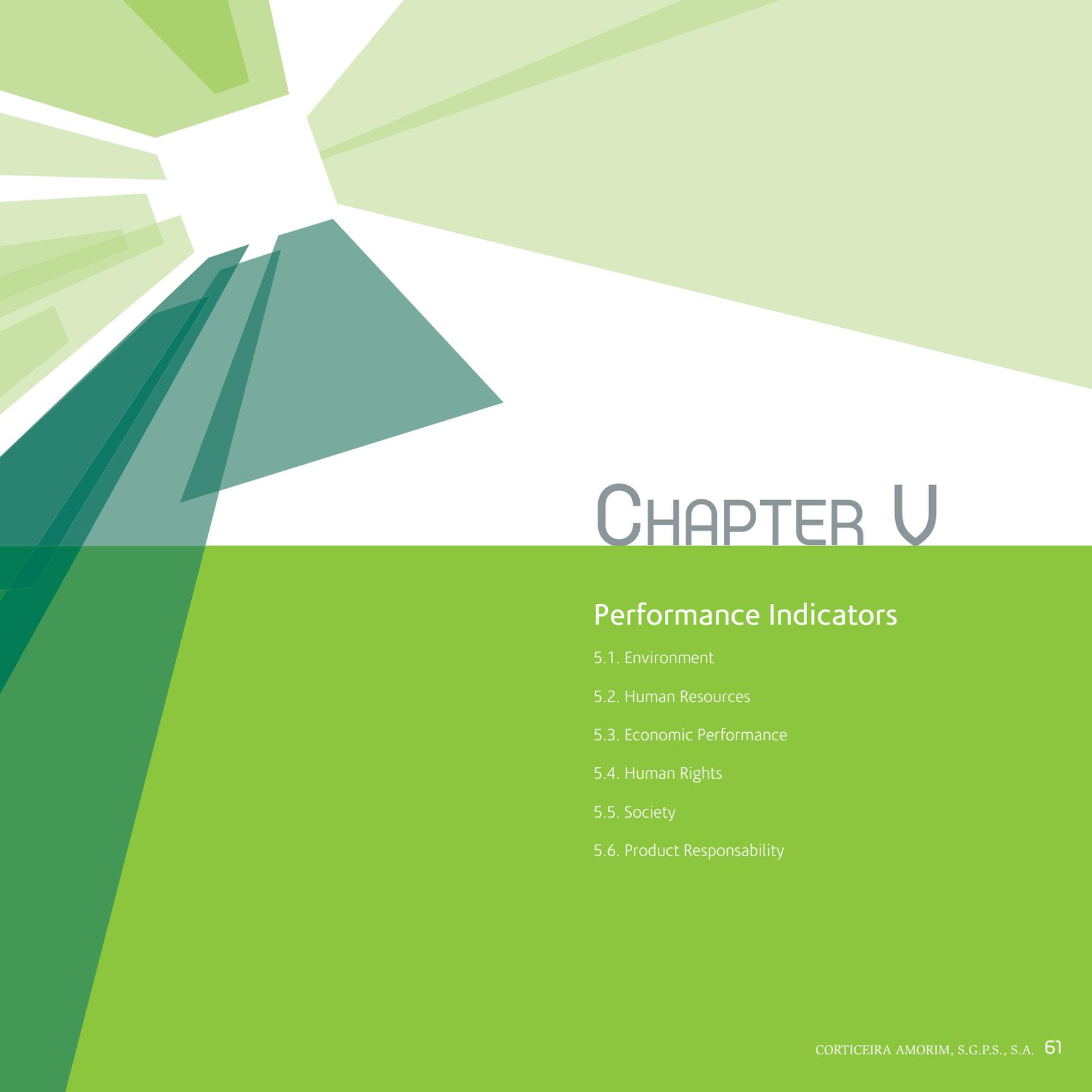


4.8. Main Objectives

Fig. 24 Main Objectives

Objectives	Goals for 2010
Increase knowledge and encourage the use of best practices for sustainable forest management.	<ul style="list-style-type: none"> • Award for best research project in the field of "Cork Oak Forest Sustainability and Associated Biodiversity"; • Provide free technical advisory services for at least six forest owners .
Increase the number of patent applications.	<ul style="list-style-type: none"> • Submit applications for four new patents.
Strengthen the corporate culture guided by innovation.	<ul style="list-style-type: none"> • Implement in Portugal the Innovation for the whole organisation mobilisation project.
Increase knowledge regarding the ecological footprint of the value chain.	<ul style="list-style-type: none"> • Conduct a case study on the environmental services of the cork oak forest ecosystem.
Reduce CO ₂ emissions.	<ul style="list-style-type: none"> • A 2.5% reduction on 2009.
Reduce water consumption.	<ul style="list-style-type: none"> • A 4% reduction on 2009.
Encourage cork stoppers recycling.	<ul style="list-style-type: none"> • Increase the number of cork stoppers recycled in Portugal as part of the Green Cork programme by 50%.
Strengthen position in the sustainable construction sector.	<ul style="list-style-type: none"> • Produce a new proposal of value for the sustainable construction sector.





CHAPTER V

Performance Indicators

- 5.1. Environment
- 5.2. Human Resources
- 5.3. Economic Performance
- 5.4. Human Rights
- 5.5. Society
- 5.6. Product Responsibility



CORK FLOOR
COVERINGS: A NEW
APPROACH INSPIRED BY
BY NATURE'S VALUES.

Nezu Museum, Tokyo
Gallery 4

CHAPTER V

Performance Indicators

The information system adopted by CORTICEIRA AMORIM has developed year on year, allowing for improvements in the systematic analysis of information, with standardisation of criteria and procedures, thus strengthening the consistency of information and boosting the implementation of improvement actions. The company will continue to channel resources into improving the information system, in particular with the development of outputs which favour benchmarking analyses of results and decision-making.

5.1.Environment

Materials Consumption

In 2009 CORTICEIRA AMORIM experienced a decrease in the total of materials consumed, which is a result of its reduced activity (Fig 25).

Fig. 25 Materials Consumed

	2007	2008	2009
Cork	133,752	120,346	94,014
Other raw materials	7,809	4,983	2,432
Chemical products	13,807	13,825	11,055
Packaging material	8,097	8,294	8,576
Paper	77	40	36
Total	163,542	147,488	116,126

tons

Recycling

One of the environmental advantages of cork recycling is related to the fact that cork incorporates carbon fixed by cork oaks, which remains there during the useful life of the product. Therefore, any increase in the life cycle of this cork by means of recycling delays emission of this carbon back into the atmosphere.

CORTICEIRA AMORIM's Cork Waste Recycling unit in Portugal is responsible for processing the cork stoppers which are collected. These are sorted manually before being ground and treated with super-heated steam to eliminate odours and impurities – an innovative technology developed by the company's R&D department.

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

In 2009, as a result of the cork stopper recycling programmes launched by CORTICEIRA AMORIM – such as Green Cork – and partnerships established with other cork stopper recycling programmes (mostly located in Europe), CORTICEIRA AMORIM incorporated 92 tons of used stoppers in the production of other high added-value cork products, corresponding to the recovery of 0.8% of the stoppers sold annually by the company. The decrease on the previous financial year stems from the slowdown of some recycling programmes in Europe. CORTICEIRA AMORIM is seeking to counter this trend by introducing cork stopper recycling in new countries and increasing the number of cork stoppers recycled in the countries where it has existing cork stopper programmes.

