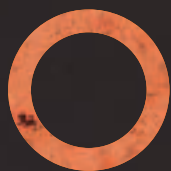




AMORIM



Innovation

Towards Sustainable Development

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

2010

Innovation

In 2010 cork products and solutions achieved an unprecedented level of recognition and strengthened in leading markets as high quality solutions that meet the demanding technical and environmental challenges of a wide range of different sectors.

CORTICEIRA AMORIM's business activities have been driven by its customers' appreciation of the economic, social and environmental advantages of using cork. Initiatives such as the InterCork programme and the use of the Group's products in leading world projects – the Portuguese Pavilion at the Expo 2010 Shanghai, Gaudí's Holy Family cathedral and luxury editions of legendary whiskies – has, as never before, brought cork to the attention of millions of consumers, leading them consciously to choose cork as an efficient and sustainable technical solution.



RESEARCH & DEVELOPMENT AND INNOVATION

In 2010 the company began an initiative to **implement an Innovation Programme**, with the following objectives:

- promoting an organizational culture aimed at Innovation and Value Creation;
- defining a structured plan for the management of interfaces, knowledge and ideas, adapted to the company's situation and which seeks to identify and capture opportunities (within and beyond the company) in a perspective of business growth;
- controlling and assessing the effectiveness of its innovation practices with a view to continual improvement.

Highlights of the R&D activities carried out in 2010:

- development of new technical benefits for **CORKSORB**, which seek to improve the adsorption potential of cork;
- creation of a material that enables the unique characteristics of cork to be incorporated into thermoplastics;
- several studies carried out in order to analyse the interaction between wine and cork stoppers highlight the performance of the natural closure *versus* the alternative ones;
- presentation of a solution to prevent the release of coloured compounds from the stopper into spirits;
- launch of **5G C** insertion system, adapted to the **Corkcomfort** floating range, which enables easier and quicker installation;
- launch of **CORKwall**, a new product aimed at restoring exterior facades and interior walls, an acoustic and thermal insulator that prevents loss of energy;
- introduction of a new version of a **top layer**, which guarantees the acoustic and thermal insulation of the floating flooring and allows the final design of the flooring to be applied directly onto its surface.



FSC FOREST MANAGEMENT SYSTEM

In 2010, the company strengthened its commitment to the FSC by implementing the chain of custody management system in line with this standard in four industrial units, increasing to 14 the number of companies certified by that organization.

The world market is showing clear signs of adhesion to responsibility policies. As far as the cork stoppers market is concerned, on the one hand we have witnessed the appearance of new wine cellars requesting certified stoppers and, on the other, there has been an increase in demand at the wine cellars and large-scale distributors which have already adopted policies of commitment to FSC cork stoppers.

Certification of the cork oak forest began in 2005 in the Iberian Peninsula. Since then, there has been successive growth in the size of the certified area, reaching, at the end of 2010, the 70,000 hectares of cork oak certified.



BIODIVERSITY

As part of the European Business & Biodiversity Initiative, CORTICEIRA AMORIM has been funding a free technical advisory for forestry producers, with the aim of identifying and adopting best practices in the management of cork oak forests and associated biodiversity. Since 2008, this technical advisory service has been provided to around 16,500 hectares of cork oak forest in Portugal. In the majority of the cases, these properties were subsequently awarded FSC certification.

In 2010, the "Enhancement of the Value and Sustainability of Cork Oak Forests and Associated Biodiversity" award, sponsored by CORTICEIRA AMORIM, was presented to two researchers at the Faculty of Sciences Foundation of the University of Lisbon (FFCUL). The winning work of this second edition award focused on the use of mycorrhizae to increase the survival rate of new cork oaks and the regeneration of cork oak forests. The inclusion of mycorrhized plants in strategies for reforestation was suggested.



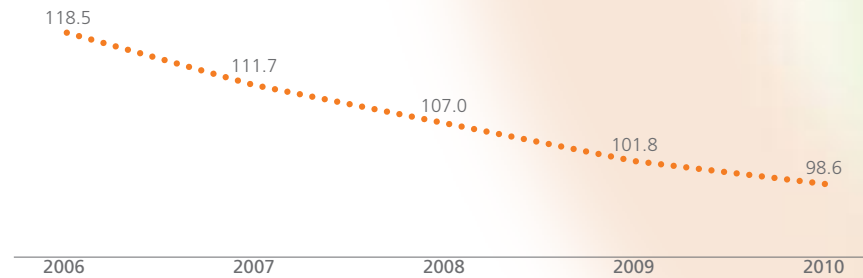
GLOBAL WARMING

In its position as world leader in the cork sector, CORTICEIRA AMORIM is aware of the role it plays in making this important ecosystem viable. For this reason, the company's contribution to combating global warming includes affirming cork solutions and developing the cork oak forests, as guarantees of the ecosystem, and also continually improving its performance regarding energy efficiency and, consequently, regarding greenhouse gas emissions.

