

2016 REGISTRATION DOCUMENT



COMPAGNIE PLASTIC OMNIUM

Incorporated in France with limited liability and issued capital of 9,148,603.20 euros

Headquarters: 19, boulevard Jules Carteret – 69007 Lyon – France

Registered in Lyon, no. 955 512 611 – APE business identification code: 6420 Z

2016 REGISTRATION DOCUMENT



The French version of this Registration Document was filed with the French financial market authority (Autorité des Marchés Financiers – AMF) on March 20, 2017 under the number R.17-007 pursuant to Article 212-13 of the General Regulation of the AMF. It may be used in support of a financial transaction only if it is accompanied by a short form prospectus endorsed by the AMF. It was drawn up by the issuer and is binding on the signatories.

In accordance with Article L. 621-8-1-I of the French Monetary and Financial Code, the French version was registered after verification by the AMF that the document was complete and comprehensible and that the information contained therein was coherent. This does not imply the authentication by the AMF of the accounting and financial information presented.

The English language version of this Registration Document is a free translation of the original, which was prepared in French. The original language version of the document in French takes precedence over the translation.

Pursuant to article 28 of European Commission Regulation (EC) No. 809/2004, the following information is included by way of reference in this Registration Document:

- the consolidated financial statements and Statutory accounts for the year ended December 31, 2015, and the corresponding auditors' reports appearing on pp. 83-171 (inclusive) of the 2015 Registration Document filed with the AMF on March 24, 2016 under the reference number R. 16-011;
- the consolidated financial statements and Company financial statements for the year ended December 31, 2014, and the corresponding auditors' reports appearing on pp. 84-195 (inclusive) of the 2014 Registration Document filed with the AMF on July 7, 2015 under the reference number R.15-058.

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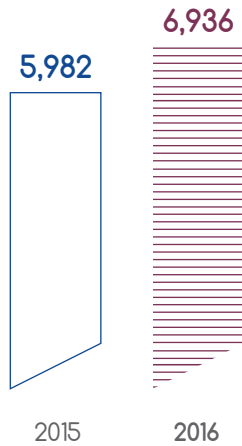
01
GROUP
OVERVIEW



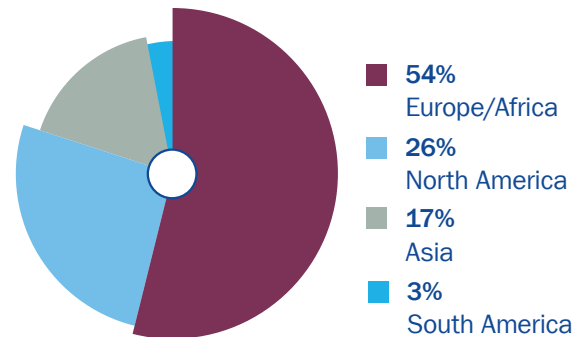
1.1 Key figures

CHANGE IN ECONOMIC REVENUE

in millions of euros

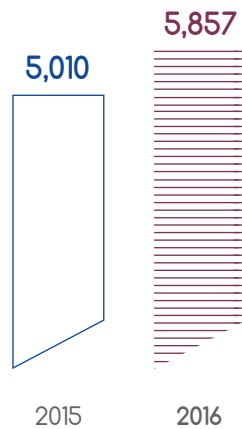


ECONOMIC REVENUE BY REGION



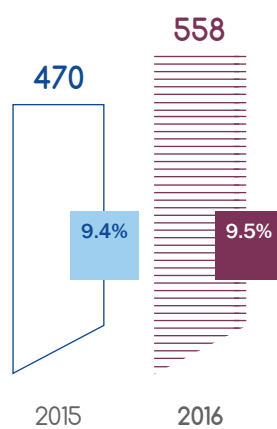
CHANGE IN CONSOLIDATED REVENUE

in millions of euros



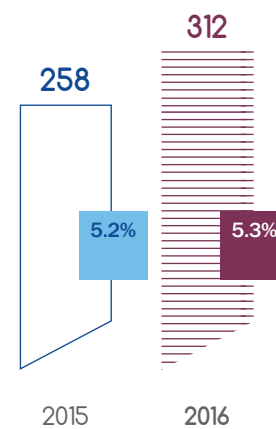
OPERATING MARGIN

in millions of euros
and as % of consolidated revenue



NET PROFIT, GROUP SHARE

in millions of euros
and as % of consolidated revenue



Economic revenue corresponds to the consolidated revenue plus the Company's for the revenue of joint ventures in proportion to its equity interest (BPO, HBPO and YFPO in the case of Plastic Omnium Automotive). The figure reflects the operational and managerial realities of the Group.

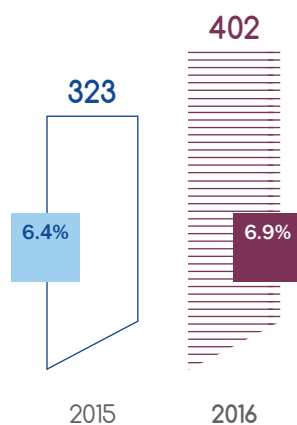
Consolidated revenue, in accordance with IFRS 10, 11 and 12, does not include the Company's share of the revenue of joint ventures which are accounted for by the equity method.

Operating margin is operating income including the share of profit of entities accounted for by the equity method and the amortization of acquired intangible assets before other operating income and expenses. The CVAE recognized under operating margin in 2015 has been recognized under taxes since January 1, 2016. This tax amounted to €7.6 million in 2015.

Key figures

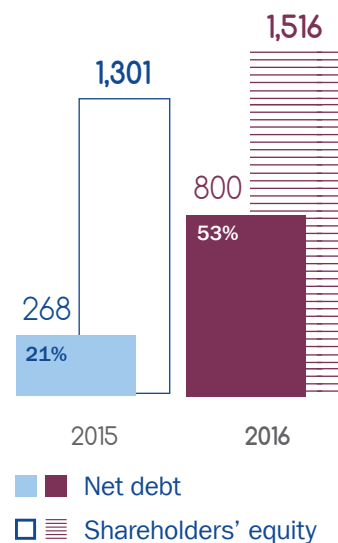
CAPITAL EXPENDITURES AND PROJECTS

in millions of euros
and as % of consolidated revenue



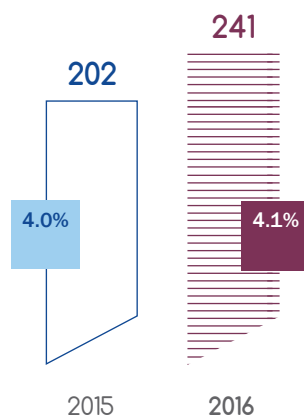
NET DEBT / SHAREHOLDERS' EQUITY

in millions of euros
and gearing as %



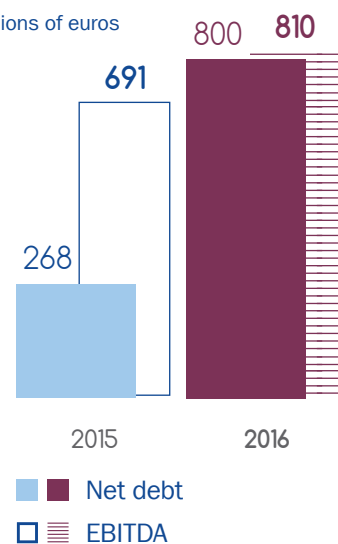
FREE CASH FLOW

in millions of euros
and as % of consolidated revenue



NET DEBT / EBITDA

in millions of euros



Capital expenditure and projects refer to acquisitions of property, plant and equipment and intangible assets net of disposals, the net change in advances to suppliers of fixed assets and investment subsidies received (see Cash Flow Statement and Note I.5 to the consolidated financial statements, line E "Net cash used in operations").

Free cash flow corresponds to the operating cash flow less tangible and intangible investments net of disposals, taxes and net interest paid +/- change in working capital requirements (cash surplus from operations).

Net debt includes all long-term borrowings, short-term loans and bank overdrafts less loans, marketable debt instruments and other non-current financial assets, and cash and cash equivalents.

Shareholders' equity includes operating grants.

EBITDA corresponds to the operating margin plus the share of profit of associates and joint ventures before depreciation and operating provisions.

Gearing is the ratio of net debt to equity.

1.2 Timeline

The Company's origins stretch back to 1946, when Plastic Omnium set up business at the rue du Louvre in Paris. The Company then had three employees and Pierre Burelle was the Chairman and Chief Executive Officer. Its first products were pipe fittings, dehydrator spark plugs, and other plastic automotive parts (Jaeger).

At this time, injection molding machines were characterized by the weight of the part produced. In 1949, the Company had five molds, with the largest able to produce a 250-gram part.

1952

The Company moved to rue du Parc in Levallois-Perret.

1954

The Company borrowed to buy a mold capable of making 1,200-gram parts, a serious challenge for a company of this size.

1963

New premises in Langres (Haute-Marne) were built to keep pace with the significant growth in business.

1965

Plastic Omnium took control of UMDP (Union Mutuelle Des Propriétaires Lyonnais), a company listed on the Lyon stock exchange. The two companies merged and Pierre Burelle became Chairman and Chief Executive Officer of the new entity. Plastic Omnium's stock market listing dates back to this merger.

UMDP was a septic tank cleaning and sanitation company. Pierre-Émile Burelle, a civil engineer and graduate of the École des Mines in Paris, took over its management in 1877 at the age of 29.

Under his leadership, the Company installed an extensive pipeline network to carry sludge from the La Mouche plant in Lyon to local farmland and market gardens. The 55 km network led to the creation of La Culture par l'Épandage (spread cropping).

After 1914, with the development of sewer systems, Pierre-Émile Burelle refocused the business on waste bucket rentals. He died in 1926. Two of his sons were involved in the management of UMDP: Jean Burelle, who died in the war in 1915, and Charles, who headed the Company until 1965. In that year, Pierre Burelle, the son of Jean Burelle and the grandson of Pierre-Émile Burelle, acquired a majority stake in UMDP on the Lyon stock exchange.

UMDP's waste bucket business was the starting point for the development of a range of products and services by Pierre Burelle, Chairman and Chief Executive Officer of Plastic Omnium, including waste container rental, maintenance and cleaning. This is now the backbone of the Environment Division.

Over the following two years, Pierre Burelle simplified the two companies' product ranges by selling off certain businesses. UMDP's La Mouche plant in Lyon became the waste container management center for the Lyon area and the starting point of the current Environment Division.

1966

The current corporate identity was adopted, with a new logo designed by Raymond Loewy and with Plastic Omnium written as two words.

1968

Plastic Omnium acquired Gachot's fluorinated resin department and set up a plant in Langres dedicated to this activity, which became the 3P Division.

The 1970s

The 1970s saw the start of the Company's international expansion with the creation of one subsidiary a year, including Spain in 1970, Germany in 1972, the United Kingdom in 1973, and the United States in 1977.

1974

A Group holding company was set up, Compagnie Plastic Omnium.

In 1974, the Group acquired a 2,500 metric ton injection-molding machine, followed in 1982 by a 10,000 metric ton machine, both records in terms of power for the time.

1983

New headquarters were built on Avenue Jules Carteret in Lyon, and the Berges du Rhône development was built in Lyon on the site of the former La Mouche plant.

1984

- The "Ludoparc" playground and public garden equipment concept was launched.
- Metroplast, a rotational casting subsidiary, was set up in Chalon-sur-Saône.

1986

Plastic Omnium's acquisition of the Landry group and Techniplaste Industrie led to the creation of the Fuel System Division that now operates under the name of Inergy Automotive Systems.

1987

Jean Burelle took over as Chairman and Chief Executive Officer of Compagnie Plastic Omnium, while Pierre Burelle became Honorary Chairman and remained on the Board.

In the 1990s, the Group continued to extend its geographic reach with the creation of new subsidiaries and with new acquisitions:

- Zarn, in the United States, which operated four container plants, was acquired in 1991 and then sold in 2001;
- Vasam, a fuel tank manufacturer based in Madrid and Vigo, was acquired in 1994;
- Reydel, a dashboard and door panel specialist with operations in France, Spain, Italy and the United Kingdom, was acquired in 1996 and formed the basis of the Plastic Omnium Auto Interior Division that was sold on to Visteon in 1999.

In the 2000s

The Company continued to grow with a targeted acquisition and partnership strategy, and established a presence in Asia. It also stepped up its spending on R&D.

Timeline

2000

Saw the creation of Inergy Automotive Systems, a 50/50 joint venture with Solvay that became the world's largest fuel systems manufacturer.

2001

Laurent Burelle became Chairman and Chief Executive Officer of Compagnie Plastic Omnium.

2002

- Σ-Sigmatech, the Company's global R&D center for exterior automotive components, was inaugurated in the Lyon area.
- The 3P Division's pipe fitting business was sold.

2003

Saw the acquisition of Beauvais Diffusion, a selective waste collection company in France.

2004

The Company acquired waste container specialist Temaco in France from Groupe Sita and sold Plastic Omnium Médical.

2005

Plastic Omnium and two German automotive equipment manufacturers, Hella and Mahle-Behr, set up a joint venture named HBPO, the global leader in complex front-end automotive module design, development, assembly and logistics.

2006

The Company acquired control of Inoplast, a manufacturer of components and products made with composite materials and thermoplastics for cars and trucks.

2007

- The Group celebrated its 60th anniversary with a gathering of 1,000 people in La Défense (Paris).
- Auto exterior joint ventures were launched in China, with Yanfeng Visteon.
- Majority-owned auto exterior joint venture was launched in India, with Varroc. The Group took full control in 2012.
- Also during the year, the Company acquired German-based Sulo, Europe's second largest waste container group.
- Lastly, 2007 saw the acquisition of Compagnie Signature, the European leader in highway signage and markings, from Burelle SA, the parent company, and the launch of a partnership with Eurovia (Vinci) in the same segment.

2008

The Performance Plastics Products (3P) Division was sold.

2010

The Company bought out Solvay's 50% stake in the Inergy Automotive Systems joint venture.

Since 2010, the Company has continued to expand in fast growing regions, through a combination of organic growth and acquisitions.

2011

The Company acquired Ford's fuel system production assets in the United States, and the Polish auto exterior plants of its competitor Plastal.

2012

Saw the creation of two majority-owned fuel system joint ventures, one in China with BAIC, and the other in Russia with DSK.

Sale of Signature's German and French operations to Eurovia, as well as the unwinding of cross shareholdings.

2013

The Group added to its presence in high growth regions with the opening of five new plants in China, bringing the number of industrial facilities in this country to 19.

2014

Continued international development with nine new plants entering production in North America (United States, Mexico), China and Russia to fulfill all the orders in the Automotive Division.

R&D activities were strengthened with the opening of α-AlphaTech, Auto Inergy Division's global R&D center in Compiègne, France.

Sale of its highway signage business in Switzerland, Signal AG, by the Environment Division.

2015

The Group continued its development strategy in dynamic markets by opening nine plants in China, the United States, Germany, South Korea and Russia.

In November, the Group opened a development center for its automotive business in Tokyo (Japan).

In December, the Group announced that it had signed a Memorandum of Understanding with the Faurecia Group to acquire its Exterior Systems business (bumpers and front-end modules) for an enterprise value of €665 million.

2016

Committed to assisting carmakers worldwide and to developing its own industrial capacity in regions where automotive production is on the rise, Plastic Omnium continued to expand its presence in these regions by opening four new plants during the year (two in Mexico, one in the United Kingdom and one in China).

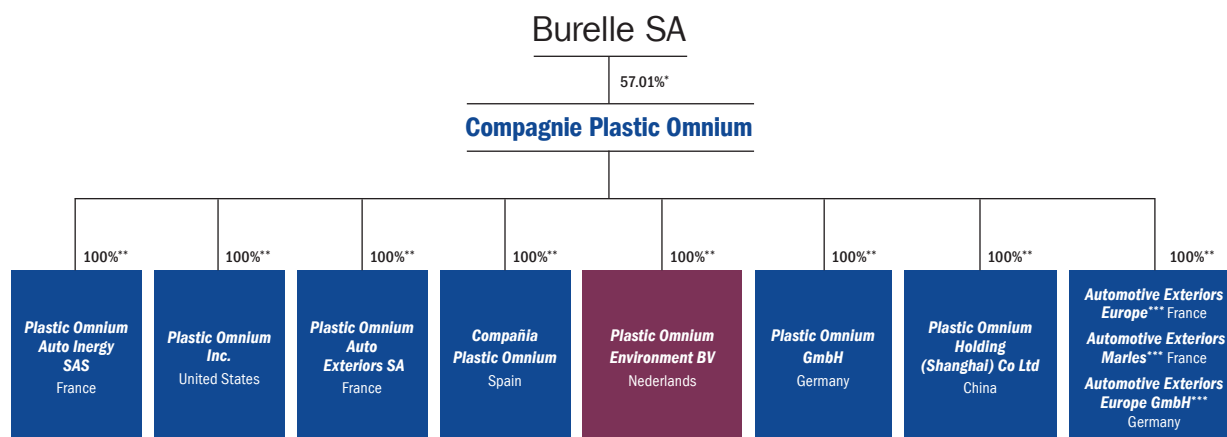
In July, the Group finalized the acquisition of Faurecia's Exterior Systems business subject to selling seven Faurecia plants as required by the European Competition Authorities.

In December, the Group announced having received a firm offer from Flex|N|Gate, an American group, for the seven plants in question (four in France, one in Spain and two in Germany) on the basis of an enterprise value of €200 million.

At end 2016

The Group and its joint ventures employed nearly 33,000 people working in 128 plants and 23 R&D centers in 31 countries.

Simplified Organization Chart (directly held capital)



■ Environment
■ Automotive

* 73.4% voting rights.

** The % voting rights is equal to the % holding.

*** Entities bought from Faurecia on July 29, 2016 which Plastic Omnium agreed to resell at the request of the European Commission.

1.3 Organization

Compagnie Plastic Omnium has two core businesses, Automotive and Environment.

The Automotive Division manufactures and sells automotive body components and modules, and automotive fuel systems through its worldwide network of plants. Its customers are exclusively carmakers.

The Environment Division manufactures and sells a complete range of products and services in the waste containerization and urban design segments. Its main clients are either local authorities or waste collection companies.