In terms of cork rubber applications, the decrease in the incorporation of recycled rubber stems from the decline in sales of cork rubber applications.

The extraordinary increase in the recovery of other cork products is mainly due to insulation cork material obtained in Portugal from the demolition of large buildings, in particular former industrial refrigeration premises. It should be highlighted that most of this has come from buildings that have more than 40 years, and once again it has been possible to prove that insulation cork material maintains all its technical characteristics over the years (Fig.26).

Water consumption

2009 saw a 2.1% reduction in water consumption, resulting not only from the reduction in production levels, but also from the measures implemented in order to reduce consumption, namely:

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

Nevertheless, the reduction was below the goal initially set for 2009, which was a reduction of 4%. This was due, firstly, to the fact that the reduction in consumption resulting from the replacement of the second cork boiling phase by board steam treatment was much lower than expected and, secondly, to the installation of the new ROSA® Evolution equipment which, whilst essential in order to guarantee excellent sensory performance of natural cork stoppers, implies the production of steam and, consequently, an increase in water consumption.

Fig. 26 Consumption of Recycled Materials

	2006	2007	2008	2009
Tyre granulate	275	667	448	325
Cork stoppers	16	222	147	92
Other cork products	-	124	37	570
Total of Recycled Materials	293	1,014	632	987

After conducting research into new technologies and equipment for the optimisation of water consumption, several possible solutions were identified, from a technical point of view. However, these solutions require considerable investment which is unattractive from a financial and economic point of view, and thus makes their implementation unfeasible, particularly at the time of a world crisis such as that witnessed in 2009. CORTICEIRA AMORIM will obviously continue to research new technical solutions for reduction in water consumption, namely via its reuse, with a view to improving its performance in this area (Fig.27).

Biodiversity

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

As stated in section 6.4., this is considered to be a priority issue for the company, which intends to strengthen the extremely positive effects that, at least indirectly, result from its activities.

Emissions, Effluents and Waste

Atmospheric emissions

In terms of atmospheric emissions, it should be pointed out that the increase in COV emissions was due to increased processing and emission sources at the Composite Cork BU (Fig.28).

Fig. 27 Water Consumption

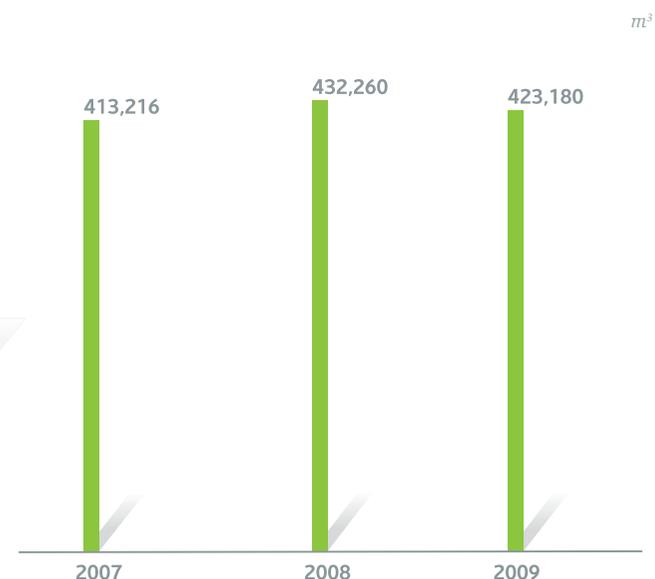


Fig. 28 Atmospheric Emissions

	2007	2008	2009
			<i>tons</i>
Particles	134	132	140
SOx	1	2	4
VOC	19	30	55
NOx	214	171	197

Note: Emissions calculated from the monitoring of gaseous emissions in 2009

Liquid Effluents

Fig. 29 Liquid Effluents

	2007	2008	2009
			<i>m³</i>
Industrial effluents	151,027	127,655	132,141
Domestic effluents	44,163	44,280	49,145
Total	195,191	171,934	181,286

Waste

In terms of waste, an overall reduction was recorded, mostly as a result of a reduction in levels of activity (Fig.30).

No significant spillages were recorded in 2009 and there was no incidence of fines related to environmental issues.

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

Fig. 30 Waste

	2007	2008	2009
			<i>tons</i>
Hazardous waste	279	228	175
Recovery	106	72	61
Elimination	172	157	114
Non-hazardous waste	19,475	20,173	13,396
Recovery	15,757	16,914	9,779
Elimination	3,718	3,260	3,617
Total	19,753	20,401	13,571

5.2. Human Resources

Employment

This Sustainability Report covers 93.4% of CORTICEIRA AMORIM's employees on December 31, 2009. There is no change to the Report's perimeter in relation to 2008 (Fig.31).

Details of CORTICEIRA AMORIM's employees by gender and age range are shown in Fig.32.

The level of staff churn (evaluated by exit levels) rose significantly, mostly due to the major restructuring which took place in the Cork Stoppers and Composite Cork BUs at the beginning of 2009. As a consequence of the economic and financial crisis in sectors including the automobile industry, construction and the wine sector, CORTICEIRA AMORIM had no alternative but to reduce staffing levels at the Cork Stopper and Composite Cork BUs by around 190 employees (in accordance with a statement made by the company to the CMVM, Portugal's stock market regulator). To minimise the impact of this decision, CORTICEIRA AMORIM immediately set out a number of criteria to be observed throughout the process, including not making more than one member of any family unit redundant, not making divorced women or widows caring for minors redundant, and extending health insurance for those made redundant to cover the following year (Fig.33).

Work and Management Relations

Freedom of association is a right of all employees and is exercised by 34.2% of CORTICEIRA AMORIM employees covered by this report.

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

Diversity and Equal Opportunities

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

Fig. 31 Employment

	2007	2008	2009
Total Workforce	3,406	3,425	3,031
Permanent contract	3,075	3,003	2,743
Fixed term contract	331	422	288
Part-time workers	52	51	48

Fig. 32 CORTICEIRA AMORIM Workers by Age and Male/Female Ratio

	Age			Gender		Total
	< 30	30 a 50	> 50	Female	Male	
Director	0	23	13	0	36	36
Manager	0	62	15	11	66	77
Head of Department	5	77	21	24	79	103
Sales staff	10	77	32	18	101	119
Support and Management Technicians	22	74	20	38	78	116
Foreman/Forewoman	3	78	41	14	108	122
Administrative Staff	35	200	40	145	130	275
Maintenance, Logistics and Quality Technicians	30	196	67	59	234	293
Production Operators	218	1,265	407	563	1,327	1,890
Total 2009	323	2,052	656	872	2,159	3,031
Total 2008	452	2,271	703	982	2,444	3,426

The cork sector is one of the most traditional sectors in Portugal. There has been some discussion regarding the difference in remuneration for functions which are different but considered to be equally demanding. Bearing in mind that there are collective work contracts agreed with the trade unions, this is a sector issue for which CORTICEIRA AMORIM sought, on its own behalf, the establishment of an agreement which would enable the level of payment associated with the functions in question to be gradually increased. Such an agreement was reached and signed by APCOR and the respective sector trade unions in 2008, and is now in operation (Fig.34).