Concerning the industrial activity, the biomass (which is a source of energy considered to be neutral in terms of CO₂ emissions) guarantees the supply of approximately 63% of the company's energy needs, contributing to the gradual decrease in the level of carbon intensity of CORTICEIRA AMORIM's activity.

Carbon intensity of the activity

tons of CO₂/1 million euros of sales



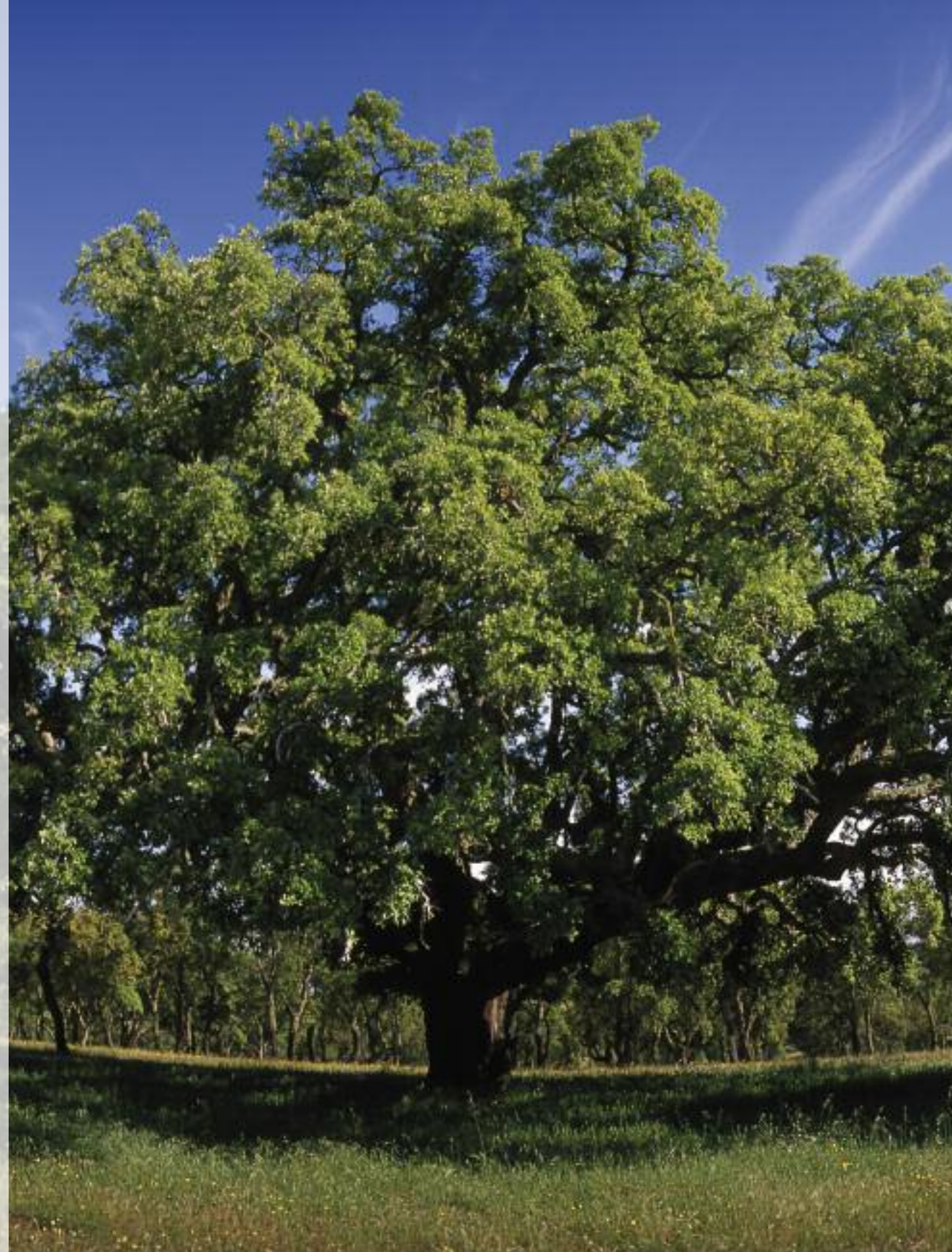
	2006	2007	2008	2009	2010
Total CO ₂ emissions (t)	52,443	50,683	50,122	42,273	45,024
Sales (million euros)	443	454	468	415	457