The Plastic Omnium Group is organized around the holding companies or holding countries indicated in the organization chart above, which own shares of the local operating subsidiaries. The activity of these local operating entities primarily depends on their local market; therefore, they have the assets and liabilities necessary for their activity but they do not have strategic assets. All Group entities are directly or indirectly wholly owned and controlled by Compagnie Plastic Omnium, with the exception of the following entities which are owned jointly with partners.

HBPO is owned in equal proportions by Compagnie Plastic Omnium, Hella and Mahle-Behr. The world leader in front-end modules, HBPO contributed revenue of €670 million in 2016 (Plastic Omnium's share), through its network of 22 assembly plants.

YFPO is a joint venture 49.95%-owned by Compagnie Plastic Omnium and is China's leading manufacturer of auto exterior

components. Its revenue contribution stood at €372 million in 2016 (Plastic Omnium's share). YFPO employs some 3,400 people in its development center and 18 plants in China.

BPO: joint-venture 50%-owned by Compagnie Plastic Omnium, the company is the leading Turkish manufacturer of exterior body parts. Its 2016 revenue contribution stood at €36 million (Plastic Omnium's share).

1.4 Business and strategy

Compagnie Plastic Omnium is a manufacturing and services company that partners carmakers and local authorities through its two businesses – Automotive and Environment. It operates worldwide on four continents (see page 89 comments on the consolidated financial statements for the breakdown of revenue by region).

The **Automotive Division**, which accounted for 95% of 2016 economic revenue, or €6,566.8 billion, and 94% of 2016 consolidated revenue, or €5,488.3 billion (see page 90 comments on the consolidated financial statements), holds leadership positions in two business segments. The key market is global automotive manufacturing which amounted to 90.1 million vehicles in 2016, up by 4.8% from 86.0 million vehicles in 2015 (source: IHS February 2017).

The **Auto Exterior Division** is ranked number one worldwide for exterior components and modules* manufactured mainly from injected polypropylene and composite materials. The Division

* In-house analysis using IHS data.

designs and delivers a wide array of parts and modules including bumpers and energy absorption systems, front-end modules, and products made from composite materials, especially tailgates. In 2016, the Auto Exterior Division bolstered its line with the acquisition of Faurecia's Exterior Systems business. The transaction has reinforced the Group's leadership position in the market for exterior components and modules. It has enabled the Group to strengthen its industrial presence in Germany, enlarge its customer portfolio with premium customers such as Audi and Daimler, and increase its R&D capacity. In 2016, the Auto Exterior Division delivered over 27 million painted bumpers (proforma figure including the acquisition of Faurecia's Exterior Systems) representing 15% of the global market. This market share was 8% in 2010 and has risen organically due the Division's expansion in high growth regions, especially China, where it had a 20% share of the market in 2016. Its two main competitors are Magna, a Canadian group with 7% of the market, and Motherson-SMP, an Indian group with 3% of the market; 34% of global bumper production remains in the hands of carmakers. Active in the decorative component segment, the Auto Exterior Division designs customized, high value-added, multi-material solutions that integrate both functionality and safety performance, making vehicles lighter and reducing carbon emissions.

The **Auto Inergy Division** is the world's leading manufacturer of blow-molded polyethylene fuel systems*. Combining integrated safety and emissions-control, fuel systems must serve a number of functions: refueling, storage, ventilation, engine supply and fuel level gauge systems. In 2016, the Auto Inergy Division produced 19 million systems for a 21% share of the global market. Its three main competitors are Kautex, a subsidiary of US-based Textron, YAPP, a Chinese group, and TI Automotive, which have market shares of 15%, 12% and 11% respectively. Metal fuel tanks still account for 21% of the global market, offering substantial growth potential for the replacement of metal with plastic, particularly for safety and weight reasons. Growth in the Auto Inergy Division's market share, which went from 16% in 2010 to 21% in 2016, is due partly to increases in this type of substitution but is also attributable to the heavy capital expenditures made to locate the business in high-growth regions. The Auto Inergy Division also develops and markets SCR emissions control systems that enable diesel vehicles to eliminate up to 95% of their NOx emissions and up to 8% of their carbon emissions (see par. "Confirmation of the success of the SCR offer" in section 4.1 "Significant events in 2016" on page 87).

The two automotive businesses are present across four continents through a network of 122 local plants. Just-in-time deliveries, the large size of components and – in the case of bumpers painted the same color as the bodywork – their fragility, means production must take place close to the carmakers' plants. However, as they do not use the same production techniques or raw materials, each business has to have its own plants.

In 2016, Plastic Omnium's Automotive business and its joint ventures employed over 31,000 people and supplied nearly all of the world's carmakers. German carmakers accounted for 37% of 2016 automotive economic revenue ahead of American (26%), Asian (18%) and French (16%) carmakers.

The **Environment business** accounted for 5% of Group economic revenue, or €369 million in 2016 (see page 90 comments on the consolidated financial statements), and had over 1,800 employees.

In 2016, the Environment Division refocused on waste containerization, developing smart solutions, rationalizing waste management and reducing the carbon emissions of local authorities with the sale of Emballagen GmbH, a subsidiary based in Germany specializing in developing, producing and marketing metal drums for the chemicals industry, and the sale of Signature Ltd, a subsidiary based in the United Kingdom specialized in highway signage.

With six plants in Europe (France, Germany and Spain) and one R&D center in France, the Environment Division is the world leader in waste containerization through its three main lines:

- containers, via the production and sale of household waste receptacles, containers, composters, and underground and semi-underground containers;
- associated services, from maintenance and cleaning to incentive-based invoicing systems to incentivize local authorities to manage waste more cost-effectively and efficiently;
- urban equipment, via a wide range of urban equipment for communal areas such as waste disposal locations, schoolyards, play areas, parks and train stations. It also has an in-house styling unit, which has developed "Your City, Your Design", a unique offer that allows municipalities to customize equipment to suit their specific environment.

The Environment Division has a 30% share of the market in Europe; its main competitors are ESE and Schaefer, both German groups, with market shares of 20% and 17% respectively.

The Company has two fundamental strategic objectives: to increase production capacity in fast-growing markets, and to step up investment in research and development in order to meet market demand for lighter vehicles and reduced emissions and waste.

Both of the Company's core businesses operate in growing markets.

In the Automotive business, production by the world's carmakers is forecast to increase by an average of about 2% a year in the next four years (source: IHS February 2017). Global vehicle production is set to rise from 90.1 million units in 2016 to 98.5 million units in 2020; of the 8.4 million additional units produced between now and then, China should account for 3.4 million units, or around 40% (and that should represent 30% of global car production). Asia, excluding China, should

* In-house analysis using IHS data.

account for 1.8 million extra units, Europe should account for 1.3 million units, and North America will account for 1.0 million units. Accordingly, the first strand of Plastic Omnium's development strategy is to support this growth with targeted investment in new plants. This is leading to changes in the location of the Company's main production centers. In February 2017, the Group was running 122 automotive equipment plants of which 18 in North America, 39 in Asia, 57 in Europe and 8 in South America/Africa.

In the Environment segment, rising living standards in emerging markets will generate an increase in waste produced, and consequently a growing demand for waste containerization solutions, a trend that will help to drive expansion in Plastic Omnium's business.

Alongside volume growth in Plastic Omnium's global markets, there will be an increase in the demand for more environmentally friendly products, driven by new regulations especially in mature markets in Europe and North America. The second strategic objective is therefore to increase research and development resources to respond to this demand.

1.5 Research and Development (R&D)

An integral part of the Group's long-term strategy, innovation supports the Compagnie Plastic Omnium's performance and its reputation as a leader in automotive equipment and services for local authorities.

The manufacturing requirements of the vehicles of tomorrow will be driven by factors such as tighter global regulations, new environmental standards, the emergence of "smart cities" and new ways of using data in connected cars (concerns relating to safety, the environment and technology) that will encourage the sustained use of light and more complex materials.

In 2016, Plastic Omnium allocated €339 million, or 5.8% of its revenue, to R&D.

The Group boasts 23 centers (22 for the Automotive business and 1 for the Environment business) with 2,000 engineers of 20 different nationalities who are dedicated to finding innovative solutions that meet the strictest environmental standards. As a result of this focus on R&D, the Group manages a portfolio of 3,900 patents of which 141 were filed in 2016.

Today innovation revolves around two international R&D centers: Σ-Sigmatech (based in Lyon with 500 employees) manufactures exterior body parts and composite materials, while α-Alphatech (based in Compiègne, France) manufactures fuel systems, emissions-control systems and new energy storage solutions. α-Alphatech was opened on September 1, 2014 following an investment of

€65 million and has 450 employees. In line with the Group's growth and globalization strategy, its R&D facilities have been strengthened with 21 development centers in growth regions. The Group also announced the construction of a fundamental research center on new energy sources called Δ-Deltatech. Based in Brussels, it will require an investment of €50 million and employ 200 engineers and is set to open in early 2019.

Automotive Division

In a context of stricter global regulations, the Group is focusing its research on solutions that reduce carbon dioxide (CO₂) and nitrogen oxide (NO_x) emissions in order to help carmakers design and build the clean cars of tomorrow by activating two main levers:

- reduced emissions (a major concern for the automotive sector);
- design freedom giving manufacturers the wherewithal to make vehicles as aerodynamic as possible and lighten design requirements for the benefit of creativity style-wise.

In keeping with its desire to place the automotive sector on the path to sustainable development, Plastic Omnium develops technologies that enable carmakers to reduce their emissions. Its expertise enables it to assist its customers from the design stage.

Lighter and more aerodynamic vehicles play an important role in helping to meet the carbon emission thresholds set by the European Union and governments in various Plastic Omnium host countries. These thresholds call for a weighted average of 95 grams of CO₂ per kilometer for all vehicles sold by carmakers registered in the European Union in one year, beginning in 2020, and are backed by financial penalties on excess emissions for carmakers who fail to comply.

A world leader in the market for exterior parts, Plastic Omnium Auto Exterior Division produces plastic body parts for 45 carmakers (bumpers, fenders, tailgates, spoilers, floor modules and body protectors). Innovations by Plastic Omnium have helped to make body parts lighter, which is the main key factor in reducing the weight of a vehicle and thus its average carbon emissions. These parts are lighter than metal and boast excellent mechanical performance as well as high crashworthiness. Together, Plastic Omnium's products can reduce the weight of a vehicle by up to 200 kg, which translates to a 20 g/km reduction in carbon emissions. Aerodynamic solutions for their part can reduce carbon emissions by 3 g/km.

Plastic Omnium is the world leader in bumpers with 27 million units produced and 200 new designs every year and a market share of 15%. Initially aimed at absorbing impacts, bumpers have become important design features. They can include up to 50 different components such as sensors and radars.

As the vehicle's first contact with air flow, the front bumper is key to reducing aerodynamic drag. In line with this priority, Plastic Omnium presents LightAir, an innovative bumper concept that foreshadows coming changes in the front end of vehicles with ever greater design freedom, reduced carbon emissions and integrated electronic and mechatronic systems.

In addition to passive air flow and side grills, LightAir features active aerodynamic systems that can open and close the air grills and activate a lower spoiler at high speed. This can result in reduced carbon emissions of up to 3 g/km for an SUV-type vehicle.

The adjustable air grill gives a different style to the vehicle depending on whether it is stationary or in motion, a style enhanced by a black glossy material combined with metallic touches obtained through hot stamping technology.

LightAir uses reduced-density materials and front-end architecture to reduce the overhang and make the bumper 10% lighter than at present.

LightAir also integrates driver assistance features such as cameras, radars and sensors that work in all weather conditions thanks to protective plastic surfaces de-icing technology.

Plastic Omnium is the world leader in **composite tailgates**, as evidenced by its 40% share of this booming market and the approximately 1.2 million vehicles it fitted worldwide in 2016. Composite tailgates offer carmakers a new degree of design freedom on the rear surface of the vehicle, a 30% weight advantage compared with traditional steel, and a modular structure to facilitate managing the increasing diversity of vehicles and versions.

Plastic Omnium offers two technologies covering a wide range of vehicles:

- **Higate Hybrid** combines a thermoset composite interior frame with thermoplastic exterior panels in a bodywork finish pasted to the frame. It is well suited to vehicles such as SUVs and full-size station wagons with large tailgates.

Its benefits include:

- reduced production complexity and a 50% reduction in steel drawing investment costs,
 - a weight reduction of 7 kg on very large tailgates (translating to -0.7 g of CO₂ per km) with mechanical properties intact, and
 - the integration of numerous functions;
- **Higate Thermoplastic** combines a thermoplastic composite injected frame with over-molded steel reinforcements. The exterior panels are also injected, painted and pasted to the frame. Higate Thermoplastic is perfectly suited to vehicles

such as sedans and station wagons with high production rates. It offers great design freedom coupled with a weight reduction of nearly 4 kg and a 50% higher production rate compared to thermoset composites.

Higate Hybrid and Higate Thermoplastic currently feature in PSA Peugeot-Citroën, Volvo and Jaguar Land Rover vehicles.

Two new versions are under development.

- **Higate Premium** illustrates the possibilities for weight reduction, design freedom and integrated features for future premium vehicles. It comprises a composite frame reinforced with recycled carbon fibers that provides superior mechanical performance and a density of 1.5 resulting in a potential weight reduction of 6 kg compared with an equivalent metal tailgate.
- **Higate Access** is an economic solution that will cater to A-segment and B-segment vehicles.

Furthermore, the Auto Exterior Division is expanding its range of innovative products with high-performance composites that significantly reduce vehicle weight. Plastic Omnium produces and converts close to 20,000 metric tons of composite materials for the automotive industry, making it a leader in the growth market of vehicle weight reduction. The design and manufacture of composite material parts, from formulating materials to converting them in high-production-rate processes, is done entirely in-house.

Plastic Omnium's ambition is to develop modular solutions using high-performance materials for structural parts such as floors, center pillars and cross members using next-generation, high-reinforcement materials such as new resins and carbon fibers. New processes such as Advanced SMC (Sheet Moulding Compound), pultrusion and thermoplastic overmolding are also being developed to reduce cycle times by 1-2 minutes and reduce finishing stages so as to make high-performance composites compatible with mass car production.

The first tangible results of this ambition could be seen in 2015 with the production of an initial recycled carbon fiber tailgate for the BMW 7-Series, followed by a structural beam due to begin production in 2017.

In March 2015, Plastic Omnium won two awards from JEC, the world's largest composite materials industry body, for two innovations developed jointly with PSA Peugeot Citroën (a resin front-floor) and Hyundai Motor Europe (a bumper impact beam). Both innovations offer a crashworthiness equivalent to current metallic parts.

The aim is also to seize growth opportunities arising from changes in the market, tighter global regulations and new environmental standards. This context offers numerous growth pros-

pects for the Auto Exterior Division, foremost of which is the full integration of front-end and rear-end modules into vehicles.

At the 2016 Paris Motor Show in October, Plastic Omnium gave a preview of its vision of the future of exterior body parts, namely, smart parts that adapt to their environment and offer ever more styling options. One research strand is the development of shape memory materials which greatly increase the ability of carmakers to optimize vehicle aerodynamics and to personalize and increase vehicle safety.

A plastic fuel tank made by extrusion blow-molding gives a weight advantage of some 20-30% compared with an equivalent metal tank, which significantly helps reduce carbon emissions. Moreover, a range of manufacturing techniques allows plastic tanks to meet the strictest standards in terms of evaporative emissions. Finally, the flexibility of its shape makes it possible to optimize the vehicle's available space, allowing complex designs and the integration of a great many functions and components. Plastic fuel tank systems therefore improve the filling operation and are anti-corrosive and compatible with all types of fuel including biodiesels and bioethanols.

The Auto Inergy Division has stepped up the development of **systems that control and reduce emissions of hydrocarbons, NOx and CO₂** with its SCR-DINOx and TSBM solutions.

Selective Catalytic Reduction (SCR) is a highly effective emissions control technology for diesel vehicles. An aqueous solution of urea, known as AdBlue®, is injected upstream of a catalytic converter in the exhaust pipe. When it makes contact with the warm gases it is transformed by hydrolysis into ammonia, which then reacts with the nitrogen oxides so that finally only nitrogen, which makes up 80% of our air, and water vapor are emitted. Building on its experience with handling on-board technical fluids, since 2006 Auto Inergy has developed AdBlue® storage and distribution systems for light commercial vehicles. Currently in its second generation, DINOx Premium, the SCR system eliminates 95% of a diesel vehicle's NOx emissions and up to 8% of its carbon emissions. Optimized in terms of size and performance, the system meets emissions and fuel consumption standards including the EURO 6 standard which took effect in Europe in September 2014.

Auto Inergy is currently working on an innovation in the field of Selective Catalytic Reduction, the DINOx Compact. This system incorporates the electronic control unit and all related sensors in a single module to maximize the performance/cost ratio for manufacturers.

Moreover, DINOx Compact is specifically designed to work seamlessly with the control and diagnostic systems developed and patented by Plastic Omnium.

This all-in-one module is compatible with blow-molded and injection-molded fuel tanks and is designed to adapt to the requirements of future standards.

Today Plastic Omnium is positioned as a leader in the SCR market which is growing strongly due to stricter environmental standards aimed at reducing NOx emissions (EURO 6 in Europe and Tier 2 Bin 5 in North America).

Plastic Omnium produced nearly 1 million SCR systems in 2016 (seven new programs were launched in Europe, the United States, Japan and South Korea for four carmakers during the year) and is expected to produce around 3 million such systems in 2020, which would amount to a global market share of 26%.

Plastic Omnium's weight-saving solutions for hybrid and electric vehicles are especially important in that they offset battery weight while optimizing vehicle range. For hybrids, the Auto Inergy Division has developed the *INBAFFLE* range of noise reduction systems that attenuate the sloshing noise caused by the movement of fuel in the tank when the vehicle comes to a halt and these sounds are no longer covered by the noise of the engine. For future plug-in hybrids, whose batteries can be recharged via a regular electrical outlet, Auto Inergy is developing appropriate fuel storage solutions. For gasoline versions, fuel vapors cannot be treated when the car is operating in all-electric mode or when it is at a standstill. To remedy this situation, Auto Inergy has developed *INWIN* reinforced plastic fuel systems that safely store hydrocarbon vapor without deforming the system, until the internal combustion engine is restarted and the vapor is purged. Up to 40% lighter than its metal equivalent, this plastic fuel system helps to make vehicles lighter overall and reduce carbon emissions. Plastic Omnium began production of the first *INWIN* plastic fuel systems in South Korea in December 2016.