In five out of eight categories, the average wage increase for females was greater than that for men in the same professional category.

5.3. Economic performance

Summary of Activity

The predominant feeling at the beginning of 2009 was one of heavy and generalised mistrust. The last quarter of 2008, which was marked by the almost total collapse of the world financial system, was the beginning of the spread of the crisis to the so-called real economy. During the first quarter of 2009 all economic and financial indicators hit rock bottom, falling to lows which, in many cases, had not been seen since the end of the Second World War. From the stock markets to international trade, historic lows were recorded, together with all the other adverse effects associated with them, such as escalating unemployment and heavily restricted access to credit. Industrial firms presented falls in sales that were often in the region of 20 and 30%.

Given such a situation, the most agile companies began to adapt their cost structures to the aforementioned fall in activity. As a reaction to the difficult situation it had been experiencing since November 2008, on 3 February CORTICEIRA AMORIM announced that it would be adapting its production capacity to the level of demand for its products. This measure, together with others taken within the company, obviously without the same media impact, sought to achieve economic and financial stability in

Fig. 33 Turnover Rate

	2007	2008	2009
Total Leaves	235	338	612
Total turnover rate	6.9%	9.9%	20.2%
< 30	1.6%	2.9%	3.8%
30 to 50	3.5%	4.3%	10.2%
>50	1.8%	2.7%	6.2%
Women	1.7%	3.5%	6.8%
Men	5.2%	6.4%	13.4%

Fig. 34 Ratio of Average Salary of Men to Women by Employee Category

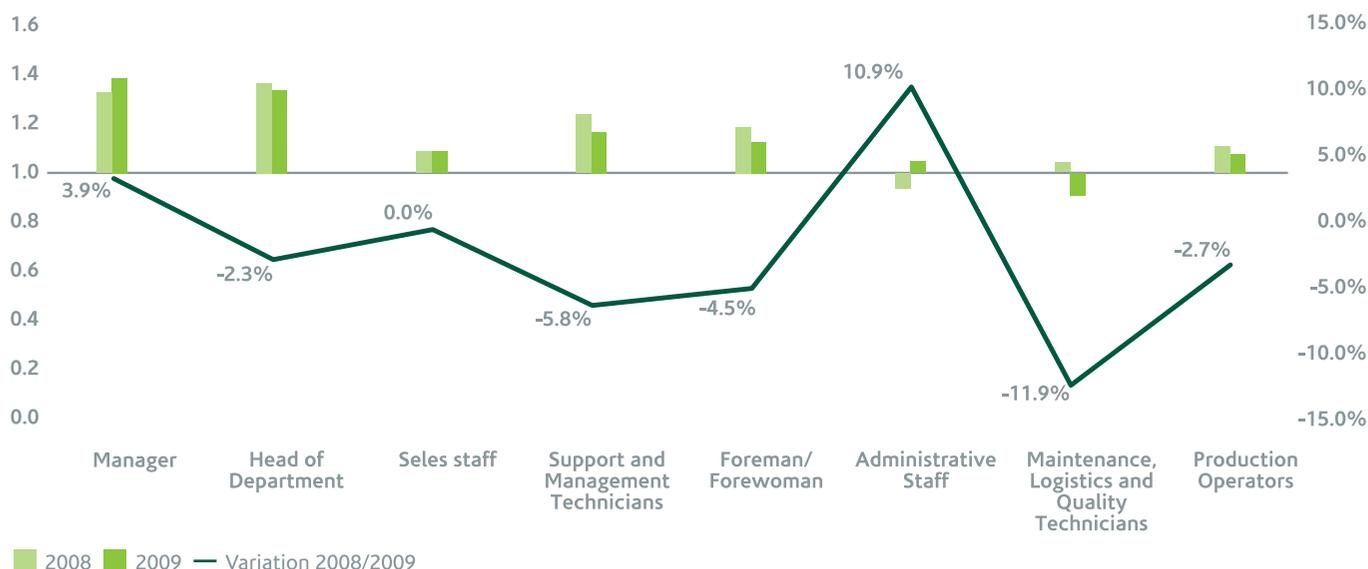


Fig. 35 Sales

thousand euros

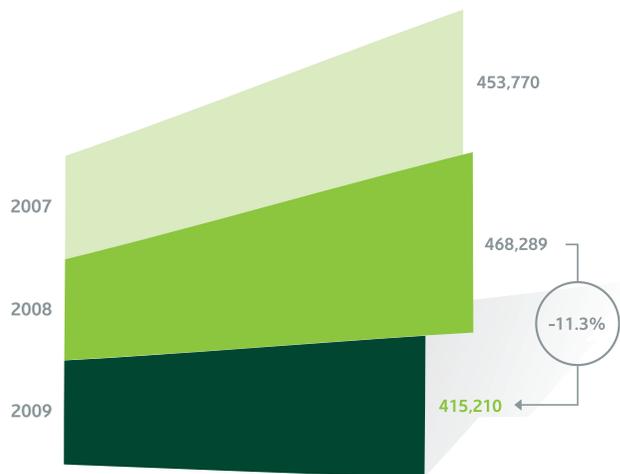


Fig. 37 Total Assets

thousand euros

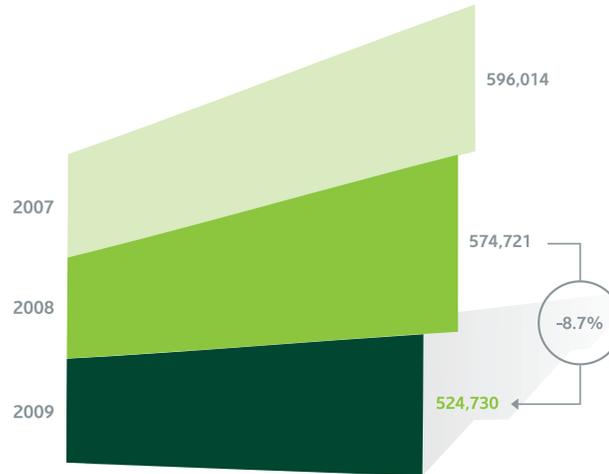


Fig. 36 EBITDA

thousand euros

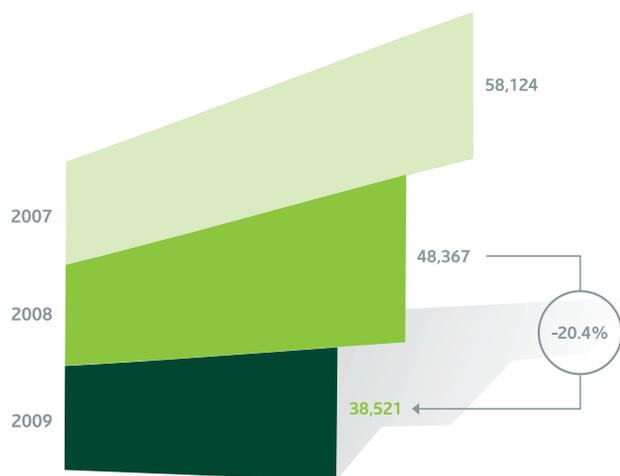
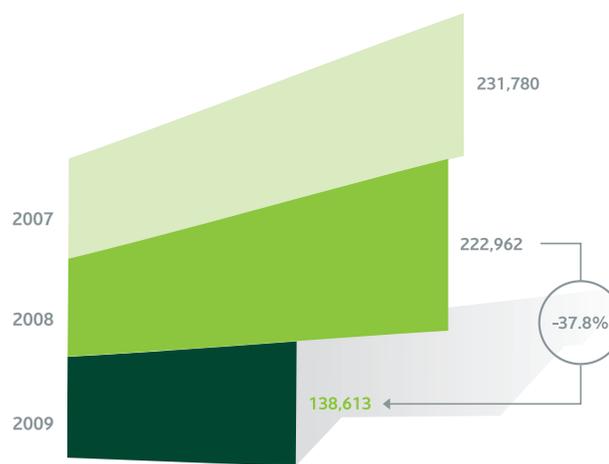