ASSESSMENT OF THE SERVICES PROVIDED BY THE CORK OAK FOREST ECOSYSTEM

As part of a partnership between CORTICEIRA AMORIM and the European Cork Federation, a study was carried out to assess the environmental services of the cork oak forests at a local scale.

The study demonstrates the fundamental role that the cork oak forest plays in the different ecosystem services analysed, above all in comparison with other soil uses. The innovative nature of this study lies in the fact that it characterizes environmental services at a local scale, establishes causal relationships between agro-forestry management practices and ecosystem services and, lastly, attributes a value to these services. Finally, the study sets the path for a remuneration of ecosystems services by identifying a practical set of assessment criteria and confirmation mechanisms.

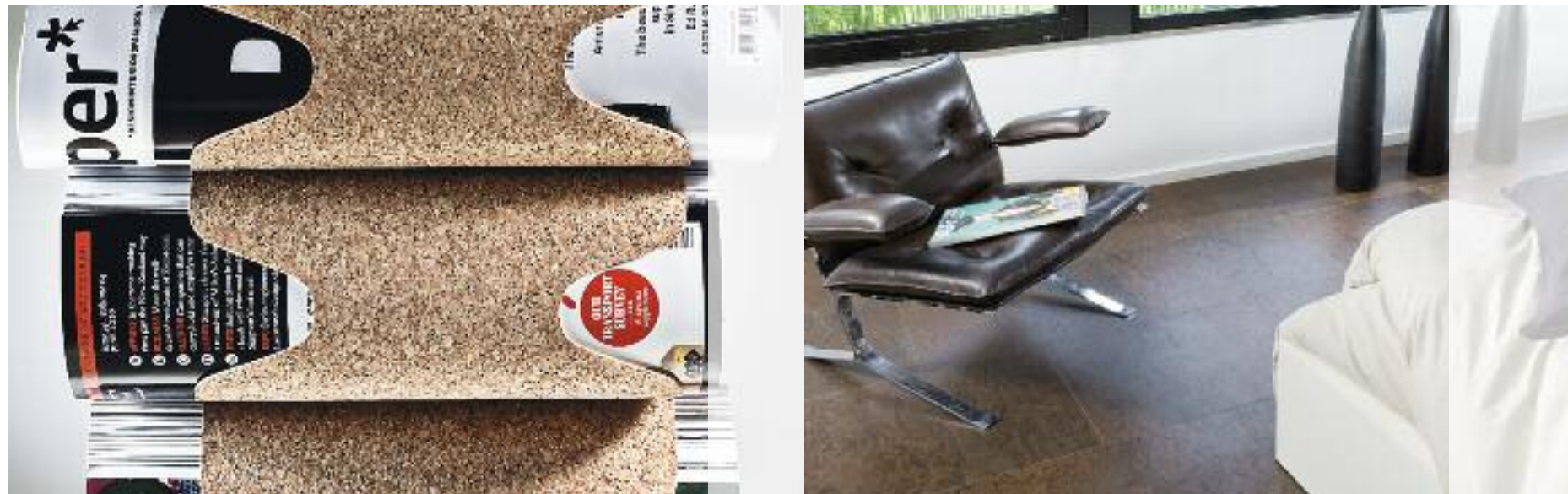
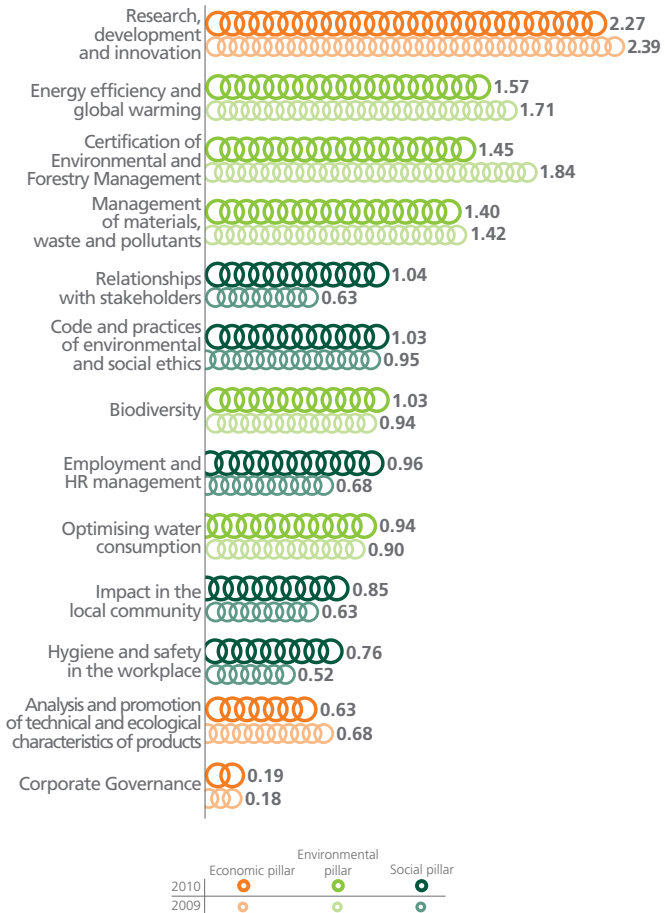
The preservation and enhancing of the cork oak forest is, for this reason, extremely important economically, not only for the production of cork, but also for the social and environmental value of the numerous services provided. While we do not move from analysis and assessment to real remuneration of these services, cork products will continue to make this entire balance viable.