Plastic Omnium's TSBM technology, which helps to reduce hydrocarbon emissions by integrating the maximum of components into the fuel tank during the blow molding stage instead of welding them once the tank has been manufactured, is particularly adapted. It enables a weight reduction of 5-10 kg compared with equivalent steel systems. In production since 2008 and awarded by several industrial and automotive organizations, TSBM technology meets the strictest emissions standards while offering increased performance and reduced weight and costs. The TSBM concept enables the integration of larger components (e.g. internal reinforcements or noise-reduction systems like *INBAFFLE*) and is thus suited to hybrid applications. In 2016, the Auto Inergy Division launched nine new TSBM programs for five carmakers in the United States, Slovakia and China.

By offering systems adapted to all types of engines, Plastic Omnium is orienting its research to adapt to clean solutions such

as SCR emissions control cartridges, alternative fuels and high pressure hydrogen storage.

Plastic Omnium is thus stepping up its research to contribute to future changes in carmaking while continually reducing vehicle emissions and is positioning itself in the hydrogen vehicle and fuel cell markets.

At the 2016 Paris Automotive Show in October, the Group presented a high pressure hydrogen storage prototype capable of ensuring a long vehicle range with an estimated recharge time of three minutes compared to several hours for electric vehicles.

Fuel cells will free electric cars from the range and time constraints of battery charging that are currently limiting their development.

In 2016, Plastic Omnium and Elbit Systems, an Israeli firm, founded the start up Ξ -POCellTech focusing on fuel cells and supercapacitors. A joint research center was opened in Caesarea in Israel. Plastic Omnium brings its automotive know-how in electronic systems and fluids management to the enterprise. The Company's expertise undergirds work already done by Elbit Systems to develop a fuel cell with a very low precious metal content and a new range of supercapacitors.

Plastic Omnium is also opening new research strands in this area in its collaborations with the French Alternative Energies and Atomic Energy Commission (CEA), the Massachusetts Institute of Technology (MIT) in the United States, the Israel Institute of Technology (Technion) and the Technical University of Denmark (DTU).

Environment Division

Research in waste management focuses primarily on materials and the optimization of existing products. The Environment Division has massively increased the percentage of recycled polyethylene in its worldwide production of bins from 20% in 2007 to 70% in 2016. It already offers a line of 100%-recycled wheeled bins made from regenerated materials from a variety of sources (e.g. used bins, manufacturing rejects, polyethylene bottle flakes) as well as a "Green Made" line of HDPE manufactured from nonfood grade sugar cane.

The other strand of the Environment Division's R&D consists of services, primarily assistance to local authorities to optimize their budgets and improve the effectiveness of their sorting and recycling so that ultimately the fraction of non-reusable waste is reduced. Plastic Omnium is the only player to offer integrated data management services, based on efficient hardware and software computer systems. These include RFID chips to track equipment, access control and telemetry systems to measure container fill levels, and embedded weighing system on collection trucks. The systems collect and send the data safely to the Plastic Omnium Customer Service Center and local authorities where they are processed to improve waste container management, analyze sorting performance or optimize collection routes in real time.

The Innovation and Digital Department set up in 2016 should enable the Plastic Omnium Environment to speed up research in connected objects and user-based applications.

1.6 Risk factors

Compagnie Plastic Omnium has reviewed the risks that could have a material adverse effect on its business, financial position, or results, and considers that there are no significant risks other than those listed below.

Operational Risks

Risk related to automotive programs

Identification of risk

Each automotive program has risks which could reduce its profitability from that initially expected. The risk in particular affects programs incorporating innovations, which could necessitate higher levels of investment and/or expenses by Compagnie Plastic Omnium than initially forecast, in order to reach the level of quality required. In addition, each automotive program is subject to risks in terms of manufacturing volumes, which depend on a wide range of factors, some of which are regional in nature, such as economic activity, carmaker production strategy, consumer access to credit and the regulatory environment, but also on factors specific to each vehicle, such as the attractiveness of its design.

Risk management

Compagnie Plastic Omnium's commitment to diversifying its businesses and increasing the number of automotive programs represents a key component of its strategic vision that significantly reduces exposure to geographic and other risks.

The Automotive Division has more than 70 customer brands in 40 countries, comprising nearly all of the world's major carmakers and serving different market segments and two distinct product families. This Division has continued to diversify its exposure to global automotive production markets with the launch of 160 new programs in production in 2016.

In terms of commitments, all new projects are subject to a highly detailed approval process. The largest projects must be authorized by Compagnie Plastic Omnium's senior management. Once a project has been accepted, a structured operational and financial monitoring system is set up to track it.

Risk related to acquisitions

Identification of risk

Compagnie Plastic Omnium periodically carries out external growth operations through acquisitions that may be of a significant size across the Group.

These acquisitions are decided on the basis of assumptions, notably, objectives relating to synergies and future results, which may not be achieved in the timescales or to the extent initially expected.

In particular, Compagnie Plastic Omnium could encounter difficulties integrating the companies acquired, their technologies, product ranges and employees. Compagnie Plastic Omnium may

also be unable to retain or develop strategic clients of the acquired companies.

Risk management

Compagnie Plastic Omnium takes great care to put resources in place dedicated to integrating acquired companies and sets detailed objectives for these, broken down into action plans. Particular care is taken to ensure the swift implementation of Plastic Omnium's systems in acquired entities, in order to effectively manage these action plans and measure the achievement of objectives.

Information technology risk

Identification of risk

The day-to-day activities of Compagnie Plastic Omnium's business lines and support services could be affected by the unavailability of critical IT systems, mainly due to system breakdown, network failure, damage to infrastructure or internal or external malicious acts.

Risk management

The Information Systems Department, with the support of senior management, has placed increased emphasis on systems standardization and consolidation, and continues to upgrade IT and network production infrastructures, business applications and workstation services. Management pays special attention to the incorporation of new technologies and to the availability and integrity of Company data.

The security of technical systems, applications and networks is addressed at the outset of strategic projects and followed up by regular audits and self-assessment programs.

Industrial and Environmental Risks

Health, Safety and Environment Risk

Identification of risk

Like any industrial activity, Compagnie Plastic Omnium's sites are exposed to risks such as workplace accidents, occupational illnesses, environmental damage (pollution), non-compliance or the tightening of regulatory requirements applicable in the area of HSE. Such events may generate additional costs or investment expenses for Compagnie Plastic Omnium in order to remedy the situation, comply or in respect of any sanctions.

Risk management

With regard to health, safety and the environment, Compagnie Plastic Omnium has introduced a policy that is described in the "Sustainable development" section of this document. Rolled out worldwide, this policy is based on a shared vision, a structured management system, regular reporting and an ongoing certification program.

It is managed by Compagnie Plastic Omnium's Executive Committee, which examines individual subsidiaries' performance every month, via the specific reporting system set up to help drive continuous improvement.

A dedicated organization comprised of front-line Health, Safety and Environment HSE facilitators is responsible for supporting and coordinating its deployment. This network of experts is led by Compagnie Plastic Omnium's HSE Department, backed by central HSE managers at the Division level. Final responsibility for managing health, safety and environment risks lies with the Division senior management.

Ongoing corrective and improvement action plans have been introduced and included in the programs to obtain ISO 14001 and OHSAS 18001 certification for industrial facilities. These plans foster wider adoption of best practices. They include training on ergonomics, the Man-Machine interface and the tools of the in-house Top Safety program, along with compliance for machinery and equipment.

Compagnie Plastic Omnium also has its own management system. Promoted by the Executive Committee, the system is based on five management road-maps: leadership, motivation, competence, the search for excellence and working conditions. A specialized Group Health, Safety & Environment (HSE) committee comprised of several Executive Committee members is overseeing its implementation.

In 2016, OHSAS 18001 certification was renewed for Compagnie Plastic Omnium's system for centrally managing the safety of people and property.

Lastly, since 2013, the HSE information published in the Annual Report is subject to an audit by an external organization.

Credit and/or Counterparty Risk

Customer risk

Identification of risk

Compagnie Plastic Omnium cannot rule out the fact that one of its customers could find itself in financial difficulty that prevents it from respecting certain commitments.

Risk management

A balanced division of revenues by carmaker was maintained. In 2016, this breakdown was as follows (published data):

- German carmakers: 33% of Automotive revenue;
- American carmakers: 28% of Automotive revenue;
- Asian carmakers: 19% of Automotive revenue;
- French carmakers: 17% of Automotive revenue;
- other carmakers: 3% of Automotive revenue.

The breakdown of the customer base is shown in Note 3.1.4.3 to the consolidated financial statements.

A Credit Manager is responsible for implementing structured customer risk monitoring and outstanding collection procedures within the Divisions. The DSO ratio was 51 days in 2016. Receivables over six months past due amounted to €11 million net of provisions. Lastly, in all businesses, review procedures are carried out before the results of bids are issued, in particular to ensure a balanced portfolio of customer receivables, in line with a target profile defined and continually monitored by Compagnie Plastic Omnium senior management.

Risk factors

As at December 31, 2016 the risk of non-recovery was low and involved only a non-material amount of receivables more than twelve months past due (see Note 6.3.1 to the consolidated financial statements).

Supplier risk

Identification of risk

Default by a major supplier, in particular a supplier of specific components for which rapid substitution is difficult, given the work and time necessary to accredit a new supplier, could entail a change in production for Compagnie Plastic Omnium or generate additional costs impacting Compagnie Plastic Omnium's operating margin.

Risk management

Consequently, all automotive suppliers must be accredited according to meticulously defined operational, financial and regional criteria.

For approved suppliers, these criteria are then regularly monitored by the Purchasing and Quality Assurance Departments, with the help of specialized agencies. At risk suppliers are subject to special monitoring and when necessary safety stocks are put in place.

The Environment Division has more than one supplier for the most important materials. It also constantly monitors a number of major suppliers with support from corporate units and, as needed, from outside agencies.

Lastly, operating units are especially vigilant in this area. They focus on effectively anticipating and managing breakdowns in the supply chain that, while infrequent, can ultimately develop rapidly.

In 2016, Plastic Omnium had no major supplier failures with significant consequences related to logistics processes.

Liquidity Risk

Identification of risk

Compagnie Plastic Omnium must have access, at all times, to adequate financial resources not only to finance operations and the investments required to support its growth, but also to withstand the effects of any exceptional developments.

Risk management

Since 2012, Plastic Omnium has raised funds from the market on various occasions with the situation at December 31, 2016 as follows:

- a Schuldschein (private bond) of €45 million raised in 2012 and maturing in June 2017 and a Schuldschein of €300 million raised in 2016 and maturing in June 2023;
- a Euro PP (private placement) of €250 million raised in 2012 and maturing in December 2018;
- a bond of €500 million issued in 2013 and maturing in May 2020.

In addition, Compagnie Plastic Omnium and some of its subsidiaries have unsecured confirmed medium-term bank lines of credit that are not subject to any financial covenants. As at December 31, 2016, the average maturity of these lines of credit was more than four years. Moreover, in 2016 Plastic Omnium bolstered its trade receivables schedules with the acquisition of Faurecia's Exterior Systems business. The average maturity of these accounts is three years.

At December 31, 2016, available medium-term facilities covered Plastic Omnium's financing needs through 2020.

Lastly, Compagnie Plastic Omnium has a commercial paper program. All of the medium-term and short-term lines of credit are with leading banking institutions.

The breakdown of financial assets and liabilities is shown in Note 6.4.2 to the consolidated financial statements.

The cash positions of Compagnie Plastic Omnium and its Divisions are monitored daily and a report is submitted once a week to Senior management.

Compagnie Plastic Omnium has performed a specific review of its liquidity risk and considers that it is in a position to meet its upcoming debt maturities.

Market Risks

Disclosures about market risks are also provided in Notes 6.2, 6.5 and 6.6 to the consolidated financial statements.

Compagnie Plastic Omnium centrally manages the treasury of its subsidiaries through Plastic Omnium Finance, which manages liquidity, currency and interest rate risks on their behalf. The market risk hedging strategy, which involves entering into on- and off-balance sheet commitments, is approved every quarter by the Chairman and Chief Executive Officer.

Currency risk

Identification of risk

Compagnie Plastic Omnium is exposed to exchange rate fluctuations, in particular where its manufacturing sites purchase raw materials and components or sell their production in currencies other than their accounting currency.

Risk management

Compagnie Plastic Omnium's activities are based for the most part on local plants. By producing locally what is sold locally, the Group has little exposure to currency fluctuations, aside from currency translation adjustments for the financial statements.

Compagnie Plastic Omnium's policy is to minimize the currency risk on transactions involving a future inflow or outflow of funds. Nonetheless, if a transaction does give rise to a material currency risk, it is hedged by a forward currency contract. The subsidiary involved places this hedge with the central treasury or, with the latter's approval, locally.

Interest rate risk

Identification of risk

Interest rate risk is due to fluctuations in interest rates, in particular those applicable to that part of debt financed at floating rates, and could result in an increase in the cost of finance.

Risk management

At December 31, 2016, 92% of the Group's debt was financed at fixed rates.

To eliminate or limit the impact on its income statement of a rise in interest expense from variable-rate instruments, Compagnie Plastic Omnium used interest rate hedges such as swaps and caps. Note 5.2.8.1 to the consolidated financial statements lists these hedges.

As at December 31, 2016, unhedged interest rate risk was accordingly not significant (see Note 6.6 to the Consolidated financial statements).

Raw materials price risk

Identification of risk

Compagnie Plastic Omnium's operations use large quantities of plastic, steel, paint and other raw materials which are subject to price changes that could have an impact on its operating margin.

Risk management

To limit the impact of price fluctuations, Plastic Omnium has negotiated price indexation clauses with most of its automotive customers or, failing that, regularly renegotiates selling prices.

The Environment Division, as part of its proactive sustainability policy, manufactures its products using over 80% recycled plastic, which by its nature is scarcely affected by price swings. For the remainder, the Division negotiates annual price contracts with its suppliers. Lastly, inventories are managed to reduce the price impact as much as possible.

Taking these measures together, Compagnie Plastic Omnium considers that raw material price changes do not have a material impact on its operating margin.

Legal Risks

Compagnie Plastic Omnium's Legal Affairs Department is supported, as needed, by local advisors and a network of correspondents in the main countries. The Department helps operating and corporate units, in all their on-going and exceptional operations, to prevent, anticipate and manage legal risks relating to the business, as well as being responsible for claims and litigation.

At the date of this report, there is no dispute or lawsuit and no governmental, legal or arbitration proceeding (including all proceedings of which Compagnie Plastic Omnium is aware, which are pending or with which the Group is threatened) that might have, or has had during the past twelve months, a material effect on the financial position or profitability of the Plastic Omnium Group.

Intellectual property risk

Identification of risk

Compagnie Plastic Omnium is mainly exposed to a risk of misappropriation of know-how, as both a victim and an offender, which could give rise to disputes.

Risk management

Research and Innovation are major priorities for Compagnie Plastic Omnium, in both the Automotive and Environment Divisions. A structured approach of actively monitoring and investigating prior claims enables the Company to manage and protect its intellectual property rights. Extensive policies have been established in respect of patent filings for the innovations that result from research and development. Despite the measures taken, including research into prior claims, Compagnie Plastic Omnium cannot rule out the possibility of prior intellectual property claims and of the risks of litigation that might result.

Risks related to the quality of products and services sold

Identification of risk

Compagnie Plastic Omnium is exposed to the risk of warranty and liability claims from customers in respect of the products it sells and services it provides. Compagnie Plastic Omnium is also exposed to the risk of third-party product liability claims.

Risk management

With regard to product and process quality, the Divisions have implemented dedicated organizations and reliable processes whose robustness and effectiveness are systematically tested by certification procedures ISO/TS 16949 for the Automotive Division and ISO 9001 for the Environment Division. These organizations and processes have been widely used in industry for many years, especially in the automotive sector.

These risks fall into the area of contractual liability and are covered by specific insurance policies.

Competition risk

Identification of risk

Non-compliance with competition law regulations by one of its employees (in particular, an agreement with a competitor regarding the fixing of sales prices, sales conditions or the sharing of markets) could expose Compagnie Plastic Omnium to penalties that could be imposed by the competition authorities.

Risk management

Compagnie Plastic Omnium introduced a Code of Conduct in 2010 to ensure compliance with competition law, making sure that all employees who work in sales and purchasing were trained when it was introduced. Compagnie Plastic Omnium has since maintained its training efforts every year, with training sessions organized regularly in various geographical regions where the Group operates. All sales and purchasing employees have been invited every year since 2013 to participate in these e-learning sessions concerning the Group's Code of Conduct.

Other Risks

Tax risk

The complex, international structure of Compagnie Plastic Omnium means comprehensive monitoring is needed to keep abreast of tax requirements, issues and risks. These risks concern in particular international transactions, in respect of which the tax administrations increasingly require more information, to which the Group intends to respond, or concerning knowledge of local constraints, to which the Group must adhere.

Consequently, Compagnie Plastic Omnium has put into place a Tax Department, which works in close collaboration with the Accounting, Legal, and Finance Departments. Comprising three separate units in charge of tax affairs at entity, Division and Group level, it is supported by a network of tax experts at headquarters and in the main countries as well as by corporate and local advisors. The Department ensures that subsidiaries fulfill their tax obligations in compliance with local laws and regulations and provides them with the support and expertise they need to carry out all recurring and non-recurring operations related to tax issues.

A regular tax reporting system allows current and deferred taxes from all of the tax entities controlled by Compagnie Plastic Omnium to be monitored and managed, and helps to ensure that the consolidated financial statements are prepared rapidly and to a high standard. A transfer pricing documentation system ensures that transfer prices within Compagnie Plastic Omnium are effectively monitored and managed, and contributes to the quality of fiscal management and reducing potential risks in this field. These two information systems and management processes

are supplemented by other country-specific tools and provide necessary information to users.

This set of means and resources enables the corporate Tax Affairs Department to provide assurance to senior management that all tax obligations, issues and risks inherent in the complex international structure of an expanding business group are closely monitored.