Fig. 38 Net Debt

thousand euros



the face of a significant reduction in sales of the company's products. This attempt to adapt continued throughout 2009 and affected almost all of the different BUs.

The cork industry in general faced an extremely difficult year. The fall in the value of its exports, with a recorded drop of 18.5% in the respective value (accumulated October) is sure proof of this. It should, however, be noted that this fall was about average within the Portuguese export industries. Nevertheless, this fact, combined with the heavy financial imbalance which characterises the industry as a whole, had a devastating effect on many companies in the sector. Despite obviously being affected by such difficult circumstances, CORTICEIRA AMORIM managed to resist, due not only to the solid financial situation established in recent years, but also to the speed with which it adapted its structures to such difficult business conditions.

Consolidated Results

Sales reached €415.2 million, down 11.3%. This fall was general, hitting virtually all markets and product ranges.

The pace of the drop in sales was, however, attenuated throughout the year, and in the last quarter the Floor and Wall Coverings BU managed to record higher sales than in the same quarter of 2008. In cumulative terms, this BU was 8.2% below the value recorded in 2008. Also of particular note is the performance of the Cork Stoppers BU, which managed to end the year with a deviation of -8.5% in sales. Given the evolution of the cork stoppers market, this variation suggests an increase in market share. The other two BUs with sales to end customers, Floor and Wall Coverings and Composite Cork, recorded falls of around 16 to 17%.

One thing that was demonstrated in 2009 was CORTICEIRA AMORIM's capacity to resist. The company managed to protect most of its markets and products, increasingly presenting itself as the only global player in the cork market. It strengthened its solidity in financial terms, in great contrast with the sector, and, lastly, it achieved the objective that was announced at the height of the crisis, that is, to present positive results at the end of 2009. Three factors contributed to its success: maintaining the Gross Margins percentages, reducing operating costs and the positive impact of its financial function.

The significant improvement in the Gross Sales seen over the course of the four quarters made it possible to end the year with a percentage of sales that matched the achieved in 2008. The end of the milling of cork from the 2007 campaign made an important contribution to this improvement. From the fourth quarter on milling began of cork from

the 2008 campaign, the price of acquisition of which was about 20% lower. The policy of maintaining the sales price of CORTICEIRA AMORIM's final products and, to some extent, a slightly more favourable USD exchange rate, and improvements in the production process, were the other factors in this improvement.

Whilst maintaining the Gross Margins percentages was important for the results, the reduction in costs was fundamental. The decrease by around €17 million, excluding the announced costs of the restructuring of approximately €4.5 million, meant a current EBITDA of €38.5 million could be achieved. This value represents 9.3% of sales and is not far from the value achieved in the previous year (10%). In absolute terms, however, it presents a decrease of around 17% on the €46.6 million recorded in 2008.

Lastly, the third factor which made it possible to present positive results was the behaviour of the financial function. As will be concluded from an analysis of the consolidated balance sheet, the interest-bearing debt fell dramatically throughout the year. By the end of 2009, the interest-bearing debt had fallen 37.83% on 2008. If we add to this fact the effect of the reduction in the average rate of interest paid by CORTICEIRA AMORIM, the result was a notable decrease in the amount of interest paid, with a historic reduction being recorded for this component of the company's costs (from €13.4 million in 2008 to €5.7 million in 2009).

The combination of the negative effect of the evolution of sales with the three positive effects mentioned allowed CORTICEIRA AMORIM to record a pre-tax profit of €8.1 million, approximately 35% lower than that presented in the previous year.

After the estimated income tax and the part of the results assigned to minority interests, the net profit attributable to CORTICEIRA AMORIM's shareholders was €5,111 million down 16.9% on the €6,153 million presented for 2008.

Wealth Generated

The Figure 39 summarises the main economic performance indicators³.

Contributions to social security systems

CORTICEIRA AMORIM contributed in all the countries in which it operates, and under the terms of the specific legislation applicable, to local social security systems which cover all its workers. The total amount in 2009 was €14.15 million.

³ Concepts used:

Revenue – corresponds to the sum of the following items: Sales and Service Provision; Supplementary Income, Operating Subsidies; Internal Company Work; Other Operating Income; Financial Income and Gains; Real Estate Gains (after the deduction of losses).

Operating costs – Not including amortisations.

Investment in the community – includes only the value of cash donations and not investments in product donations (€9,500 in 2009).



Fig. 39 Economic Performance Indicators

	2007	2008	2009
	<i>thousand euros</i>		
Direct economic value generated	457,563	471,956	418,785
Revenues	457,563	471,956	418,785
Economic value distributed	423,855	452,484	388,540
Operating costs	307,198	321,114	285,503
Employee wages and benefits	87,806	93,296	93,308
Payment to providers of capital	18,729	21,579	6,224
Payments to State Organisations	10,007	16,261	3,380
Community investments	114	235	125
Economic value retained	33,708	19,472	30,245

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

Financial incentives

In 2009, the group's Portuguese companies benefited from €3,961,000 in incentives, aimed mainly at supporting R&D projects.

Purchasing policy

CORTICEIRA AMORIM's main suppliers are suppliers of raw materials, essentially cork, and suppliers of transport services. The purchase of cork for the most part takes place in Portugal, and therefore the greatest economic impact is felt in this country, particularly in the Alentejo region (Fig.40).

Fig. 40 Cork Purchases

	2007	2008	2009
Portugal	141,758	105,240	85,224
North Africa	5,159	6,379	2,255
Other origins	20,632	10,429	16,280
Total	167,549	122,048	103,759

thousand euros

Local recruitment of staff

Policies geared at local staff recruitment are combined with efforts to increase staff mobility opportunities between different countries. This latter policy is designed to strengthen and enrich the group and its corporate culture and has resulted not only in the integration of various Portuguese members of staff into group companies overseas, but also to employees of different nationalities taking up seats on the Boards of Directors of different BUs (which have their headquarters in Portugal). In 2009, around 67% of external company managers and directors were recruited from local communities.

5.4. Human Rights

Defending and respecting human rights is a fundamental practice for CORTICEIRA AMORIM. No cases of discrimination have been identified in any of the group's activities and operations, nor has there been any risk of child labour, forced or compulsory labour or restrictions on the freedom of association or unionisation.