STAKEHOLDER CONSULTATION

CORTICEIRA AMORIM has a stakeholder consultation and engagement process, which enables it to identify the main sustainability issues to be considered as future priorities for the company, as well as a strategic understanding of stakeholder involvement. Regarding the sustainability priorities, the stakeholders highlighted essentially the same issues and themes previously identified in the 2009 report edition.

Relevance of the dimensions of sustainability within the scope of CORTICEIRA AMORIM's activity



SUSTAINABLE CORK SOLUTIONS FOR CONSTRUCTION

Since cork is a natural and ecological material, it presents a range of benefits which distinguish it in terms of sustainable construction. The following most relevant environmental characteristics of CORTICEIRA AMORIM's products may be highlighted:

- renewable and **100% natural** raw material;
- organic and **biodegradable** material;
- **low energy** of production incorporated;
- **recyclable** pre- and post-consumption;
- **reusable**;
- various certifications of **products** (which increase the guarantees of their technical and environmental characteristics);
- management **system** certifications promoting efficiency – ISO 14001, ISO 9001 or OHSAS 18001 (which increase the guarantees of adoption of best practices).

During 2010 a manual on the application of cork in construction was produced (although not published), with the aim of publicizing CORTICEIRA AMORIM's portfolio of sustainable cork solutions for construction. Compilation of the available information in a manual was the first action in a plan – to be implemented in the coming years – which seeks new approaches for relating with stakeholders and also to strengthen the presence of cork solutions in Sustainable Construction.



NATURAL CHOICE PROGRAMME

To raise the awareness of employees and society in general, as citizens responsible for future generations, of the need to adopt more environmentally friendly behavior is one of the main aims of the Natural Choice Programme.

100 Sustainability Ambassadors

2,000 students participated in the environmental education activities

100 CORTICEIRA AMORIM employees actively participated in the Clean Portugal Project, organised with the aim of cleaning up the illegal rubbish dumps in Portuguese forests

1,600 kg of used cork stoppers collected by employees for recycling

2,300 employees in Portugal received the information document "12 steps towards sustainable use of Biodiversity on a daily basis"

RECYCLING

CORTICEIRA AMORIM recycled 172 tons of cork stoppers used in the manufacture of other high added-value products, as a result of recycling programmes launched or supported by the company in various geographic areas with special focus on Portugal (Green Cork) and the USA (ReCORK).

By reintegrating already used raw material into the manufacturing process, natural wine cork recycling programmes add value to the whole industrial chain. Simultaneously, growing consumer awareness of the environmental advantages inherent in the use of cork products and its recycling, is sustaining a progressive increase in the value of cork products.



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Design and Graphic Production: Choice – Comunicação Global, Lda. • www.choice.pt
Printed on paper Satimat Green, certified in conformity with FSC standards