Insurance and Risk Coverage

Compagnie Plastic Omnium has put in place a global program of insurance benefiting all the subsidiaries in which it has a majority interest. This program is coupled with local coverage in all countries where the Company is located. The program is intended to cover the main risks that can affect its operations, results or assets and includes:

- property, casualty and business interruption insurance;
- operating and product liability insurance;
- environmental liability insurance;
- as well as insurance against specific risks such as shipping, travel, vehicles, etc.

The levels of cover and the insured amounts are appropriate for the types of risk insured and take into account conditions in the insurance market.



02 |

CORPORATE
GOVERNANCE

2.1 Report from the Chairman of the Board of Directors

In accordance with the provisions of Article L. 225-37 of the French Commercial Code (*Code de Commerce*), this chapter includes information on the composition of the Board of Directors and on the conditions for the preparation and organization of its work, the internal control and risk management procedures implemented by the Company, and any restrictions that the Board of Directors may have placed on the powers exercised by senior management.

Pursuant to Article L. 225-37 of the *Code de commerce*, the Board of Directors of Compagnie Plastic Omnium approved this report during its meeting of February 22, 2017.

2.1.1 Composition and Conditions for the preparation and organization of the work of the Board of Directors

2.1.1.1 Composition and Independence of the Board of Directors

Composition of the Board of Directors

Pursuant to Article 11 of the Company's bylaws and Article L. 225-17 of the *Code de commerce*, the Board of Directors of Compagnie Plastic Omnium is composed of up to 18 members.

At December 31, 2016, the Company is governed by a Board of Directors composed of 13 members: the Chairman and CEO, the Co-Chief Executive Officer and Chief Operating Officer, the Chief Operating Officer, 10 directors.

The directors have additional experience (international, financial, industrial, commercial expertise, etc.) with some having former, in-depth knowledge of Compagnie Plastic Omnium and its environment. The quality and diversity of the personalities making it up guarantees the balance of powers within the Board.

The term of office of each director is three years. Directors are appointed by the Shareholders' Meeting for three-year terms expiring at the close of the Shareholders' Meeting called during the year in which their term expires to approve the accounts for the previous fiscal year.

LIST OF CORPORATE OFFICES AND DIRECTORSHIPS HELD BY DIRECTORS IN 2016



Laurent Burelle

French
Age 67
Professional address: Plastic Omnium
1, allée Pierre Burelle – 92300 Levallois-Perret

Laurent Burelle is a graduate of the Federal Institute of Technology (ETH) in Zurich, and holds a Master of Science Degree in Chemical Engineering from the Massachusetts Institute of Technology (MIT).

He began his career with the Plastic Omnium Group as a Production engineer and assistant to the Director of the Langres

plant. In 1977, he was appointed Chief Executive Officer of Plastic Omnium SA in Valencia (Spain), going on to become Chairman and Chief Executive Officer. From 1981 to 1988, he served as Head of the Environment-Urban Systems Division, before becoming Vice Chairman and Chief Executive Officer of Compagnie Plastic Omnium in 1988. He has been Chairman and Chief Executive Officer of Compagnie Plastic Omnium since July 2001. He is a member of the Supervisory Board with Wendel (listed company) and Labruyère-Eberlé, and a director of CIC Lyonnaise de Banque. Furthermore, he is director of the AFEP and of the Fondation Jacques Chirac.

Laurent Burelle is a *Commandeur de la Légion d'honneur*.

Term of office ends in 2018

Chairman and Chief Executive Officer since July 1, 2001 and Director since June 18, 1981
Holds 667,000 of Plastic Omnium's shares

French companies

Burelle SA*/**	Chief Operating Officer and Director
Sofiparc SA**	Chairman and member of the Supervisory Committee
Burelle Participations SA**	Director
Plastic Omnium Auto Exteriors SA**	Chairman and Chief Executive Officer
Plastic Omnium Auto Inergy SAS**	Chairman
Lyonnaise de Banque	Director
Labruyère-Eberlé SAS	Member of the Supervisory Board
Wendel SA*	Member of the Supervisory Board
AFEP (Association)	Director
Fondation Jacques Chirac (Association)	Director
European Transalpine liaison committee Lyon-Turin (Association)	Director

International companies

Compañía Plastic Omnium SA** (Spain)	Chairman and Chief Executive Officer
Plastic Omnium Holding (Shanghai) Co. Ltd** (China)	Chairman
Plastic Omnium Inc.** (United States of America)	Chairman
SOGEC 2 SA** (Belgium)	Chief Executive Officer
Compagnie Financière de la Cascade SRL** (Belgium)	Managing Director

Terms of office ended in 2016

Pernod Ricard SA*	Director until July 2016
Institut de l'Entreprise (Association)	Vice-President until December 2016

* Listed company.

** Member of the Compagnie Plastic Omnium Group/Burelle.

Report from the Chairman of the Board of Directors



Jean-Michel Szczerba

French

Age 56

Professional address: Plastic Omnium
1, allée Pierre Burelle – 92300 Levallois-Perret

After graduating from ESSEC business school in 1982, Jean-Michel Szczerba joined Banque Vernes Commerciale de Paris as

a financial analyst. He joined Plastic Omnium in 1985, where he was successively Financial Controller, Finance Department Manager, and Chief Financial Officer, before becoming Deputy Chief Executive Officer in 2001. He was appointed Chief Operating Officer of Compagnie Plastic Omnium in 2010, Director in 2012 and co-Chief Executive Officer in 2015.

Jean-Michel Szczerba is a Chevalier de la Légion d'Honneur and a Chevalier de l'Ordre National du Mérite.

Term of office ends in 2018

Co-Chief Executive Officer since December 15, 2015

Chief Operating Officer since March 16, 2010 and Director since April 26, 2012

Holds 360,000 of Plastic Omnium's shares

French companies

Burelle Participations SA**	Director
Plastic Omnium Finance SNC**	Managing Director
Plastic Omnium Gestion SNC**	Managing Director
Plastic Omnium Environnement Holding SAS**	Chairman
Plastic Omnium Auto Exteriors SA	Director
Groupe Progrès SA	Director

International companies

Plastic Omnium GmbH** (Germany)	Managing Director
Hella Behr Plastic Omnium GmbH** (Germany)	Director
Yanfeng Plastic Omnium Automotive Exterior Systems Co. Ltd** (China)	Director
Plastic Omnium Holding (Shanghai) Co. Ltd** (China)	Director
Plastic Omnium Inergy (Shanghai) Consulting Co. Ltd** (China)	Chairman
Plastic Omnium Inc.** (United States of America)	Director
Compañía Plastic Omnium** (Spain)	Director
Plastic Omnium Auto Exteriors SPZOO** (Poland)	Managing Director
Plastic Omnium Auto SPZOO** (Poland)	Managing Director
Plastic Omnium Automotive Ltd** (Great Britain)	Director
Plastic Omnium Auto Exteriors (India) Pvt Ltd** (India)	Director
DSK Plastic Omnium BV** (The Netherlands)	Chairman and Director
Plastic Omnium Environment BV** (The Netherlands)	Member of the Supervisory Board
B-Plas Plastic Omnium Otomotiv AS** (Turkey)	Vice-Chairman of the Board of Directors and Director

** Member of the Compagnie Plastic Omnium Group/Burelle.

Report from the Chairman of the Board of Directors



Paul Henry Lemarié

French
Age 70
Professional address: Plastic Omnium
1, Allée Pierre Burelle – 92300 Levallois-Perret

Paul Henry Lemarié holds a doctorate in physics from University of Paris-Orsay and a post-graduate degree (DEA) in Management and Finance from University of Paris-Dauphine.

After completing a doctorate in physics at CEA, he began his career in the Finance Department of Paribas bank in 1973. He then joined Sofresid, an engineering group (steel, mining, offshore), before moving to Plastic Omnium Group in 1980 as Head of the 3P (Performance Plastics Products) Division. In 1985, he became Chairman of the Automotive Division. He was appointed Deputy Chief Executive Officer of Compagnie Plastic Omnium in 1987 and Chief Executive Officer in 1988. Appointed Chief Executive Officer of Burelle SA in April 1989, he became Chief Operating Officer of Burelle SA and Compagnie Plastic Omnium on May 15, 2001.

Term of office ends in 2018

Chief Operating Officer since May 15, 2001 and Director since June 26, 1987
Holds 280,900 of Plastic Omnium's shares

French companies

Burelle SA*/**	Chief Operating Officer and Director
Burelle Participations SA**	Chief Operating Officer and Director
Sofiparc SAS**	Member of the Supervisory Committee

International companies

Compañia Plastic Omnium** (Spain)	Director
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* Listed company.

** Member of the Compagnie Plastic Omnium Group/Burelle.



Éliane Lemarié

French
Age 71
Professional address: Burelle SA
1, rue François 1^{er} – 75008 Paris

After graduating a master's degree in English from the University of Paris-Sorbonne and graduating from IEP Paris, Éliane Lemarié devoted her professional career to the corporate information and communication sector.

She began her career as a journalist and copy editor in various written press publications as part of the Permanent Assembly of Chambers of Commerce and Industry (APCCI) from 1969 to 1975.

In 1976, she was hired by SOGEC to set up and develop a Public Relations, Media Relations and Publishing Department, a position she held until 1983.

In 1983, she founded and developed IRMA Communication, a corporate communications consultancy with a client roster of French and international companies listed in Paris, New York and Mumbai, serving as Chairman and Chief Executive Officer until 2010.

Term of office ends in 2018

Permanent representative of Burelle SA Director since April 28, 2009
Member of the Appointments Committee since July 22, 2014
Holds 395,996 of Plastic Omnium's shares

French companies

Sofiparc SA**	Member of the Supervisory Committee
Burelle SA*/**	Director
Union Industrielle	Chairman of the Supervisory Committee

International companies

SOGEC 2 SA** (Belgium)	Chief Executive Officer
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* Listed company.

** Member of the Compagnie Plastic Omnium Group/Burelle.

Report from the Chairman of the Board of Directors



Jean Burelle

French
Age 78
Professional address: Burelle SA
1, rue François 1^{er} – 75008 Paris

Jean Burelle is a graduate of the Federal Institute of Technology (ETH) in Zurich, and holds an MBA from Harvard Business School.

He started his career in 1996 with L'Oreal and left for Compagnie Plastic Omnium in 1967 as Department Head. In 1986, he was

appointed Executive Vice-President, and in 1987 became Chairman and Chief Executive Officer, a position that he occupied until June 30, 2001. Since July 1, 2001, he has been Honorary Chairman of Compagnie Plastic Omnium and Chairman and Chief Executive Officer of Burelle SA.

Jean Burelle is a Director of Compagnie Plastic Omnium and member of the Supervisory Committee of Banque Hottinguer and Soparexo. He was the Chairman of Medef International until May 25, 2016, when he became Honorary Chairman and Director.

Jean Burelle is an *Officier de la Légion d'honneur* and an *Officier de l'Ordre National du Mérite*.

Term of office ends in 2018

Director since January 1, 1970 and Honorary Chairman since September 20, 2001. Holds 416,378 of Plastic Omnium's shares

French companies and associations

Burelle SA*/**	Chairman and CEO
Burelle Participations SA**	Chairman and CEO
Sofiparc SAS**	Member of the Supervisory Committee
Sycovest 1	Permanent representative of Burelle Participations SA, herself a director
Soparexo SCA	Member of the Supervisory Committee
Banque Hottinguer SA with Management Board	Member of the Supervisory Board and Compensation Committee
Medef International	Honorary Chairman since May 25, 2016
Institut des Relations Internationales (IFRI)	Director
Association pour le Rayonnement de l'Opéra National de Paris (AROP)	Director

International companies

Compañía Plastic Omnium SA** (Spain)	Director
SOGEC 2 SA** (Belgium)	Chairman of the Board of Directors and Chief Executive Officer

Terms of office ended in 2016

Medef International	Chairman until May 25, 2016
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* Listed company.

** Member of the Compagnie Plastic Omnium Group/Burelle.



Anne Asensio

French
Age 54
Professional address: Dassault Systèmes
10, rue Marcel Dassault – 78140 Vélizy-Villacoublay

Holder of a master's degree in transport design from the Center for Creative Studies in Detroit, as well as a degree in industrial design from *École Nationale Supérieure des Arts Appliqués* in Paris, Anne Asensio began her career with Renault in 1987,

where she was notably charged with the design of the Twingo, Clio and Mégane (Scenic) ranges. She then held several management positions with General Motors, leading the development of a number of concept cars.

She joined Dassault Systèmes in November 2007 as Vice President for Design, in charge of design, innovation and corporate identity.

Anne Ascensio is a *Chevalier de la Légion d'honneur* and a *Chevalier de l'Ordre National du Mérite*.

Term of office ends in 2017

Director since April 28, 2011

Member of the Audit Committee since February 26, 2013

Chairman of the Audit Committee since February 24, 2015

Holds 900 of Plastic Omnium's shares

French companies

Dassault Systèmes*	Vice Chairman of Design Experience
Agence de la Promotion de la Création Industrielle	Director – Member of the Strategic Board
Strate College	Director
University of Nîmes	Member of the Strategic Board (2016)

International companies

Umeå University of Design (Sweden)	Member of the Strategic Board
World Economic Forum	Member of the Global Advisory Council

* Listed company.

Report from the Chairman of the Board of Directors



Anne-Marie Couderc

French
Age 67
Professional address: Presstalis
30, rue Raoul Wallenberg – 75019 Paris

After beginning her professional career in 1973 as an attorney in Paris, Anne-Marie Couderc joined the Hachette Group in 1982 as Deputy Corporate Secretary. She became the Group's Deputy Chief Executive Officer in 1993.

A Paris city councillor, then Deputy Mayor and Member of Parliament for Paris, she was appointed Secretary of State for

Employment in 1995, then Minister attached to the Ministry of Labor and Social Affairs with responsibility for Employment until 1997.

At the end of 1997, Anne-Marie Couderc was appointed Chief Executive Officer and member of the Editorial Committee of Hachette Filipacchi Medias, and director of several publications.

She became Corporate Secretary of Lagardère Active in 2007, before joining Presstalis as Chief Executive Officer in August 2010, subsequently becoming Chairman of the Board of Directors.

Anne-Marie Couderc is an *Officier de la Légion d'honneur* and an *Officier de l'Ordre National du Mérite*.

02
CORPORATE
GOVERNANCE

Term of office ends in 2018

Director since July 20, 2010

Chairman of the Compensation Committee since December 31, 2013 and Member of the Appointments Committee since July 22, 2014
Holds 1,350 of Plastic Omnium's shares

French companies

Presstalis SAS	Chairman of the Board of Directors
Transdev	Director and Chairman of the Compensation & Appointments Committee
Ramsay – Générale de Santé	Director and Chairman of the Compensation Committee and member of the Audit Committee
Air France KLM*	Director – Chairman of the Appointments Committee since May 19, 2016
Alma Consulting – AYMING	Member of the Supervisory Committee
Veolia Environnement Foundation	Director
Elle Foundation	Director

* Listed company.



Amélie Oudéa-Castera

French
Age 38
Professional address:
25, avenue Matignon – 75008 Paris

After a career as a professional tennis player, Amélie Oudéa-Castera opted for academia rather than high-level sport. A graduate of IEP Paris and ESSEC while at the same time obtaining a master's degree in Law, she won a place at ENA, graduating in April 2004 and taking up a position as Public Auditor with the French Court of Auditors (*Cour des Comptes*), acting as Legal

Counselor and Rapporteur of the public report on the situation and outlook of the public finances.

In 2008, Amélie Oudéa-Castera joined the AXA Group, where she performed cross-cutting assignments for the Group CFO. In 2010, she was appointed Director of Strategic Planning. In 2011, she was named Director of Marketing, Brand and Services at AXA France and in 2012 her scope of responsibility was extended to digital business. In 2015, Amélie Oudéa-Castera was appointed Deputy CEO of AXA Particuliers/Professionnels, the retail entity of AXA France, while retaining the responsibility of digital business, brand and partnerships of AXA France. In July 2016, she was appointed Director of Marketing and Digital for the entire AXA Group.

Term of office ends in 2019

Director and member of the Compensation Committee since January 1, 2014

Holds 900 of Plastic Omnium's shares

French Companies/Associations - Jurisdiction

AXA Group*	Director of Marketing and Digital since July 1, 2016
AXA Strategic Ventures	Member of the Executive Committee
La Poste Group	Member of the Strategic Board of the Digital Business Division
Court of Auditors	Legal Counselor
French Tennis Federation	Member of the Executive Committee since January 2014

Terms of office ended in 2016

AXA Particuliers Professionnels	Deputy Chief Executive Officer until July 1, 2016
AXA France	Director of Digital Business, Brand and Partnerships until July 1, 2016
AXA Economic Interest Grouping	Director until July 1, 2016

* Listed company.

Report from the Chairman of the Board of Directors



Lucie Maurel Aubert

French

Age 54

Professional address: Banque Martin Maurel
17, avenue Hoche – 75008 Paris

After starting her professional career in 1985 as a business attorney in the law firm Gide Loyrette Nouel, Lucie Maurel Aubert

joined, in 2002, the family bank Martin Maurel in which she has been a Director since 1999.

She was appointed as the Deputy Chief Executive Officer of the Compagnie Financière Martin Maurel in 2007, and then as the Vice Chairman and Deputy CEO in 2011. Moreover, she is CEO of the Banque Martin Maurel.

Lucie Maurel Aubert is a *Chevalier de la Légion d'honneur*.

Term of office ends in 2018

Director since December 15, 2015

Holds 910 of Plastic Omnium's shares

French companies

Compagnie Financière Martin Maurel	Vice Chairperson and Deputy Chief Executive Officer
Banque Martin Maurel	Chief Executive Officer
Rotshchild & Co.	Member of the Supervisory Board
French Bankers' Association	Vice Chairperson
Deposit Guarantee Fund	Member of the Supervisory Board
St Joseph Hospital Foundation	Director
Théâtre du Châtelet	Director

Terms of office ended in 2016

Montupet SA	Member of the Supervisory Board
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Jérôme Gallot

French

Age 57

Professional address:
46, rue du Ranelagh – 75016 Paris

Jérôme Gallot graduated from IEP Paris and ENA and was first appointed at the French Court of Auditors (*Cour des Comptes*) in 1985, then with the Ministry of Finance, where he was the Managing Director of the Competition, Consumer Affairs and Anti-Fraud Division (1997-2003).