As was initially predicted, 2009 was particularly demanding in regard to convergence of interests with suppliers, thus making the implementation of a code of conduct for suppliers unfeasible. Without losing sight of the objective of implementing a code (for suppliers or a code of ethics) which strengthens the safeguarding and defence of human rights throughout the chain of supply, it is thought that the right conditions will still not exist in 2010 to define and implement such a code. In 2010 the company will seek, together with its stakeholders, to gather the necessary knowledge in order to implement this code of procedures in 2011.

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 2009, total donations to social responsibility initiatives totalled €125,000.

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

As a result of its presence in different communities, with activities on a global scale and sales in more than 100 countries, CORTICEIRA AMORIM is a member of a number of national and international associations representing the most varied types of stakeholders, namely commercial and business associations, research centres and other civic bodies.

Analysis of the risks associated with corruption in the various BUs is carried out in CORTICEIRA AMORIM through audits of the process of internal control and external audits, which evaluate the compliance of the processes and identify inefficiencies that may result from corruption. In this context, no situations of corruption nor any other situation which justified vocational training in this area, besides those resulting from internal audit actions, were identified in 2009.

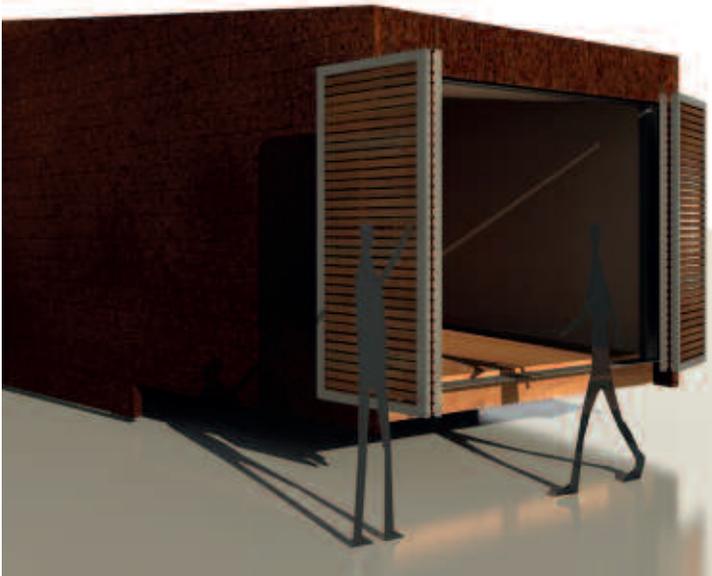
5.6. Product Responsibility

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, aerospace and construction industries, amongst others.

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

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

- certification for the products of the Insulation Cork BU by ACERMI – Association pour la certification de Matériaux Isolants (France), by



Cork granules can be put to a multitude of uses, limited only by human imagination, such is the versatility of this material.

SITAC – Swedish Institute for Technical Approval in Construction (Sweden) and by FIW MÜNCHEN (Germany);

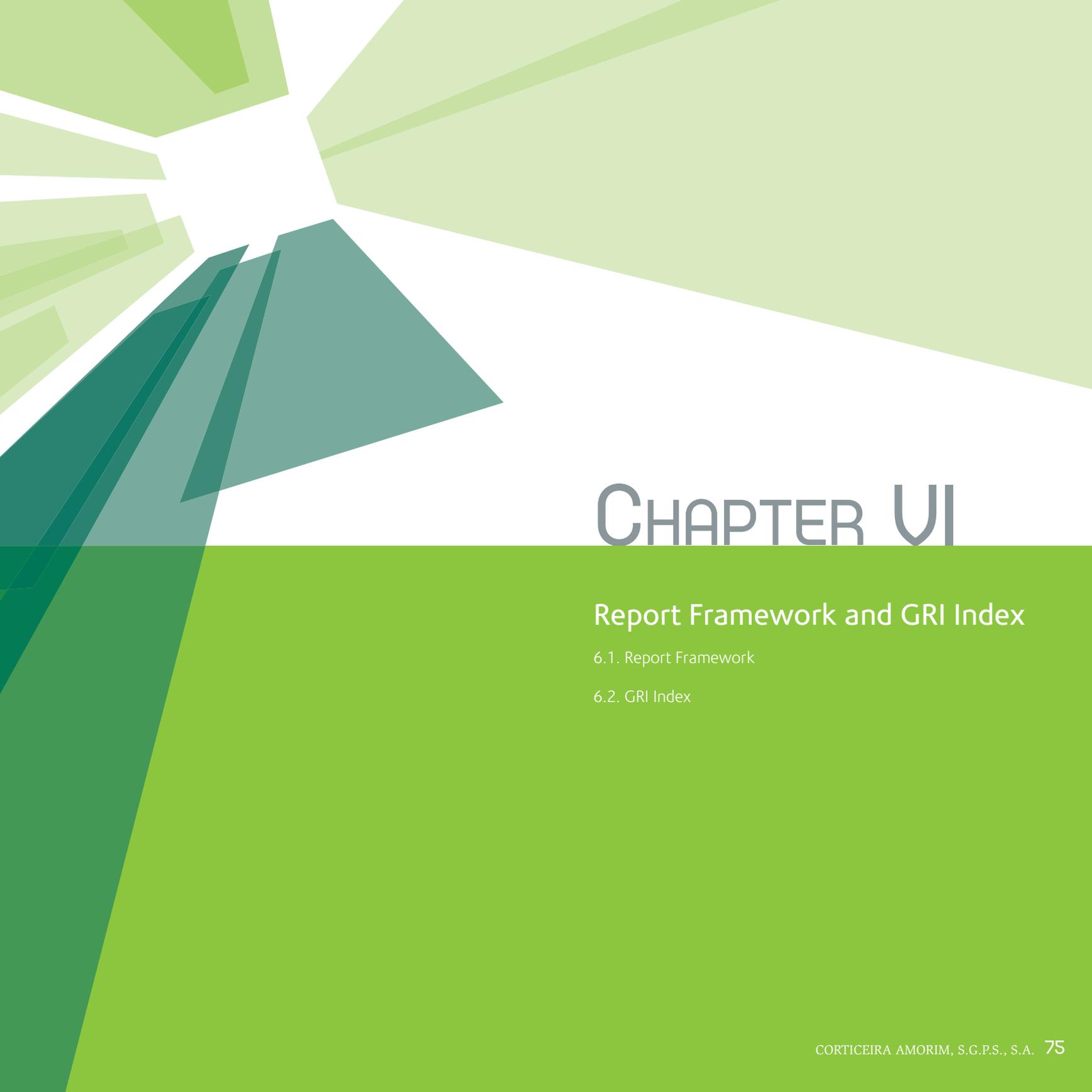
- CE marking according to the European standard EN 13170 for the products of the Insulation Cork BU and according to the European standard EN 14041 for the products of the Floor and Wall Coverings BU;
- certification by CSTB – Centre Scientifique Technique du Bâtiment according to the UPEC classification of the two product series (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;
- GREENGUARDSM certification awarded in 2008 by GREENGUARD Environmental Institute (GEI) to five Wicanders cork floor and wall covering products.

In regard to this latter certification, it should be highlighted that GEI is an independent non-profit making organisation that monitors the GreenguardSM Certification Programme and establishes air quality standards for closed spaces for products, environments and buildings. The GREENGUARD Certification Programme is voluntary and identifies specific products that have been subject to testing so as to guarantee their chemical and particle emissions meet the directives and standards in effect for air quality pollution within closed environments. CORTICEIRA AMORIM products were subject to testing for over 2,000 chemical products in the most advanced stainless steel testing facilities in accordance with the overall standards of the respective ISO standards.

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 certification mentioned above, the following may be highlighted:

- 100% of cork stoppers commercialised comply with the requirements of the Systecode certification;
- assessment of the impacts on health and safety, in the stages of (I) development of product design and (II) research and development, is carried out in line with the ISO 22000 procedures implemented. Regarding the phase of storage, distribution and supply of the products, this assessment is assured in the four Portuguese industrial units with the cork stopper finishing operation and ISO 22000 certification. In addition, the products dispatched via the own distribution network (companies in the group located in the country of destination) are subject to finishing operations in those companies, which in most cases also present the ISO 22000 or HACCP certification. Thus, over 78% of the activity of the Cork Stoppers BU is carried out in establishments with ISO 22000 or HACCP certification;
- all cork flooring commercialised in Europe complies with the requirements of the CE marking and, thus, over 80% of the sales of CORTICEIRA AMORIM's flooring 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.





CHAPTER VI

Report Framework and GRI Index

6.1. Report Framework

6.2. GRI Index

CORK RECYCLING
ALLOWS EXTENDING
THE LIFE CYCLE OF
CORK AND THE CO₂
RETENTION.



After being ground and processed, cork stoppers are used in varied applications,

such as Olympic kayaks, aeronautical applications or design pieces.

CHAPTER VI

Report Framework and GRI Index

6.1. Report Framework

This Sustainability Report prepared by CORTICEIRA AMORIM contains information referring to 2009, including, whenever possible, appropriate and relevant, information relating to the main indicators for 2007 and 2008 to provide stakeholders with a view of the company's recent evolution. The company undertakes to publish a new edition of the report every year in which it details its performance in the area of sustainability and the level of compliance with its established commitments and including independent confirmation of this compliance. In 2009, validation of the Sustainability Report and the group's Annual Report and Financial Statements was charged to PricewaterhouseCoopers.

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

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

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

The group companies covered by this report include all those which generate significant impacts in terms of sustainability. All of the national and international production units have been included (except the Algerian unit, since its sustainability information systems cannot supply

the necessary data). In terms of distribution companies, those which may have significant impacts because of their size (turnover and number of workers) have been selected.

The companies covered in this report, marked in green on the organisational chart presented in Chapter I, correspond to 86.4% of CORTICEIRA AMORIM's sales and 93.4% of its employees. In terms of the report's perimeter, this remains unchanged in relation to the 2008 Sustainability Report. It should be highlighted that in 2008 (and in relation to the 2007 report) information was added regarding Francisco Oller, S.A. (an industrial company) and Amorim Flooring Switzerland, AG (a distribution company).

Progressively over the coming three years, CORTICEIRA AMORIM plans to include all its companies in the Sustainability Report.

The themes covered in the report were chosen with a view to their relevance in the current context of sustainability, their substance and the expectations and opinions of stakeholders. To this end, the results of the consultation process mentioned in Chapter 2.3. were taken into account.

The methodology used to calculate indicators that have been used in addition to the GRI G3 Guidelines is explained in the report.

Whenever the data does not refer to all the companies covered, the lack of information is indicated. Similarly, whenever the data derives from estimates, the basis on which these estimates are calculated is presented.

Fig. 41 Application Level B +

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



6.2. Index GRI

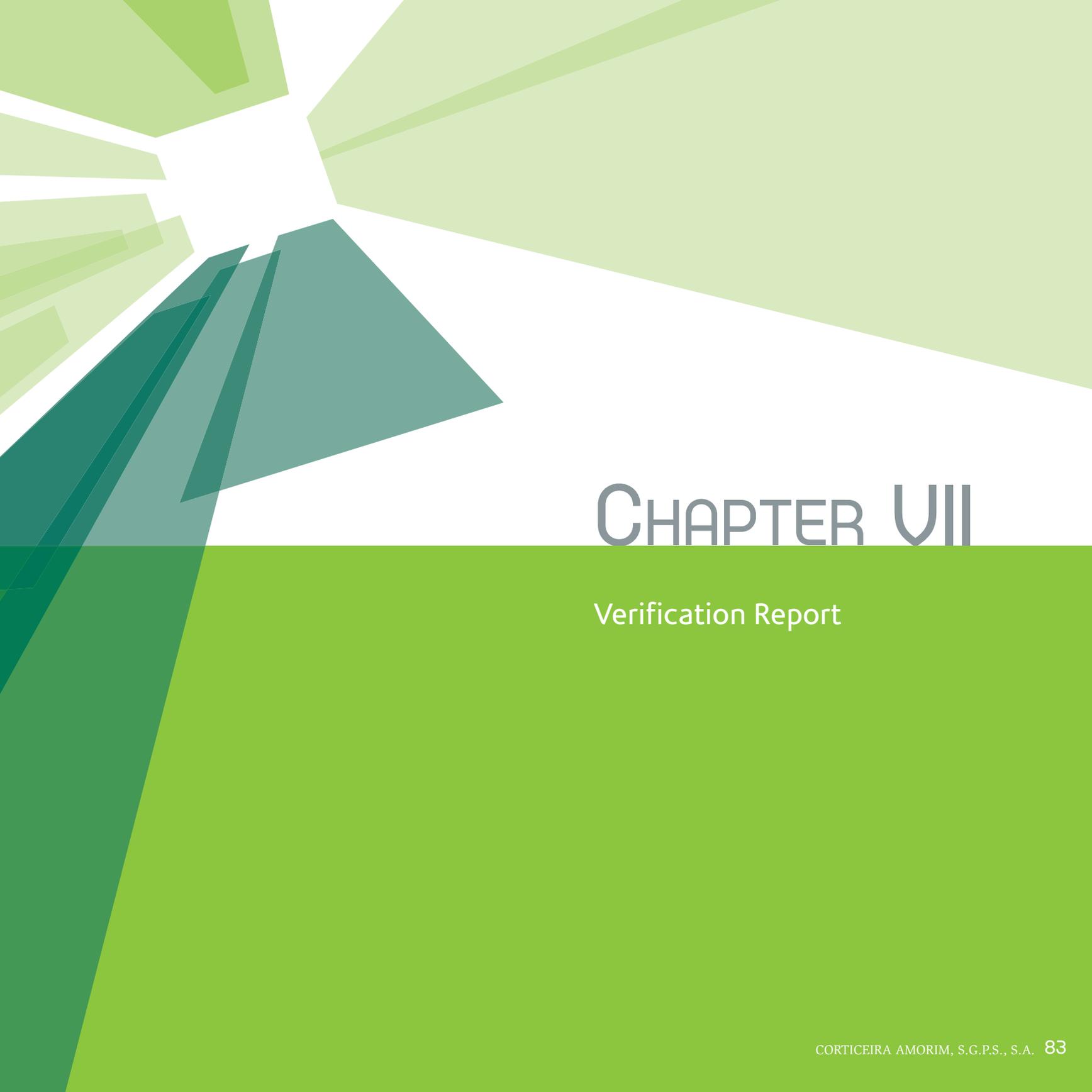
GRI ref.	Description	Value/ Location
1	Strategy and Analysis	
1.1	Statement of the CEO	Page 5
1.2	Description of Key Impacts, Risks, and Opportunities	Page 29; 41 – 57
2	Organisational Profile	
2.1	Name of the organisation	Page 11
2.2	Primary products and/or services	Page 11
2.3	Operational structure of the organisation	Page 11 – 13
2.4	Location of organisation's headquarters	Page 11
2.5	Countries where the organisation operates	Page 15
2.6	Nature of ownership and legal form	Page 11
2.7	Markets served	Page 15
2.8	Scale of the reporting organisation	Page 16
2.9	Significant changes during the reporting period	Page 67
2.10	Awards received in the reporting period	Page 57
3	Reporting Parameter	
	Report Profile	
3.1	Reporting period	Page 77
3.2	Date of the most recent report	Page 77
3.3	Reporting cycle	Page 77
3.4	Contact point for questions regarding the report or its contents	Page 77
	Report Scope and Boundary	
3.5	Process for defining report content:	Page 77
3.6	Boundary of the report	Page 12; 13; 77
3.7	Other specific limitations on the scope or boundary of the report – strategy and projected timeline for providing complete coverage	Page 77
3.8	Basis for reporting	Page 77
3.9	Data measurement techniques and the bases of calculations	Page 77
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	Re-statements were not made
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Page 77
3.12	GRI Content Index	Page 78 – 81
3.13	Assurance	Page 86 – 88; 77
4	Governance	
4.1	Governance structure of the organisation	Page 21 – 23
4.2	Indicate whether the Chairman of the Board of Directors is also an executive officer	Page 22; AR&A page 52
4.3	Members of the Board of Directors that are independent and/or non-executive members	Page 22; AR&A page 49; 50
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the Board of Directors	Page 22; 25; AR&A page 67
4.5	Linkage between compensation for members of the Board of Directors, senior managers, and executives and the organisation's performance	AR&A page 46; 66
4.6	Processes in place for the Board of Directors to ensure conflicts of interest are avoided	AR&A page 48 – 50
4.7	Qualifications and expertise of the members of the Board of Directors	AR&A page 60 – 64
4.8	Mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the state of affairs of their implementation	Page 24; 25