He then joined the Executive Committee of Caisse des Dépôts, where he was responsible for Pension and Employee Benefit Financing and International Operations, before becoming Executive Chairman of CDC Entreprises, CDC's private equity arm. When France created a Strategic Investment Fund, he was appointed to its Executive Committee.

In February 2011, Jérôme Gallot was appointed Chief Executive Officer of Veolia Transdev and acted as Consultant to the Chairman from January 2013 to February 2014. He is also a Director of Nexans and NRJ Group.

Jérôme Gallot is a *Chevalier de la Légion d'honneur*.

Term of office ends in 2018

Director since December 15, 2006

Member of the Audit Committee since July 19, 2011

Member of the Appointments Committee since July 22, 2014

Holds 5,400 of Plastic Omnium's shares

French companies

JGC	Managing Director
SP 3H	Director
Acerde SAS	Member of the Supervisory Board
Nexans SA*	Director
NRJ Group	Director since April 2016
OHT	Director since October 2016
Geocorail	Director since July 2016
Holding Incubative chimie verte	Director since October 2016

* Listed company.

Report from the Chairman of the Board of Directors



Prof. Dr. Bernd Gottschalk

German
Age 73
Professional address: AutoValue GmbH
Savignystrasse 34 – 60325 Frankfurt-am-Main

Prof. Dr. Bernd Gottschalk holds a doctorate in economics from the University of Hamburg, and a degree from Stanford University

in California. He began his career at Daimler-Benz as Communications Director, before becoming Chairman of the Brazilian subsidiary.

In 1992, he was appointed to the Board of Management of the Daimler-Benz Group, Global Vice President of the Commercial Vehicles Division. In 1997, he was appointed Chairman of the Federation of German Automotive Industry (VDA) and in 2007 created AutoValue GmbH, an automotive consultancy that he has headed since that date.

Term of office ends in 2018

Director since April 28, 2009
Member of the Compensation Committee since December 13, 2013
Holds 900 of Plastic Omnium's shares

German companies

Plastic Omnium GmbH**	Member of the Beirat
Serafin Group, Munich	Member of the Beirat
AutoValue GmbH	Managing Partner
Schaeffler GmbH	Director
Jost Group*	Director
HAY Group	Chairman of the Board of Directors
Facton GmbH	Chairman of the Board of Directors
Woco Group	Chairman of the Board
Schlemmer Group	Chairman of the Board since September 20, 2016

* Listed company.

** Member of the Compagnie Plastic Omnium Group.



Vincent Labruyère

French
Age 66
Professional address: Financière du Centre
70, avenue Édouard Herriot – 71009 Mâcon

A graduate of the Federal Institute of Technology (ETH) in Zurich, Vincent Labruyère began his career in 1976 at Établissements Bergeaud Mâcon, a subsidiary of Rexnord Inc. USA manufacturer of materials preparation equipment.

In 1981, he became head of Imprimerie Perroux, a printer of checks and bank forms, which he diversified in 1985 by creating DCP Technologies, a subsidiary specializing in credit card manufacture and encoding.

In 1989, he founded the SPEOS Group, specialized in desktop publishing and electronic archiving of management documents and the manufacture of means of payment, which he sold to the Belgian Post Office in 2001.

He then joined Labruyère-Eberlé as Chief Executive Officer and then Chairman of the Management Board. Labruyère-Eberlé is a family-owned company operating vineyards in France and the United States, which also operates supermarkets and invests growth capital in France and abroad.

Vincent Labruyère is a Director of Banque Martin Maurel, Slota, Mathon Développement and Imprimerie Perroux.

Term of office ends in 2017

Director and member of the Audit Committee since May 16, 2002
Holds 10,332 of Plastic Omnium's shares

French companies

Société Financière du Centre SAS	Chairman
Labruyère-Eberlé SAS	Chairman of the Management Board
Société Commercial de Bioux SAS	Member of the Management Board
Perroux et fils	Director
Martin Maurel	Director
Slota SA	Director
SNPI SCA	Member of the Supervisory Board
Pige SA	Permanent representative of Labruyère-Eberlé, itself Director

Report from the Chairman of the Board of Directors



Dr. Alain Mérieux

French
Age 78
Professional address: Institut Mérieux
17, rue Bourgelat – 69002 Lyon

Dr. Alain Mérieux is Chairman of Institut Mérieux, a family-owned holding company for three industrial biology companies dedicated to serving public healthcare worldwide: bioMérieux (in vitro diagnostics), Transgène (immunotherapy to treat cancer and infectious diseases) and Mérieux NutriSciences (food safety, environ-

ment, nutrition). Institut Mérieux also comprises: ABL, a research company, Mérieux Développement, an investment company operating in healthcare. Institut Mérieux currently has over 15,000 employees in more than 40 countries worldwide.

Dr. Alain Mérieux is Chairman of the Fondation Mérieux, an independent family foundation registered as a public charity. He is Honorary Chairman and Director of Fondation Christophe et Rodolphe Mérieux, which operates under the aegis of the Institut de France. These two foundations are dedicated to the fight against infectious diseases in developing countries.

He is a *Grand Officier de la Légion d'honneur*.

Term of office ends in 2018

Director since June 23, 1993
Holds 6,318 of Plastic Omnium's shares

French companies and foundations

Institut Mérieux	Chairman and CEO
Fondation Mérieux	Chairman of the Board of Directors and Director
Fondation Christophe et Rodolphe Mérieux – Institut de France	Honorary Chairman and Director
BioMérieux SA*	Director
Fondation Pierre Fabre	Director
CIC Lyonnaise de Banque	Director
Transgène SA	Director

International companies

BioMérieux Italia SpA (Italy)	Director
Mérieux NutriSciences (United States of America)	Director

Terms of office ended in 2016

Fondation Pierre Vérots	Director – resigned on February 15, 2016
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* Listed company.

Composition of the Board of Directors at December 31, 2016

	Independence*	Commencement of 1 st term of office	End of current term of office	Committees		
				Audit	Appointments	Compensation
Mr. Laurent Burelle		1981	2018			
Mr. Jean-Michel Szczerba		2010	2018			
Mr. Paul Henry Lemarié		1987	2018			
Mrs. Éliane Lemarié		2009	2018		●	
Mr. Jean Burelle		1970	2018			
Mrs. Anne Asensio	■	2011	2017	●		
Mrs. Anne-Marie Couderc	■	2010	2018		●	●
Mrs. Amélie Oudéa-Castera	■	2014	2019			●
Mrs. Lucie Maurel Aubert	■	2015	2018			
Mr. Jérôme Gallot	■	2006	2018	●	●	
Prof. Dr. Bernd Gottschalk	■	2009	2018			●
Mr. Vincent Labruyère		2002	2017	●		
Mr. Alain Mérieux		1993	2018			

* Pursuant to the criteria of the AFEP-MEDEF Code.

● Chairman of the Committee

● Member of the Committee

Procedure for exercise of implementing powers of senior management

Compagnie Plastic Omnium's mode of corporate governance is suited to its specific characteristics and is based on an approach of continuous progress.

During its meeting held on December 16, 2016, the Board of Directors decided to renew the combining of the duties of Chairman and CEO.

This decision was made following the recommendations by the Appointments Committee, in the best interest of the Company, and with the constant concern that the mode of governance chosen optimizes the Group's economic and financial performances and creates the most favourable conditions for its long-term development. The quality and sustainability of this performance go hand in hand with the clear vision of the Group's prospects, directly shared with the members of the Board. This vision carried by the senior managers of Compagnie Plastic Omnium is based on their perfect knowledge of the Group's activities and its local and international environment. The Company has to be responsive in a highly competitive international environment. Furthermore, this mode of governance is appropriate for the specific characteristics of Compagnie Plastic Omnium and the structure of its shareholding, composed primarily of the family group committed to the Group's long-term development.

Organization and work of the Board of Directors

The work of the Board is set out in Article 12 of the bylaws, and its organization is described in Article 1 of the Internal Rules of the Board of Directors. These Internal Rules are updated by the Board of Directors in response to changes in laws and regulations, good corporate governance practices and changes in its own organization, particularly within the scope of the annual assessment of its activities. The latest update of the Internal Rules will be on July 22, 2014.

The Board of Directors meets as often as the interests of the Company require and, pursuant to the Internal Rules, at least four times per year. Board meetings may be held by any means of videoconferencing or telecommunication allowing the identification of directors and ensuring their effective participation in accordance with the terms and conditions laid down in the Internal Rules.

The Chairman of the Board of Directors directs the proceedings and ensures compliance with the provisions of the Internal Rules. He seeks to ensure the quality of discussions and to promote collective decision-making. He also ensures that the Board devotes sufficient time to its discussions, giving each item on the agenda time proportionate to the importance it represents for the Company. The directors collectively ensure that there is a correct balance in the speaking time of each one of them. The Chairman ensures that the questions asked in line with the agenda receive appropriate answers.

The Secretary of the Board of Directors assumes responsibilities of the secretariat of the Board and draws up the minutes of its meetings.

Pursuant to the provisions of Article 11 of the bylaws, each director must own at least 900 shares in the Company.

Changes in the terms of office and positions of corporate officers

Change in 2016

Renewal of the Directors' terms of office

The Shareholders' Meeting held on April 28, 2016 renewed the directorship of Mrs. Amélie Oudéa-Castera for a term of three years.

Ratification of the appointment of a Director

The Shareholders' Meeting on April 28, 2016 ratified the provisional appointment of Mrs. Lucie Maurel-Aubert as director by the Board of Directors, for the remaining term of her predecessor, i.e. until the end of the Shareholders' Meeting to be held in 2018.

Change scheduled in 2017

Appointment of a new director: Mrs. Félicie Burelle

Following the favourable opinion of the Appointments Committee, the Board of Directors submits the appointment of Mrs. Félicie Burelle as director for a term of three years, to the Annual Shareholders' Meeting.

Mrs. Félicie Burelle, age 38, French, graduated from the ESCE and holds a graduate degree in Business-Finance from the South Bank University of London and an MBA from the Instituto de Empresa (IE) Business School of Madrid.

After beginning her career in Compagnie Plastic Omnium in 2001 as Accounting Manager of a subsidiary of the Auto Exterior Division in Spain (Madrid), Mrs. Félicie Burelle joined the Merger & Acquisitions Department of Ernst & Young Transaction Services in 2005. In 2010, she joined Compagnie Plastic Omnium once again and took over the Department of Strategic Planning and Commercial Coordination of the Auto Exterior Division. She also became member of the Executive Committee of this Division.

She has been a member of the Burelle SA Board of Directors since 2013.

Since 2015, Mrs. Félicie Burelle is Strategy and Development Director of Compagnie Plastic Omnium and member of the Executive Committee.

Appointment of a new director: Mrs. Cécile Moutet

Following the favourable opinion of the Appointments Committee, the Board of Directors submits the appointment of Mrs. Cécile Moutet as director for a term of three years, to the Annual Shareholders' Meeting.

Mrs. Cécile Moutet, age 44, French, has a Specialized Masters degree in Market Research and Marketing Management from NEOMA Business School (former ESC Rouen) and the Institut Européen des Affaires.

Report from the Chairman of the Board of Directors

She started her career as a communication consultant in the IRMA Communication Agency, where she assumed the responsibility of the Client Division, designed press relations campaigns of various groups and organized public relations events.

Between 2006 and 2008, Cécile Moutet was self-employed in Spain as a communication consultant.

Between 2009 and 2010, Mrs. Cécile Moutet went back to Irma Communication (which became Cap & Cime PR in 2010) and coordinated various consulting assignments.

Gender equity on the Board of Directors

As at December 31, 2016, the Board of Directors of Compagnie Plastic Omnium comprises 5 women directors out of a total of 13, which is a proportion of 38.46%.

The composition of the Board of Directors complies with the law that fixes a first minimum proportion of 20% of directors of the same gender to be achieved in 2014.

The Appointments Committee carried out its selection work so as to propose candidates for the Board of Directors. Subject to the approval of the appointment of new directors and renewal of terms of office by the Shareholders' Meeting, the number of women on the Board of Directors will be increased to 7 out of 15 directors, which is a representation rate of 46.6%, in compliance with the law, which requires a minimum proportion of 40% of directors of the same gender from 2017.

Experienced directors that complement each other

The directors of Compagnie Plastic Omnium come from diverse origins. They complement each other due to their different professional experiences, skills and nationalities. They have good knowledge of the Company and are active and involved.

These are assets that enhance the quality of discussions of the Board of Directors.

Directors' independence

Each director has continuous information and means suited to the performance of his or her mission. The directors have a duty of vigilance and fully independent participation in the work and

decisions of the Board of Directors and, where applicable, its Review Committees.

All are subject to compliance with the rules applicable to conflicts of interest.

With regard to the independence criteria mentioned in the AFEP-MEDEF Code, a member of the Board of Directors is considered as independent if he or she does not maintain any relation with the Company, its Group or its Management that might interfere with his or her freedom of judgment. Independent director refers to any non-executive corporate officer of the Company or its Group pursuant to the AFEP-MEDEF Code, devoid of any particular shared interest with them. The criteria laid down in the AFEP-MEDEF Corporate Governance Code are:

- not to be an employee or executive director of the Company, or an employee, executive director or director of the parent or a consolidated company, and not having been so in the previous five years (criterion No. 1);
- not to be an executive director of a company in which the Company directly or indirectly holds a directorship, or in which a directorship is held by an employee, designated as such, or an executive director of which the Company (currently or within the previous five years) holds a directorship (criterion No. 2);
- not to be customer, supplier, investment banker or corporate banker of significant importance to the Company or the Group, or for which the Company or its Group represents a significant part of its activity (criterion No. 3);
- not to have close family ties with a corporate officer (criterion No. 4);
- not to have been an auditor of the Company during the previous five years (criterion No. 5);
- not to have been a director of the Company for more than twelve years (criterion No. 6).

The Appointments Committee's meeting of November 29, 2016 and the Board of Directors' meeting of December 16, 2016 reviewed on a case-by-case basis the situation of each of the members concerned with regard to the independence criteria mentioned in the AFEP-MEDEF Code.

	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Qualification applied
Anne Asensio	Yes	Yes	Yes	Yes	Yes	Yes	Independent
Anne-Marie Couderc	Yes	Yes	Yes	Yes	Yes	Yes	Independent
Lucie Maurel Aubert	Yes	Yes	Yes	Yes	Yes	Yes	Independent
Amélie Oudéa-Castera	Yes	Yes	Yes	Yes	Yes	Yes	Independent
Jérôme Gallot	Yes	Yes	Yes	Yes	Yes	Yes	Independent
Bernd Gottschalk	Yes	Yes	Yes	Yes	Yes	Yes	Independent

As a result, on December 31, 2016, 6 out of the 13 members of the Board of Directors, i.e. 46.15%, qualified as independent,

with the AFEP-MEDEF Code recommending a minimum threshold of 33.33% independent directors for controlled listed companies.

Conflicts of interest

Within the scope of the law and the rights and duties of directors as defined in the Internal Rules of the Board of Directors of Compagnie Plastic Omnium and in accordance with the AFEP-MEDEF Code, directors are subject to compliance with the rules applicable to the situation of conflict of interests and stock exchange code of ethics.

Based on the declarations made by each director, the Board concluded that there was no conflict of interest. In particular, based on the work of the Appointments Committee, the Board of Directors found that there was no business relationship of any nature between the Plastic Omnium Group and any of its directors, which could lead to conflicts of interest.

Information on corporate officers referred to in Annex 1 of European Regulation No. 809/2004

Existing family ties between corporate officers (Article 14.1 of the Annex)

Laurent Burelle, Jean Burelle, Paul Henry Lemarié and Éliane Lemarié are related.

No conviction or incrimination of corporate officers (Article 14.1 of the Annex)

To the Company's knowledge, none of its directors has been convicted of fraud, none has been involved as a corporate officer in a bankruptcy, receivership or liquidation in the past five years, and none has been the subject of any official charges or public sanctions pronounced by a statutory or regulatory authority. None of the members of the Board of Directors has been disqualified by a court from acting as a member of a governing, administrative or supervisory body of an issuer, or from taking part in the management or business of an issuer during the past five years.

Potential conflicts of interests between the duties of the corporate officers vis-à-vis the Compagnie Plastic Omnium and their personal interests and/or other duties (Articles 14.2 and 18.3 of the Annex)

The method for the organization and working of the Board of Directors of the Compagnie Plastic Omnium would enable it, where applicable, to prevent any misuse of control by a shareholder, largely due to the presence of six independent directors within the Company.

Information on service contracts with members of the governing bodies (Article 16.2 of the Annex)

No corporate officer is bound either to the Company or to any of its subsidiaries through service contracts providing benefits of any kind.

Stock exchange Code of Ethics

The Board of Directors is aware of the applicable rules on the prevention of insider misconduct, in particular with regard to the periods during which trading in securities of the Company is prohibited. As a result, it has had the opportunity to modify the Internal Rules and update the charter for the prevention of insider trading.

Based on the legal texts, regulations and market recommendations, this code states that inside information must be transmitted and used only for professional purposes.

This charter requires the exercise of great caution, where the person with inside information is carrying out financial transactions or is having financial transactions carried out on Plastic Omnium's securities in the stock exchange and points out that misconduct in this regard is subject to criminal penalties. Directors with permanent insider status are particularly requested not to carry out transactions on the securities of Plastic Omnium during certain periods if they have insider information. The Internal procedures of the Board of Directors states the Board members' obligation to respect the terms of the charter.

During the meeting of the Board of Directors of December 16, 2016, the directors revised the schedule of closed periods for 2017 outside which they can trade in Plastic Omnium's shares.

Finally, the executive corporate officers notify the Autorité des Marchés Financiers (AMF) of each transaction carried out by them or by their relatives on Plastic Omnium's securities. They are periodically reminded of this obligation by the Company (cf. the summary of transactions carried out by corporate officers in 2016 on the securities of Plastic Omnium see section 2.2.3).

2.1.1.2 Preparation and Organisation of the Work of the Board of Directors

General information on the meetings of the Board of Directors and its Committees in 2016

Informed directors

Preparing and holding meetings of the Board of Directors and its Committees require ever greater availability and involvement from each director. In this respect, the directors of the Compagnie Plastic Omnium are regularly informed of all the Company's activities and its performances.

Each committee prepares the discussions and proceedings of the Board in its domain.