GRI ref.	Description	Value/ Location
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 56 – 58
4.10	Processes for evaluating the Board of Directors own performance, particularly with respect to economic, environmental, and social performance	Page 26; 27; AR&A page 66; AR&A page 48
	Commitments to External Initiatives	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	AR&A page 56 – 58
4.12	Externally implemented economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Page 25; 49
4.13	Memberships in associations and/or national/international advocacy organisations	Page 71; 73
	Stakeholder Engagement	
4.14	List of stakeholder groups engaged by the organisation	Page 29
4.15	Basis for identification and selection of stakeholders with whom to engage	Page 22; 28
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Page 28; 29
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Page 29
5	Performance Economy Management approach	Page 21 – 27
	Aspect: Economic Performance	
EC1	Direct economic value generated and distributed	Page 70
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Page 45 – 48
EC3	Coverage of the organisation's defined benefit plan obligations	Page 69
EC4	Significant financial assistance received from Government	Page 71
	Aspect: Market Presence	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Page 71
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Page 71
	Aspect: Indirect Economic Impacts	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or Pro bono engagement (thousand euros)	Page 71
	Environment Management approach	Page 21 – 27
	Aspect: Materials	
EN1	Materials used by weight or volume	Page 63
EN2	Percentage of materials used that are recycled input materials	Page 64
	Aspect: Energy	
EN3	Direct energy consumption by primary energy source	Page 47
EN4	Indirect energy consumption by primary source	Page 47

GRI ref.	Description	Value/ Location
EN8	Aspect: Water Total water withdrawal by source	Page 64
EN11	Aspect: Biodiversity Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 64
EN12	Impacts of activities, products, and services on biodiversity	Page 49; 51
EN16	Aspect: Emissions, Effluents and Waste Total direct and indirect greenhouse gas emissions by weight	Page 47; 48
EN17	Other relevant indirect greenhouse gas emissions by weight	Page 47; 48
EN19	Emissions of ozone-depleting substances by weight	Page 65
EN20	NOx, SOx, and other significant air emissions by type and weight	Page 65
EN21	Total water discharge by quality and destination	Page 65
EN22	Total weight of waste by type and disposal method	Page 65
EN23	Total number and volume of significant spills	Page 65
EN26	Aspect: Products and Services Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Page 46
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Page 63; 64
EN28	Aspect: Compliance Monetary value of significant fines and total number of non-monetary sanctions	Page 65
	Social Management approach (LA, HR, SO and PR indicators)	Page 21 – 27
LA1	Aspect: Employment Total workforce by employment type, employment contract, and region	Page 65
LA2	Total number and rate of employee turnover by age group, gender, and region	Page 67
LA4	Aspect: Labor/Management Relations Percentage of employees covered by collective bargaining agreements	Page 65
LA5	Minimum notice period(s) regarding significant operational changes	It is not defined
LA7	Aspect: Occupational Health and Safety Rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities	Page 52 – 54
LA8	Education, training, counselling and prevention programs in place to assist workforce members regarding serious diseases	Page 52 – 54
LA10	Aspect: Training and Education Average hours of training per year per employee by employee category	Page 51; 52
LA13	Aspect: Diversity and Equal Opportunity Composition of governance bodies and breakdown of employees per category according to gender and age group	Page 66
LA14	Ratio of basic salary of men to women by employee category	Page 67

GRI ref.	Description	Value/ Location
HR1	Aspect: Investment and Procurement Practices Percentage of significant investment agreements that include human rights clauses	0%
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	0%
HR4	Aspect: Non-Discrimination Total number of incidents of discrimination and actions taken	Page 71
HR5	Aspect: Freedom of Association and Collective Bargaining Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk	Page 71
HR6	Aspect: Child Labour Operations identified as having significant risk for incidents of child labour	Page 71
HR7	Aspect: Forced and Compulsory Labour Operations identified as having significant risk for incidents of forced or compulsory labour	Page 71
SO1	Aspect: Community Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	Do not exist
SO2	Aspect: Corruption Percentage and total number of business units analysed for risks related to corruption	Page 71 – 73
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	Page 71 – 73
SO4	Actions taken in response to incidents of corruption	Page 71 – 73
SO5	Aspect: Public Policy Public policy positions and participation in public policy development and lobbying	Page 71 – 73
SO8	Aspect: Compliance Monetary value of significant fines for non-compliance with laws and regulations	0€
PR1	Aspect: Customer Health and Safety Life cycle stages in which health and safety impacts of products and services are assessed for improvement	Page 73
PR3	Aspect: Product and Service Labeling Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	Page 73
PR6	Aspect: Marketing Communications Programs for adherence to laws, standards, and voluntary codes related to marketing communications	Do not exist
PR9	Aspect: Compliance Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	0€



The background features abstract geometric shapes in various shades of green and teal. On the left, several overlapping triangles and polygons in light and medium green tones radiate from the top-left corner. A large, dark teal triangle points downwards from the top-left towards the center. The right side of the page is dominated by a large, light green shape that tapers towards the top-right. The bottom half of the page is a solid, vibrant green.