With their expertise coming from outside and freedom of judgment, the directors collectively ensure that the measures adopted contribute to implementing the strategy of the Plastic Omnium Group. The Board debates issues transparently and in detail.

Diligent directors

In 2016, the Board of Directors met five times. The average attendance rate at Board meetings was 95%. The attendance rate at the meetings of Board of Director Committees is specified in the statements on pages 33-34.

The breakdown of attendance fees is set out in section 2.2.1 below. The rules for the distribution of fees allocated for the 2016 financial year take on board the recommendations of the AFEP-MEDEF Code, with a predominant overall variable portion taking account of the rate of attendance of the Board and its Committees.

Activity of the Board of Directors

General missions of the Board of Directors

The Board of Directors determines the Group's strategic approaches. The directors control its economic and financial management, they review and approve the broad lines of actions considered by the senior management, which implements them.

In this connection, the Board constantly seeks a working method which, while strictly complying with the Law, is conducive to the conditions of good corporate governance.

The work of the Board of Directors is based on its regularly updated Internal Rules, which aim at completing the legal, regulatory and statutory rules and the industry recommendations that the Board refers to. The Internal Rules are published on Plastic Omnium's website.

The work of the Board of Directors focused on strategy

In 2016, apart from the regular monitoring of the Group's activity (markets, business, geographical development, competition, quantitative and qualitative objectives), the Board of Directors continued its work on defining the Compagnie Plastic Omnium's strategy and monitoring its implementation.

Continuous dialogue with the General Management has enabled the Board to prepare strategy, especially by analyzing the strategic interest of acquisition transactions, their impact on the Company's financial structure and long-term development capacities.

During each meeting, it is systematically informed about the Group's activities and performance, and the revenue by Division and region. The Board is also informed about market developments, competitors' performance and the Group's position in terms of corporate and social responsibility. The Board is therefore totally aware of the Group's economic situation. Informed about the performances and challenges specific to each Division, the Board has a clear and independent vision of the Group's development opportunities for years to come.

The Board also focuses on monitoring the acquisitions, their consolidation into the Group, the synergies developed, the implementation of the business plan and the value created for Plastic Omnium.

In 2016, the directors discussed the Group's major challenges in Research and Innovation. They discussed the conditions for the acquisition of Faurecia's Exteriors Systems activity and its consolidation with Plastic Omnium's Auto Exterior Division.

In order to benefit from the best possible knowledge of Plastic Omnium's businesses, the Board of Directors holds regular meetings at the Group's French or international industrial sites. Thus, the Board met on October 26, 2016 on the Auto Exterior Division site in Measham in the UK. On this occasion, the directors visited six industrial sites in Liverpool and Measham and met with various operational heads.

In accordance with the recommendations of the AFEP-MEDEF Code, during the Board meeting of December 16, 2016, the Directors met without the presence of the Executive Directors and family directors. Thus, they were able to discuss, in particular the evaluation of the Board's work and the performances of Executive Directors.

Board of Director information as to the Company's financial position, cash position and commitments

The Company's financial position and cash position are analyzed at least twice a year during the Board's meeting when approving the financial statements and reviewing the half-yearly financial statements. If required, they may be reviewed at any other time.

The Company's commitments are reviewed as part of the annual renewal of the authorizations given to the Chairman and CEO and the delegations that he grants.

As evidenced by the preparatory work of its Committees (see paragraph 2.1.1.3), the Board also analyzes other aspects of its strategy, the Group's economic and financial management and its environmental, corporate and social commitment. The Chairman systematically reports the work of the Committees during Board meetings.

2.1.1.3 Activity of Board of Directors' Committees

Discussions and decisions of the Board of Directors are assisted by the work of its Review Committees which report to it after each of their meetings. The details of the missions of each Committee are given in the Internal Rules of the Board of Directors.

In 2016, Board Committees were again mandated by the Board to prepare its deliberations. The details of the composition of these Committees, their missions and work in 2016 are given below.

Board of Director Committees act strictly within the framework of the missions allocated to them by the Board. They actively prepare its work, put forward proposals, but have no decision-making powers on their own.

Audit Committee

Composition	<p>Composition as at December 31, 2016:</p> <ul style="list-style-type: none"> • Anne Asensio (Chairman) • Jérôme Gallot • Vincent Labruyère <p>Since February 24, 2015, the Committee has been chaired by Anne Asensio, an independent director and member of the Committee since February 26, 2013.</p> <p>The Chairman and CEO does not sit on this Committee.</p> <p>The number of independent directors is two out of three and there is no executive director. This composition is in line with the recommendations of the AFEP-MEDEF Code.</p> <p>The directors who are members of the Audit Committee have the necessary qualification due to their professional experience and good knowledge of the Group's accounting and financial procedures, which are regularly reported to them.</p> <p>The Committee had the opportunity to hear the directors in charge of the specific fields, the activity of which it reviews, in particular processes related to risk management and control.</p> <p>The Statutory Auditors attend Committee meetings.</p> <p>The Committee did not seek advice from external experts.</p> <p>In 2016, the Audit Committee met three times, with an attendance rate of 89%.</p>
Principal missions	<ul style="list-style-type: none"> • Monitoring the basis of preparation for the Group's financial information • Monitoring the legal audit of the financial statements and consolidated financial statements by the Statutory Auditors • Reviewing the Statutory Auditors' audit plans and engagement program and the outcome of their verifications • Monitoring the independence of the Statutory Auditors • Monitoring the efficacy of the Internal Control and Risk systems • Monitoring the Group's major exposures and sensitivity to risks • Warning the Chairman of the Board in the event of detection of a major risk, which, according to him, has not been treated appropriately • Reviewing the program and objectives of the Internal Audit Department, as well as the methods and procedures of the internal control systems used • Reviewing the scope of consolidation and reasons why some companies would not be included
Principal activities in 2016	<ul style="list-style-type: none"> • Reviewing the annual results for 2015 and the 1st half of 2016 • Reviewing the Statutory Auditors' report • Reviewing the audit plan and the outcome of the verification carried out, their recommendations as well as the action taken as part of the statutory audit • Reviewing the audits carried out by the Statutory Auditors with regard to social, environmental and societal information • Monitoring the Internal Audit activity, the Committee having concluded that Internal Audit has carried out a detailed review of the key processes with exacting criteria • Reviewing risk factors and risk mapping, the Committee having concluded that risk management is controlled and assumed at the operational level and the level of corporate departments • Monitoring the results of programs raising awareness with regard to risk of fraud and prevention of corruption • Information on legal risks and potential disputes and major facts that are likely to have a significant impact on the financial situation of Plastic Omnium

Compensation Committee

Composition	<p>Composition as at December 31, 2016:</p> <ul style="list-style-type: none"> • Anne-Marie Couderc (Chairman) • Amélie Oudéa-Castera • Bernd Gottschalk <p>Since December 13, 2013, the Committee has been chaired by Anne-Marie Couderc, an independent director and Committee member since December 13, 2013.</p> <p>The number of independent directors is three, i.e. 100% and the Committee has no executive director. This composition is in line with the recommendations of the AFEP-MEDEF Code.</p> <p>The directors actively participate in Committee meetings, acting in the interests of the shareholders and exercising their judgment in a completely independent manner.</p> <p>In 2016, the Compensation Committee met three times, with an attendance rate of 100%.</p>
Principal missions	<ul style="list-style-type: none"> • Drafting proposals for the compensation of executive directors and for the pension and insurance plans • Fixing the budget for the attendance fees to be submitted to the Shareholders' Meeting and the distribution method • Determining the long-term incentive plan policy, mainly including plans for the allocation of free shares
Principal activities in 2016	<ul style="list-style-type: none"> • Reviewing the fixed salary and bonus components of executive directors and recommendations to the Board • Analyzing the performance of executive directors in 2015 and communicating the recommendation to the Board for an annual bonus for 2015 • Analyzing the performance of executive directors in 2016 and communicating the recommendation to the Board for an annual bonus for 2016 • Analyzing and considering the structure of the executive directors' annual bonus and the objectives for 2017 • Say on Pay: preparing the resolutions submitted at the Shareholders' Meeting of April 27, 2017 • Retirement of senior managers: reviewing the situation of each executive director • Distribution of attendance fees pursuant to the rules providing a majority variable share

Appointments Committee

Composition	<p>Composition as at December 31, 2016:</p> <ul style="list-style-type: none"> • Anne-Marie Couderc (Chairman) • Éliane Lemarié • Jérôme Gallot <p>Since July 22, 2014, the Committee has been chaired by Anne-Marie Couderc, an independent director and Committee member since the same date.</p> <p>The Appointments Committee is primarily composed of independent directors and there is no executive director. This composition is in line with the recommendations of the AFEP-MEDEF Code.</p> <p>The directors actively participate in Committee meetings, acting in the interests of the shareholders and exercising their judgment in a completely independent manner.</p> <p>In 2016, the Appointments Committee met once, with an attendance rate of 100%.</p>
Principal missions	<ul style="list-style-type: none"> • Consideration and recommendation to the Board regarding procedures for the exercising of powers by senior management • Opinion on the proposal of the Chairman of the Board of Directors for the appointment of Chief Operating Officers • Recommendation for new directors to the Board • Examination of the qualification of independent directors, reviewed by the Board of Directors every year • Verification of the proper application of the Corporate Governance Code referred to by the Company • Discussion on issues pertaining to the governance related to the working and organization of the Board • Preparation of succession plans for executive directors in the event of unforeseen vacancies
Principal activities in 2016	<ul style="list-style-type: none"> • Reviewing the succession plans of executive directors to ensure continuity of the senior management • Reviewing the conditions for the exercising of powers by senior management: uniqueness of the responsibilities of the Chairman and Chief Executive Officer • Discussing the composition of the Board: diversity, complementary nature of profiles, competence, gender balance, plurality of offices, etc. • Selecting and meeting with candidates and recommendations to the Board • Submitting the application of Mrs. Félicie Burelle and Mrs. Cécile Moutet to the Board and subjecting their appointment to the vote of the Shareholders' Meeting of April 27, 2017 • Discussing the composition of Board Committees and recommendations • Reviewing the independence of each director with respect to the criteria listed in the AFEP-MEDEF Code

2.1.1.4 Self-assessment of the Board of Directors

Every year, the Board carries out a formal assessment, stipulated by the AFEP-MEDEF Code, of its composition, organization and method of working, largely so as to ensure, under certain conditions, that the agenda of its meetings covers the extent of its missions, that major issues have been suitably prepared and

discussed and so as to assess the contribution of each member in the Board's work.

This assessment complies with the recommendations of the AMF and those of the AFEP-MEDEF Code referred to by the Company. They were able to review the composition of the Board, its organization and work as well as the various topics of governance such as planning Board meetings in the absence of the executive directors. The activity of the Committees was also reviewed. The

directors spoke about the quality and relevance of the information communicated to them and the drafting of the minutes. They also gave their views on the Board's commitment in defining the strategy of Compagnie Plastic Omnium.

The Board concluded that the quality of its meetings, with regard to what was considered as avenues of progress at the end of the self-assessment conducted in late 2015, continues to improve, mainly with respect to the analysis of the Group's strategic challenges, which are regularly discussed and debated.

The composition of the Board was found to be balanced, with diversified and complementary expertise. The directors are diligent, active and involved. They share the same concern of acting in the long-term interest of Compagnie Plastic Omnium. The directors once again exercised total freedom of judgment in 2016. This freedom of judgment allowed them to take part with full independence in the work and collective decisions of the Board of Directors as well as in the activities of these committees.

In 2016, the Board was fully satisfied with the tempo, frequency of the meetings and the format of the information forwarded to it as part of activity in general and the principal events of the Group's life. The availability of documentation prior to Board or Committee meetings, in keeping with the confidentiality requirements and time constraints that the Company is subject to, enhance the quality of discussions.

2.1.1.5 Corporate Governance Code

AFEP-MEDEF Code: the reference code

The Compagnie Plastic Omnium remains committed to the application of rules of corporate governance laid down by AFEP-MEDEF, by referring to the Corporate Governance Code of listed companies, available on the website <http://medef.com>.

The table below provides the Company's explanations for the recommendations of the AFEP-MEDEF Code that are not applied.

Recommendations of the AFEP-MEDEF Code	Compagnie Plastic Omnium practices and justifications
Terms of office of directors must be staggered so as to prevent reappointment en masse (Article 13-2)	The term of office of ten of the thirteen members of the Board of directors expires in 2018, the terms of office of two Board members expire in 2017 and that of one expires in 2019. The Company wished to prioritize a frequent appointment principle for directors by stipulating a statutory three-year term of office.
Information on the ceiling applicable to variable compensation.	The annual fixed salary of Messrs. Laurent Burelle and Paul Henry Lemarié correspond to a rate of 120% of the highest coefficient in the collective bargaining agreement in the Plastics industry (coefficient of 940). Messrs. Laurent Burelle and Paul Henry Lemarié received payment of €87,909 in this respect in 2016. The variable compensation of Messrs. Laurent Burelle and Paul Henry Lemarié is based on the cash flow from operations of Burelle SA, Plastic Omnium's parent company. Since this base fluctuates according to the performance of Burelle SA, it is not possible to indicate a ceiling.

2.1.2 Procedures of internal control and risk management

Management System Objectives of the Company's internal control and risk management system

Definition and objectives of internal control and risk management

Internal control and risk management are the responsibility of senior management, and require the involvement of all stakeholders in the Company, in accordance with the tasks assigned to them. Compagnie Plastic Omnium's internal control and risk management systems are designed to ensure:

- compliance with applicable laws and regulations;
- effective and controlled implementation of guidelines and objectives set by senior management, particularly with regard to risk;
- the smooth running of Compagnie Plastic Omnium's internal processes, particularly those relating to the safeguarding of the Group's assets in the broadest sense;

- the reliability of financial information;
- the commitment of Company employees to shared values and a shared vision of the risks they are helping to control.

Internal control and risk management systems play a critical role in Compagnie Plastic Omnium's management. However, they cannot provide an absolute assurance that the Company's objectives will be achieved or that all risks will be eliminated.

Compagnie Plastic Omnium is actively working to reinforce its internal control and risk management systems as part of a continuous improvement process that relies in particular on the Implementation Guide to the Reference Framework for Risk Management and Internal Control Systems of the Autorité des Marchés Financiers (AMF).

Scope of this report

This report describes the internal control system of Compagnie Plastic Omnium, the parent company of the Plastic Omnium Group. It therefore focuses on the procedures intended to guarantee the reliability of the consolidated financial statements and the Company's control over entities in which it has a majority interest.

Compagnie Plastic Omnium regularly reviews and assesses the operations of significant investments over which it exercises joint control, and uses all of its influence to ensure that these entities comply with its internal control requirements.

Summary description of the internal control and risk management system

Organization

Compagnie Plastic Omnium is built around two Divisions:

- **Automotive Division** (Auto Exterior and Auto Inergy Divisions);
- **Environment** (Environment Division).

Under the supervision and control of Compagnie Plastic Omnium's senior management, these two autonomous Divisions are each responsible for implementing the means and resources necessary to achieve the financial targets set in their annual budgets approved by senior management.

Organization of the internal control and risk management system

The internal control and risk management system deployed within the Group is based on the rules and principles of its internal control framework and the implementation of processes aimed at continuously improving the management of the main risks to which it may be exposed.

The organization of the system involves all Company employees. However, its oversight and controls are performed by the following seven key functions:

- the senior management, the Risk Management Department and the Internal Control Committee, which monitor the system;
- the operational management teams of each Division, corporate departments and the Internal Audit Department, which represent three distinct levels of control;
- the Board of Directors.

The senior management of Compagnie Plastic Omnium sets the guidelines for organizing and running the internal control and risk management system.

They are assisted in this task by the **Executive Committee**, which has management and decision-making powers with regard to the Company's business. It is composed of the Chairman-CEO, Co-CEO and Chief Operating Officer, the Chief Operating Officer, the Director of Strategy and Development, Director of Finance, General Secretary – Legal Director, Director of Human Resources, Director of Communication, Scientific Director and the Executive Directors of various Divisions. It meets once a month to review the Group's business performance and recent developments, and to discuss its outlook. It addresses cross-business issues such as sales and marketing, organization, investment, legal and human resources issues, safety and the environment, research and development, mergers and acquisitions, and financing. Each month, it analyzes the results and balance sheets of all Divisions and subsidiaries, including trends in respect of capital expenditure and working capital compared with the situation of the prior year and monthly budget projections. It also reviews three-month forecasts for the consolidated income statement and balance

sheet, and plays a pro-active role in steering the Group's management. It also validates updates of current-year forecasts. Every June, it analyzes the strategic five-year plans for each Division and the Group. These plans are then used in preparing the budget, which is definitively adopted in December each year.

The Internal Control Framework

The cornerstone of Compagnie Plastic Omnium's internal control system is its Internal Control Framework, which sets out the rules and principles applicable to the companies it controls. It comprises a **Code of Conduct**, the Group's **Internal Control Rules and Procedures** and an **Accounting and Financial Procedures Handbook**.

- **The Code of Conduct:** in addition to its economic responsibilities, Compagnie Plastic Omnium attaches great importance to human rights and sustainable development. Compagnie Plastic Omnium is a signatory of the UN Global Compact, a set of principles that stand alongside the Plastic Omnium Code of Conduct to exemplify the spirit of responsibility that has always encouraged the Group's commitment. Together, these texts highlight the values governing individual and collective conduct that Compagnie Plastic Omnium aims to promote, and which determine the fundamental principles in which the rules and procedures of its internal control system are rooted. In 2010, Compagnie Plastic Omnium adopted a Code of Conduct on practices governed by competition law, which has been circulated throughout the Group as part of a compliance program.

The Code of Conduct applies to Compagnie Plastic Omnium and to all the affiliates in which it holds a majority stake. Plastic Omnium does everything in its power to encourage other affiliates to establish rules of conduct consistent with the provisions of the Code. It is the responsibility of senior management, members of the Executive Committee, divisional CEOs and plant managers to ensure that all employees are aware of the contents of the Code, and that they have sufficient resources to comply with its provisions. In return, the Code requires individual employees to behave in a way that demonstrates a personal and ongoing commitment to complying with the prevailing laws and regulations, and with the ethical rules it lays down.

- **Group Internal Control Rules and Procedures:** Compagnie Plastic Omnium has a set of rules that define the roles and responsibilities of the senior management, the corporate departments of Compagnie Plastic Omnium and the operational departments of its Divisions and subsidiaries in the following areas:

- Legal Affairs and Corporate Governance;
- Human Resources;
- Treasury (financing and routine transactions);
- Sales;
- Purchasing (operations and capital expenditure);
- Inventory and Supply Chain;
- Automotive Projects;
- Accounting and Taxation;
- Production and Quality;

- Real estate;
- Information Systems;
- Health, Safety and Environment.

The rules cover routine and non-routine business operations alike. They are a single and comprehensive reference framework designed to ensure that the internal control procedures implemented by the Group are both consistent and appropriate. In a number of cases, they include procedures that describe their application.

- **Accounting and Financial Procedures Handbook:** Compagnie Plastic Omnium has an Accounting and Financial Procedures Handbook prepared in accordance with IFRS. These accounting procedures are applicable to all consolidated companies.

As part of a process of continuous improvement in terms of internal control, the Internal Control Framework is subject to additions, and is updated regularly to reflect established practices, as well as changes in organization and the applicable regulations.

Risk management

The main risks to which Compagnie Plastic Omnium is exposed are described in the “Risk Management” section. This section also describes the key measures and processes used to effectively prevent and manage these risks.

The risk management system incorporates, as part of the organizational framework presented in this report, a process of mapping and analyzing the main risks facing the Company, the purpose of which is to verify the pertinence of approaches implemented at Group level and to take action to strengthen or complement existing approaches. At Group level, this process is led by the Risk Management Department in conjunction with the operational management teams and corporate departments.

The system is overseen by senior management.

Control activities

Compagnie Plastic Omnium seeks to combine accountability and independence of judgment at the three levels responsible for controlling its operations and its risk management system: the operational management departments, corporate departments and the Internal Audit Department.

The **operational management teams** implement the structures and resources necessary for the satisfactory implementation of the rules and principles governing internal control in their respective activities. They are tasked in particular with assessing the pertinence of remedial measures implemented as a result of assignments undertaken by Internal Audit. They are also responsible for identifying the risks inherent to their own activity and for taking reasonable steps to control them.

The **corporate departments**, namely Human Resources and Sustainable Development, Corporate Finance and Information Systems, and Legal Affairs, have the broadest powers in their areas of expertise, and under the supervision of senior management, to establish rules and procedures applying within Compagnie Plastic Omnium. They are tasked with coordinating and monitoring the activities of their functional networks with a

view to protecting the interests of the Group and all its stakeholders.

In the particular area of internal control and risk management, they are responsible for analyzing the risks inherent in their activities and for defining the appropriate structures and systems to ensure their smooth running. They prepare and update the Internal Control Framework and cross-business approaches to risk management. In doing so, they are required to ensure the adequacy of the Internal Control Framework in respect of prevailing standards, regulations and laws, and to implement the appropriate means for relaying the information they produce.

Compagnie Plastic Omnium has a centralized **Internal Audit Department** that is part of the Corporate Risk Management Department and reports to the Corporate Secretary. It also reports regularly to the Internal Control Committee, which is responsible for overseeing internal control procedures. It conducts assessments of the general system, and ensures the efficiency of its implementation.

The Internal Audit Department conducts audits on a scope covering all subsidiaries, whether or not Compagnie Plastic Omnium exercises control. At the conclusion of each audit, it makes recommendations to the audited units, which respond with appropriate action plans subject to systematic monitoring by divisional management teams. The annual internal audit plan is based on criteria relating to how often audits are performed and to each entity’s risk and control environment. None of the audits performed in 2016 revealed any serious weaknesses in the internal control and risk management system.

The Internal Audit Department also oversees annual internal control **self-assessment** campaigns, launched in 2006. The questionnaire design is based on the Implementation Guide to the AMF Framework. It is both an effective assessment tool and a means of raising the awareness of local organizations. Lastly, it is a useful tool for the Internal Audit Department in preparing its audit work.

Note that the application of international safety, environmental and quality assurance standards, in addition to the audit of our insurance companies and our customers, gives rise to regular specialized audits conducted by independent bodies. As of December 31, 2016, 90% of the eligible facilities that were at least 50%-owned had earned ISO 14001 certification and 76% were OHSAS 18001-certified.

Information and communication

The internal control rules and procedures are available to employees on the home page of the Group’s intranet portal. However, the internal control system is deployed largely through formal documents, awareness raising, training programs and reporting processes conducted by the corporate departments. These activities, which include the self-assessment referred to above, allow local management teams to appreciate senior management’s profound commitment to internal control processes.

Finally, the relaying of information on the preparation of financial and accounting data is subject to specific processes described later in this report.

Oversight

Senior management, assisted by the Risk Management Department, is responsible for the overall oversight of the Company's internal control and risk management processes.

The Risk Management Department exercises a critical oversight role concerning the internal control system as part of its specific remit. It reports its analysis and recommendations to senior management, to which it reports directly, as well as the Internal Control Committee. It is also responsible for the process of identifying business risks undertaken at Group level, and coordinates the preparation of the ensuing risk management plan.

The **Internal Control Committee** coordinates the internal control system, and ensures that it runs smoothly. It is chaired by the Compagnie Plastic Omnium Corporate Secretary. Its other members include the Head of Human Resources, the Chief Financial Officer, the Head of Internal Control, the Head of Risk Management and Internal Audit, the Internal Audit Manager, the Chief Executive Officers and the Chief Financial Officers of the Divisions. It is tasked with ensuring the quality and effectiveness of the system. It relays the decisions and recommendations of the Chairman and Chief Executive Officer, to whom it reports its findings. Its composition gives it the authority to coordinate the efforts of all actors involved in internal control and risk management in each Division or corporate function.

Lastly, **the Board of Directors** reviews all of the major assumptions and strategies laid down for Compagnie Plastic Omnium by senior management. It reviews the broad outlines of the internal control and risk management system and acquires an understanding of the various procedures involved in the preparation and processing of overall and financial information.

Internal control relating to the preparation of financial and accounting information

Basis of preparation of the Group's financial information

The Finance Department is responsible for ensuring that the preparation of the Group's financial information is consistent. As such, it is tasked with:

- laying down financial and accounting standards for the Group, in accordance with international standards;
- determining the policy in respect of the preparation of financial information;
- coordinating information systems used for the preparation of financial and accounting data;
- reviewing subsidiaries' financial information;
- preparing financial information for the Group's consolidated financial statements.

The consistency of the Group's financial statements is guaranteed by the use of the same accounting standards and a single chart of accounts by all Group entities. The standards and chart of accounts take into account the specific characteristics of the subsidiaries' various businesses. They are laid down by the Accounting Standards and Principles Department, which is part of the Accounting and Tax Department and is the sole entity with authority to change them.

Consistency is further ensured by the coordinated management of information systems that contribute to the preparation of the financial information of each subsidiary: the use of a single software application guarantees that reporting and consolidation processes are standardized and applied consistently. Moreover, based on a software package recommended by the Group, the various Divisions have developed integrated management systems and rolled them out across the majority of their plants, thereby helping to ensure that the information used in the preparation of the financial statements is properly controlled.

Consolidated financial information is prepared for the following key processes:

- weekly cash reporting;
- monthly reporting;
- interim and annual consolidated reporting;
- annual budget.

These four processes apply to all subsidiaries controlled directly and indirectly by Compagnie Plastic Omnium.

Financial reporting and control procedures

Each subsidiary is responsible for producing its own accounts. First-tier controls and analyses of subsidiaries' financial statements are performed locally. Second-tier controls are performed centrally in each Division. Third-tier controls are performed by the Finance Department.

Reporting is done on a monthly basis. It is submitted to senior management one week after the close of the monthly accounts, and is reviewed by the senior management and analyzed by the Executive Committee. The reporting package comprises an income statement broken down by function, with an analysis of production costs, overheads, and research and development expenditure. It also includes a full cash flow statement, business forecasts for the subsequent three months and a set of environmental and safety indicators. The information is prepared at Group, Division and subsidiary level. It provides comparisons between the various items – monthly actual, year-to-date actual, prior-year actual and current-year budget, and provides an analysis of material differences.

The budget process begins in September each year. Budgets are then submitted to senior management in November and validated in December, before being presented to Compagnie Plastic Omnium's Board of Directors. The budget package comprises an income statement, cash-flow statement and data concerning return on capital employed for each subsidiary and Division for the year N+1.

“Revised” forecasts are regularly produced to allow remedial measures to be made with a view to ensuring that initial budget targets are met. They also allow senior management to report reliably on changes in the situation.

The budget is based on the rolling four-year business plan approved in July of each year by senior management, which includes Income Statement and Balance Sheet projections prepared on the basis of the year in progress. It also takes into account sales, industrial and financial strategies of the Group and the Divisions.

Compagnie Plastic Omnium is responsible for managing the medium-term financing requirements of all the subsidiaries controlled by the Group, while Plastic Omnium Finance covers short-term financing. Through Plastic Omnium Finance, the Group has set up a global cash-pooling and netting system for all Group subsidiaries in all countries where local rules allow this practice. In addition, intragroup receivables and payables are netted monthly. In this way, it manages funding streams and verifies cash positions on a daily basis.

In general, subsidiaries cannot negotiate external financing arrangements without the prior authorization of the Work planned in 2016 Group’s Central Treasury.

Plastic Omnium Finance is also responsible for controlling all currency and interest rate hedging transactions.

Cash reports are sent to the Senior management on a weekly basis. They provide an analysis of the cash position of each Division, and of the Group as a whole, together with comparisons with the prior year and the budget for the current year.

No material incidents or significant changes occurred in 2016 that could have compromised the effectiveness of the internal control system described above.

Work planned in 2017

As part of a process of continuous improvement of its internal control system, Compagnie Plastic Omnium plans to upgrade a number of procedures in order to enhance their pertinence and encourage operational staff to appropriate them. This approach, in which the Risk Management Department and the Internal Control Department play an important role, covers internal control procedures, accounting and financial, and risk management procedures.

The Internal Audit Department will conduct 41 audits in 2017 (same number of audits as in 2016).

To improve the internal control and risk management system, the Company will continue to apply the procedure for tracking progress on implementing recommendations issued by the Internal Audit Department.

2.1.3. Financial risks related to the effects of climate change

For several years, carmakers have been committed to plans aiming at continuously reducing greenhouse gas emissions for new car launches. Compagnie Plastic Omnium anticipated this development very early and has, for several years, made it a key feature of its Research and Development strategy. This strategy resulted in multiple innovations and proven know-how (reducing the weight of the vehicle, improving aerodynamics, fuel systems adapted to the constraints of hybrid vehicles, etc.), which enabled Compagnie Plastic Omnium to offer carmakers products and functions that contribute directly to their emission reduction targets. These innovative products constituted one of the key components of Compagnie Plastic Omnium business growth over the last few fiscal years and contributed to its financial performances. In this context, Compagnie Plastic Omnium considers that market developments related to the low-carbon energy strategy of the automobile sector do not lead to any major financial risk. On the other hand, following the success achieved over the last few years, Compagnie Plastic Omnium is capable of intensifying its innovative efforts in these very areas, which should continue to constitute one of the key drivers to achieve the high growth targets announced for the next few years.

As far as its activities are concerned, as described in chapter 3 (Sustainable Development) of this document, as part of its low-carbon emission strategy, Compagnie Plastic Omnium is going to continue developing its Top Planet program launched in 2007, which aims mainly at reducing its energy consumption. Over the next few years, the development of this program should lead to the general implementation of good practices in all its activities and with investments offering quick return on investment based on the energy savings generated. In this respect, Compagnie Plastic Omnium is not exposed to major financial risks.

Finally, Compagnie Plastic Omnium believes that it is not exposed to major financial risks that would result from the physical impact of climate change on its facilities.

2.2 Compensation of the members of the Board of Directors and of the executive directors

2.2.1. Compensation of the members of the Board of Directors

Each director receives attendance fees, the maximum amount whereof is voted by the Ordinary Shareholders' Meeting and the distribution whereof is decided by the Board of Directors.

- Committee Chairman: €2,100 per Committee meeting;
- Committee Member: €1,300 per Committee meeting;
- Balance allocated proportionately among all Board members in line with actual attendance at meetings.

2.2.1.1 Distribution rules for 2016

The amount of attendance fees distributed among the directors includes a major variable portion depending on their attendance at meetings, in accordance with the recommendations of the AFEP-MEDEF Code. The Board considered the following distribution for 2016:

- Chairman: €2,700 per Board meeting;
- Directors: €1,300 per Board meeting;

2.2.1.2 Amounts paid for 2016

A total amount of €439,165, within the limits of the budget of €460,000 voted by the Shareholders' Meeting of April 28, 2016, was distributed to directors for 2016, for a total of 5 board meetings and 7 committee meetings.

In 2016, the attendance rate at the meetings was 95% for the Board of Directors, 90% for the Audit Committee and 100% for the Remunerations Committee and the Appointments Committee.

Amount of attendance fees allocated (in euros)

Directors	2016 Fiscal year (5 meetings and 7 Committee meetings)	2015 Fiscal Year (4 meetings and 5 Committee meetings)
Mr. Laurent Burelle	38,585	34,431
Mr. Paul Henry Lemarié	32,985	28,831
Mr. Jean Burelle	32,985	28,831
Mr. Jean-Michel Szczerba	32,985	28,831
Mrs. Éliane Lemarié	34,285	30,131
Mr. Jérôme Gallot	38,185	34,831
Mr. Vincent Labruyère	36,885	32,731
Mr. Alain Mérieux	16,492	14,415
Prof. Dr. Bernd Gottschalk	35,585	30,131
Mrs. Anne-Marie Couderc	41,385	33,031
Mrs. Anne Asensio	28,938	34,331
Mrs. Amélie Oudéa-Castera	36,885	30,131
Mrs. Lucie Maurel Aubert	32,985	-
Mr. Jean-Pierre Ergas*	-	21,623
Total	439,165	382,279

* Director whose term of office ended in 2015.

2.2.1.3 Distribution rules for 2017

In order to take into account the appointment of two new directors in 2017, the Board will recommend the Shareholders' Meeting dated April 27, 2017 to increase the maximum budget of attendance fees from €460,000 to €580,000 as from January 1, 2017.

In its meeting dated February 22, 2017, the Board of Directors decided to set the attendance fees as follows:

- Chairman: €3,200 per Board meeting;
- Directors: €1,600 per Board meeting;
- Committee Chairman: €2,400 per Committee meeting;
- Committee Member: €1,600 per Committee meeting;

The remaining amount available will be shared between the directors depending on their attendance at Board meetings.

2.2.2. Compensation paid to executive directors

2.2.2.1 Principles and rules approved by the Board of Directors to fix the compensation and all kinds of benefits granted to the executive directors

The Board of Directors refers to the recommendations of the AFEP-MEDEF Code for fixing the compensation and benefits granted to the executive directors. It ensures that the compensation policy complies with the principles of comprehensiveness, balance, consistency and measurement and takes the market practices into account.

In the context of the recommendations of the AFEP-MEDEF Code, the Board of Directors, with the support of the Compensation Committee, defines the compensation policy of executive directors of Compagnie Plastic Omnium and the objectives pursued by the latter.

With the support of the Compensation Committee, the Board of Directors approves the various components of the compensation, while ensuring the necessary balance between the two.

2.2.2.2 Performance related compensation

The compensation of the executive directors is closely related to the performance of the Company, so as to encourage attainment of the short-term and long-term objectives.

The Board of Directors differentiates the elements for determining the bonus of Mr. Laurent Burelle, Chairman and Chief Executive Officer, and Mr. Paul Henry Lemarié, Chief Operating Officer, members of the family group and majority shareholder, from that of Mr. Jean-Michel Szczerba, Co-Chief Executive Officer and Chief Operating Officer.

2.2.2.3 Components of the compensation of executive directors

Compensation of Mr. Laurent Burelle, Chairman and Chief Executive Officer

Fixed salary 2016

Mr. Laurent Burelle's fixed salary equals 120% of the highest coefficient in the collective bargaining agreement in the Plastics industry (coefficient of 940).

Mr. Laurent Burelle received compensation of €87,909 in 2016, up 0.5% compared to 2015.

Bonus 2016

Mr. Laurent Burelle's bonus is based on the operating cash flow of Burelle SA, parent company of Compagnie Plastic Omnium, after tax and interest expense plus the share of operating cash flow of joint ventures (after tax and interest expense and net of dividends paid by these companies).

Burelle SA pays gross compensation to executive corporate officers for their management services, which is then billed to Compagnie Plastic Omnium and its subsidiaries, calculated on the basis of the estimated time spent by each of them on business relating to the Plastic Omnium Group.

On the recommendation of the Chairman and Chief Executive Officer and after the favorable opinion of the Compensation Committee, the Board of Directors, at its meeting held on October 26, 2016, decided on a new calculation formula to drastically reduce the impact of the significant growth in the operating cash flow on the incentive paid by Burelle SA; this decision, unanimously voted by the Board of Directors, greatly reduced the progressive incentive calculation formula and has the effect of almost "creating a ceiling" the amounts paid to each of the beneficiaries.

Based on Burelle SA's audited and certified operating cash flow of €614,402,000 for fiscal 2016, the total amount of incentive net of social security costs, distributable to the executive directors of Burelle SA, Messrs. Laurent Burelle, Jean Burelle and Paul Henry Lemarié is €8,869,487. Mr. Laurent Burelle receives 51% of this total amount, of which 76% is re-invoiced to Compagnie Plastic Omnium and its subsidiaries.

As part of this bonus, Mr. Laurent Burelle received an amount of €4,431,061 in 2016.

Furthermore, Mr. Laurent Burelle no longer receives stock options since 2015. He does not have an employment contract or a non-competition clause.

Compensation of Mr. Jean-Michel Szczerba, Co-Chief Executive Officer, Chief Operating Officer

Fixed salary 2016

On the recommendation of the Compensation Committee, the meeting of the Board of Directors dated July 26, 2016, decided to increase the annual fixed salary of Mr. Jean-Michel Szczerba to €1,000,000, from July 1, 2016, up 14.5% compared to 2015.

This compensation reflects new responsibilities of Mr. Jean-Michel Szczerba, appointed as Co-Chief Executive Director since December 15, 2015. It was also fixed based on a review of the

Compensation of the members of the Board of Directors and of the executive directors

situation of a sample representative of listed industrial companies compared to Plastic Omnium.