CHAPTER VII

Verification Report

CORK: THE MOST
ENVIRONMENTALLY-FRIENDLY
INSULATION IN THE WORLD.



*Excellent thermal
and acoustic insulator,
100% natural,
totally recyclable
and with unlimited durability
that will not diminish the
product's unique features.*

CHAPTER VII

Verification Report

“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.

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

PricewaterhouseCoopers
& Associados - Sociedade de
Revisores Oficiais de Contas, Lda.
Palácio Sottomayor
Rua Sousa Martins, 1 - 3º
1050-217 Lisboa
Portugal
Tel +351 213 599 000
Fax +351 213 599 999

**Independent verification report
of the “Sustainability Report 2009”**

(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 2009” (Report), regarding the performance indicators listed in the Scope below, included in the “GRI index” and presented in different sections of the Report. Independent verification was performed according to instructions and criteria established by CA, as referred in the Report, and according to the principles and extent described in the Scope below.

Responsibility

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

Scope

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

The scope of our verification consisted on information from 2009 regarding Portugal and Spain, on the following GRI3 indicators:

- Direct economic value generated and distributed (GRI3 EC1)
- Coverage of the organization's defined benefit plan obligations (GRI3 EC3)
- Significant financial assistance received from government (GRI3 EC4)
- Materials used by weight or volume (part of GRI3 EN1, cork consumption was verified)
- Percentage of materials used that are recycled input materials (part of GRI EN2, used tires consumption was verified)
- Direct energy consumption by primary energy source (part of GRI EN3, natural gas consumption was verified)
- Indirect energy consumption by primary source (GRI3 EN4)
- Total water withdrawals (GRI3 EN8)
- Total direct and indirect greenhouse gas emissions by weight (GRI3 EN16)
- Total weight of waste by type and disposal method (GRI3 EN22)
- Monetary value of significant fines and total number of non-monetary sanctions (GRI3 EN28)
- Total workforce by employment type and employment contract (GRI3 LA1)
- Total number and rate of employee turnover by age group and gender (GRI3 LA2)
- Percentage of employees covered by collective bargaining agreements (GRI3 LA4)
- Rates of injury, occupational diseases, lost days, and absenteeism and number of work related fatalities (GRI3 LA7)
- Average hours of training per year per employee by employee category (GRI3 LA10)
- Composition of governance bodies and breakdown of employees per category according to gender and age group (GRI3 LA13)
- Ratio of basic salary of men to women by employee category (GRI3 LA14)

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

- (i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the Report;
- (ii) Identify the existence of internal management procedures leading to the implementation of economical, environmental and social policies;
- (iii) Testing the efficiency of process and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned;
- (iv) Confirming, through visits to sites, that operational units follow the instructions on collection, consolidation, validation and reporting of performance indicators;
- (v) Executing substantive procedures, on a sampling basis, in order to collect sufficient evidence to validate reported information;
- (vi) Comparing financial and economical data with 2009 Annual Report and Accounts, audited by the external auditor;
- (vii) Confirming the existence of data and information required to reach level B of compliance with GRI3, self declared by CA on the Report.

(2)



Corticeira Amorim, SGPS, S.A.

Data and information analyzed include, beside the contents of the Report, information referred on the Report and available at the 2009 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 2009 Annual Report and Accounts.

Lisbon, March 16, 2010

PricewaterhouseCoopers & Associados SROC, Lda.
Represented by:

António Joaquim Brochado Correia, ROC



TECHNICAL DATA

Title

Sustainability Report 09 CORTICEIRA AMORIM, S.G.P.S., S.A.

Coordination

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

Ownership

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

Public Company

Edifício Amorim I – Rua de Meladas, nr. 380

P.O. Box 20

4536-902 MOZELOS VFR CODEX – PORTUGAL

Telephone: +351 227 475 400

Fax nr.: +351 227 475 410

corticeira.amorim@amorim.com

www.corticeiraamorim.com

Share Capital: EUR 133,000,000.00

Reg. and Corporate Tax Identification Number 500 077 797

Company registered at the Companies Registry of Santa Maria da Feira (Portugal)

Design and Typesetting

Choice – Comunicação Global, Lda.

Av. 5 de Outubro, nr. 122, 9º Dto.

1050-061 Lisboa

Telephone: +351 217 981 470

Fax nr: +351 217 981 479

choice@choice.pt

www.choice.pt

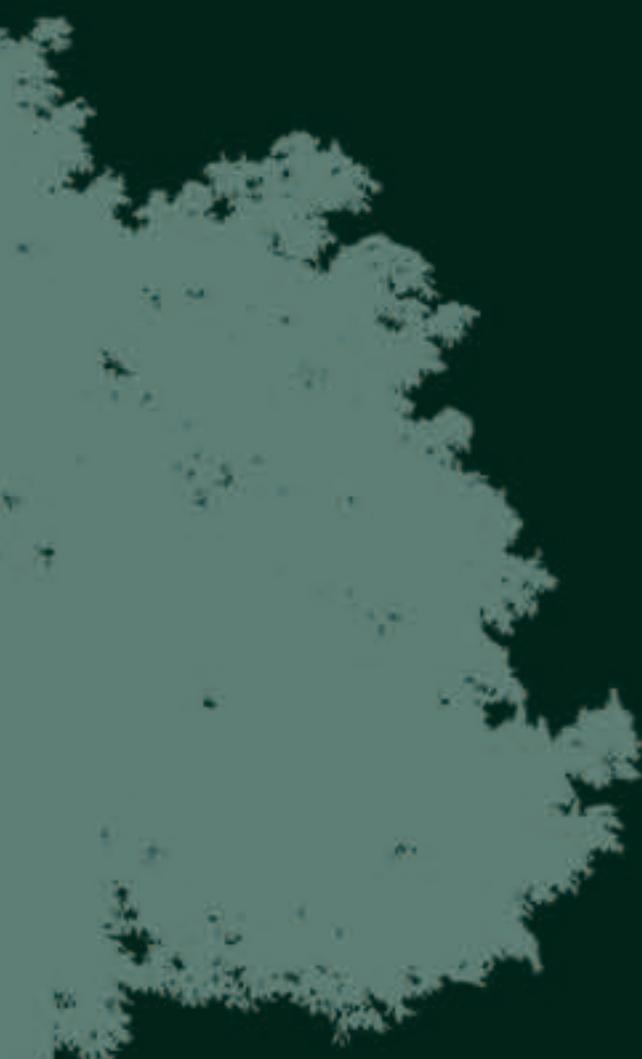
Print run

1000 copies

Printed in April 2010

ISSN

1647-001X



CORTICEIRA AMORIM, S.G.P.S., S.A.
Public Company
Edifício Amorim I – Rua de Meladas, no. 380
P.O. Box 20
4536-902 MOZELOS VFR CODEX – PORTUGAL
Phone: +351 227 475 400
Fax: +351 227 475 410/1
E-mail: corticeira.amorim@amorim.com

www.corticeiraamorim.com