As a result, the fixed salary received by Mr. Jean-Michel Szczerba for 2016 amounted to €991,471.

Bonus 2016

On the recommendation of the Compensation Committee, the Board of Directors at its meeting dated July 26, 2016, laid down the terms for determining the bonus of Mr. Jean-Michel Szczerba for 2016. Mr. Jean-Michel Szczerba's bonus is expressed as a percentage of the fixed salary. This percentage is capped at 50% of the fixed salary.

This annual bonus is determined on the basis of the performance assessment criteria based on the operational, financial objectives and qualitative objectives.

This variable portion is paid to Mr. Jean-Michel Szczerba after the Compensation Committee and the Board of Directors confirm that the results have been achieved.

Quantitative objectives for 2016 (60% of the total annual bonus):

- amount of synergies realized by Compagnie Plastic Omnium within the new post-acquisition scope of the "Faurecia Exterior Systems" business. This criterion accounts for 20% of the bonus;
- the operating margin (EBIT) achieved in 2016 with reference to budget 2016. This criterion accounts for 20% of the bonus;
- net debt as at December 31, 2016 with reference to the 2016 budget. This criterion accounts for 20% of the bonus.

Qualitative objectives for 2016 (40% of the total annual bonus):

- success of the consolidation of the "Faurecia Exterior Systems" business. This criterion accounts for 20% of the bonus;
- appraisal of his role as Co-Chief Executive Officer by the Chairman and Chief Executive Officer. This criterion accounts for 20% of the bonus.

On the recommendations of the Compensation Committee dated February 9, 2017, the Board of Directors at its meeting held on February 22, 2017 reviewed the level achieved of said criteria and decided to allocate an amount of €495,735 to Mr. Jean-Michel Szczerba as annual bonus, i.e. 50% of the annual fixed salary amount.

This sum represents 100% of the maximum amount of bonus, which can be paid to him, i.e. 60% for financial objectives and 40% for qualitative objectives.

Compensation of Mr. Paul Henry Lemarié, Chief Operating Officer

Fixed salary 2016

The annual fixed salary of Mr. Paul Henry Lemarié equals 120% of the highest coefficient in the collective bargaining agreement in the Plastics industry (coefficient of 940).

In this respect, Mr. Paul Henry Lemarié received a compensation of €87,909 in 2016, up 0.5% compared with 2015.

Bonus 2016

Mr. Paul Henry Lemarié's bonus is based on the operating cash flow of Burelle SA, parent company of Compagnie Plastic Omnium, after tax and interest expense plus the share of operating cash flow of joint ventures (after tax and interest expense and net of dividends paid by these companies).

Burelle SA pays gross compensation to executive directors for their services, which is then billed to Compagnie Plastic Omnium and its subsidiaries, calculated on the basis of the estimated time spent by each of them on business relating to the Plastic Omnium Group.

Nevertheless, on the recommendation of the Chairman and Chief Executive Officer and after the favorable opinion of the Compensation Committee, the Board of Directors, at its meeting held on October 26, 2016, decided on a new calculation to drastically reduce the impact of the significant growth in the operating cash flow on the incentive paid by Burelle SA; this decision, unanimously voted by the Board of Directors, greatly reduced the progressive incentive calculation formula and has the effect of almost "creating a ceiling" the amounts paid to each of the beneficiaries.

Based on Burelle SA's audited and certified operating cash flow of €614,402,000 for 2016, the total amount of incentive net of social security costs, distributable to the executive director of Burelle SA, Messrs. Laurent Burelle, Jean Burelle and Paul Henry Lemarié is €8,869,487. Mr. Paul Henry Lemarié receives 24.5% of this total amount, of which 50% is re-invoiced to Compagnie Plastic Omnium and its subsidiaries

As part of this bonus, Mr. Paul Henry Lemarié received an amount of €2,215,531 in 2016.

Furthermore, Mr. Paul Henry Lemarié no longer receives stock options since 2013. He does not have an employment contract or a non-competition clause.

Compensation of the members of the Board of Directors and of the executive directors

Summary table of compensation of each executive director

In euros	2016		2015	
	Totals due in respect of 2016	Totals paid in 2016	Totals due in respect of 2015	Totals paid in 2015
Mr. Laurent Burelle <i>Chairman and Chief Executive Officer</i>				
• Fixed salary	87,909	87,909	87,471	87,471
• Annual bonus	4,523,438	4,431,061	4,275,290	4,133,631
• Exceptional compensation	–	–	–	–
• Attendance fees	227,218	227,218	222,103	222,103
• Benefits in kind (Company car)	7,079	7,079	8,032	8,032
TOTAL	4,845,644	4,753,267	4,592,896	4,451,237
Mr. Jean-Michel Szczerba <i>Co-Chief Executive Officer, Chief Operating Officer</i>				
• Fixed salary	991,471	991,471	872,464	872,464
• Annual bonus	495,735	445,691	382,020	382,020
• Exceptional compensation	200,000	200,000	–	–
• Attendance fees	109,985	109,985	103,831	103,831
• Benefits in kind (Company car)	11,297	11,297	9,591	9,591
TOTAL	1,808,488	1,758,444	1,367,906	1,367,906
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>				
• Fixed salary	87,909	87,909	87,471	87,471
• Annual bonus	2,173,024	2,215,531	2,137,645	2,066,815
• Exceptional compensation	–	–	–	–
• Attendance fees	90,618	90,618	85,503	85,503
• Benefits in kind (Company car)	6,465	6,465	4,780	4,780
TOTAL	2,358,016	2,400,523	2,315,399	2,244,569

In accordance with Article L. 225-102-1 of the French Commercial Code, the compensation paid by Burelle SA to Compagnie Plastic Omnium's executive directors in 2016 and the portion billed to Compagnie Plastic Omnium and its subsidiaries for management services are presented in the table below:

In euros	Gross compensation paid by Burelle SA in 2016	of which bonus	Amount billed to the Plastic Omnium Group in 2016	of which bonus
Mr. Laurent Burelle <i>Chairman and CEO</i>	4,545,603	4,431,061	3,434,417	3,367,606
Mr. Jean-Michel Szczerba <i>Co-Chief Executive Officer, Chief Operating Officer</i>	–	–	–	–
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>	2,330,073	2,215,531	1,151,720	1,107,766

Compensation of the members of the Board of Directors and of the executive directors

Summary table of the compensation and stock options awarded to each executive director

In euros	2016 Fiscal year	2015 Fiscal Year
Mr. Laurent Burelle <i>Chairman and CEO</i>		
Compensation due in respect of the year (see details in the table above)	4,845,644	4,592,896
Value of stock options awarded during the year	-	651,000
Value of performance shares awarded during the year	-	-
Valuation of other long-term compensation plans	-	-
TOTAL	4,845,644	5,243,896
Mr. Jean-Michel Szczerba <i>Co-Chief Executive Officer, Chief Operating Officer</i>		
Compensation due in respect of the year (see details in the table above)	1,808,488	1,367,906
Value of stock options awarded during the year	-	651,000
Value of performance shares awarded during the year	-	-
Valuation of other long-term compensation plans	-	-
TOTAL	1,808,488	2,108,906
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>		
Compensation due in respect of the year (see details in the table above)	2,358,016	2,315,399
Value of stock options awarded during the year	-	-
Value of performance shares awarded during the year	-	-
Valuation of other long-term compensation plans	-	-
TOTAL	2,358,016	2,315,399

Stock options awarded during the year to each executive director

Name and position of the corporate officer	Number of options awarded during the year	Value of options using the method applied in the consolidated financial statements	Exercise price	Exercise period
Mr. Laurent Burelle <i>Chairman and Chief Executive Officer</i>	-	-	-	-
Mr. Jean-Michel Szczerba <i>Co-Chief Executive Officer, Chief Operating Officer</i>	-	-	-	-
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>	-	-	-	-

Performance shares awarded to each executive director

Name and position of the corporate officer	Performance shares awarded during the year to each executive corporate officer by the issuer or any Group company	Plan date	Number of shares awarded during the year	Value of shares using the method applied in the consolidated financial statements	Vesting date	End of vesting period
Mr. Laurent Burelle <i>Chairman and Chief Executive Officer</i>	-	-	-	-	-	-
Mr. Jean-Michel Szczerba <i>Co-Chief Executive Officer, Chief Operating Officer</i>	-	-	-	-	-	-
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>	-	-	-	-	-	-

History of stock options awarded to each executive director and which can still be exercised at December 31 (also see chapter 7)

Grant date	Number of options awarded	Number of options not exercised	Date of 1 st possible exercise	Expiry date	Subscription price (in euros)
Mr. Laurent Burelle <i>Chairman and CEO</i>					
08/07/2013 Plan	180,000	180,000	08/07/2017	08/07/2020	€16.16
08/06/2015 Plan	150,000	150,000	08/07/2019	08/07/2022	€24.72
Mr. Jean-Michel Szczerba <i>Co-Chief Executive Officer, Chief Operating Officer</i>					
08/07/2013 Plan	120,000	120,000	08/07/2017	08/07/2020	€16.16
08/06/2015 Plan	150,000	150,000	08/07/2019	08/07/2022	€24.72
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>					
08/07/2013 Plan	60,000	60,000	08/07/2017	08/07/2020	€16.16

In accordance with the recommendations of the AFEP-MEDEF Code, the exercise of stock options granted in 2013 and 2015 is subject to two performance conditions related to the out performance over the vesting period of the options in respect of:

- the share price relative to the SBF 120 index;
- the Company's operating margin compared with its main competitors.

The executive directors shall retain, in bearer form, until the end of their appointment, a number of shares corresponding to 10% of the balance of shares resulting from the exercise of the option. The "balance shares resulting from the exercise of option" refers

to the total number of shares resulting from the decreased exercise of stock options, which must be transferred in order to finance the exercise of options in question and, where applicable, the payment of any immediate or deferred tax, social contributions and charges relating to the exercise of these options as applicable on the date of exercise of the options. If the number of shares fixed as a result, which must be retained until the loss of office, is a fraction, it is rounded off to the nearest lower whole number.

The executive directors are committed not to resort to risk hedging transactions.

Table of stock options exercised by each executive director during the fiscal year

Grant date	Stock options exercised	Exercise price
Mr. Laurent Burelle <i>Chairman and CEO</i>		
04/01/2010 03/21/2012	250,000	€2.84
Mr. Jean-Michel Szczerba <i>Co-Chief Executive Officer, Chief Operating Officer</i>		
	360,000	€7.38
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>		
03/21/2012	180,000	€7.38

History of performance share allocations to each executive director

Not applicable, if no performance share has been awarded to executive director.

History of performance shares that vested during the year for each executive director

Not applicable, if no performance share has been awarded to executive director.

Compensation of the members of the Board of Directors and of the executive directors

Severance pay, pension plans, supplementary social protection and non-competition clause

In 2003, the Board of Directors of Compagnie Plastic Omnium decided to introduce a supplementary pension plan for the

Executive Committee members of Compagnie Plastic Omnium. The plan guarantees these employees defined-benefit retirement compensation, provided they are still employed by the Group when they retire at age 65, under the following terms:

	Plastic Omnium Plan	Recommendations of the AFEP-MEDEF Code
Required length of service	7 years	At least 2 years
Actual length of service	To date, the length of service of the three executive directors is: Laurent Burelle: 42 years – Paul Henry Lemarié: 37 years – Jean-Michel Szczerba: 32 years	
Reference compensation	Average of the average total annual compensation for the 5 years prior to retirement	Several years
Annual amount paid (% of the reference compensation)	1%	5% maximum
Ceilings	10% of the reference compensation, or 8 times the Social Security ceiling	45% of compensation

The Board of Directors of Burelle SA approved a similar plan for corporate officers in 2003. The portion of the annual cost in respect of this plan billed by Burelle SA to Compagnie Plastic

Omnium and its controlled companies was €696,735 in 2016. The other pension plans for senior management are the same as those in place for the Group's managerial employees.

	Employment contract	Supplementary pension plans	Compensation or benefits due or likely to be due for loss or change of office	Compensation relating to the non-competition clause
Laurent Burelle <i>Chairman and Chief Executive Officer</i>	No	See above	No	No
Jean-Michel Szczerba <i>Co-Chief Executive Officer, Chief Operating Officer</i>	Yes (suspended)	See above	No	No
Paul Henry Lemarié <i>Chief Operating Officer</i>	No	See above	No	No

The employment contract of Mr. Jean-Michel Szczerba has been suspended since 2015. It does not include any specific compensation for non-competition or length-of-service. It should be noted that there is no system of paying an arrival/departure bonus to executive directors in Plastic Omnium and that no compensation is due under the non-competition clauses.

- the annual variable portion (bonus) and, where applicable, the multi-year variable portion (bonus) with the targets contributing to the determination of that part;
- exceptional compensation;
- stock options, performance shares and any other component of long-term compensation;
- compensation related to entering or leaving service;
- supplementary pension plans;
- benefits of any kind.

2.2.2.4 Components of compensation due or allocated to each executive director in respect of 2016, subject to the opinion of the shareholders

In accordance with the AFEP-MEDEF Code recommendations to which the Company refers, the following components of the compensation due or allocated to each executive director for the fiscal year ended are subject to the shareholders' vote:

As a result, a proposal will be made at the Shareholders' Meeting of April 27, 2017 to approve the components of compensation due or allocated in respect of 2016:

- the fixed portion;

- Mr. Laurent Burelle, Chairman and Chief Executive Officer;
- Mr. Jean-Michel Szczerba, Co-Chief Executive Officer, Chief Operating Officer;
- Mr. Paul Henry Lemarié, Chief Operating Officer.

2.2.3 Summary of transactions in 2016 by executive directors involving Plastic Omnium shares

(Article 223-26 of the General Regulation of the French Financial Market Authority (Autorité des Marchés Financiers) and Article L. 621-18-2 of the French Monetary and Financial Code)

Person concerned	Description of the financial instrument	Nature of transaction	Number of transactions	Total amount
M. Laurent Burelle <i>Chairman and CEO</i>	Equities	Acquisition	2	€3,366,800
People associated with Mr. Laurent Burelle, <i>Chairman and CEO</i>	-	-	-	-
Not applicable, since no one related to Laurent Burelle, as defined in Article R. 621-43-1 of the French Monetary and Financial Code, carried out transactions on Plastic Omnium shares in fiscal year 2016				
Mr. Jean-Michel Szczerba <i>Chief Operating Officer</i>	-	-	-	-
Persons related to Mr. Jean-Michel Szczerba, <i>Chief Operating Officer</i>	-	-	-	-
Not applicable, since no one related to Jean-Michel Szczerba, as defined in Article R. 621-43-1 of the French Monetary and Financial Code, carried out transactions on Plastic Omnium shares in fiscal year 2016				
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>	Equities	Disposals	6	€ 2,708,276
		Acquisition	7	€1,328,400
Persons related to Mr. Paul Henry Lemarié, <i>Chief Operating Officer</i>	-	-	-	-
Not applicable, since no one related to Paul Henry Lemarié, as defined in Article R. 621-43-1 of the French Monetary and Financial Code, carried out transactions on Plastic Omnium shares in fiscal year 2016				

2.3 Statutory Auditors' Report

Statutory auditors' report, prepared in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*), on the report prepared by the Chairman of the Board of Directors of Compagnie Plastic Omnium

Year ended December 31, 2016

To the Shareholders,

In our capacity as statutory auditors of the Company Compagnie Plastic Omnium and in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code (*Code de commerce*) for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on the internal control and risk management procedures implemented by the Company and to provide the other information required by article L. 225-37 of the French Commercial Code (*Code de commerce*) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,
- confirm that the report also includes the other information required by article L. 225-37 of the French Commercial Code (*Code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L. 225-37 of the French Commercial Code (*Code de commerce*).

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L. 225-37 of the French Commercial Code (*Code de commerce*).

Paris-la Défense, February 22, 2017

The Statutory Auditors

MAZARS

Jean-Luc Barlet

ERNST & YOUNG et Autres

Gilles Rabier



03 |

SUSTAINABLE
DEVELOPMENT

This chapter presents the non-financial information about the Plastic Omnium Group and sets out how Compagnie Plastic Omnium addresses its social, environmental and societal challenges.

- 3.1 - Issues
- 3.2 - Development of Responsible Products and Services
- 3.3 - Corporate Social Responsibility
- 3.4 - Protection of the Environment
- 3.5 - Societal Commitment
- 3.6 - Methodology
- 3.7 - Cross-reference Table Article 225 – GRI G4 – United Nations Global Compact

In 2016, Compagnie Plastic Omnium celebrated its 70th anniversary. Since its inception, the Company has had three chairmen, which is proof of its extreme stability and a long-term vision. Its financial independence is one of the five pillars of the 'PO Way', which represent the fundamental drivers of this family-owned company: Independence, Investment, Innovation, Internationalization and Integration. This has enabled the Group to base its strategic decisions relating to investment and growth on the shared interest of all its stakeholders, clients, suppliers, shareholders, employees, etc. The Company's sustainable development strategy since its beginnings has today found an echo in the Group's social, environmental and societal challenges.

3.1 Issues

The United Nations Sustainable Development Goals adopted at the end of 2015 are aimed at protecting the planet, wiping out poverty, and guaranteeing prosperity for all. Divided into 17 goals that are primarily targeted at Member States, these goals have been adapted to companies that can also contribute to achieving them.

After the Paris Agreement was signed in 2015 and ratified in 2016, 117 countries undertook to adopt plans to reduce greenhouse gas emissions. Working with governments, the corporate world has chosen to support these strategies by setting internal goals to reduce greenhouse gas emissions. The transport and automotive sectors, which contribute significantly to greenhouse gas emissions, have become particularly involved. The automotive market will be undergoing far-reaching changes, linked to the

increase in environmental constraints and technological developments. The major trends that have driven Plastic Omnium's growth (lighter vehicles, reduction in emissions) are going to be reinforced. The expansion of hybrid-powered vehicles, the future of diesel engines and the development of electric engines will bring about profound changes in the automotive market. Plastic Omnium is preparing for these changes. Car manufacturers are looking for innovative solutions that will make vehicles increasingly lighter and make them more aerodynamic to reach average CO₂ emissions of 95 g per kilometer in Europe, compared with 130 g today. Compagnie Plastic Omnium has embraced this challenge whole-heartedly and has made innovation a lever for growth.

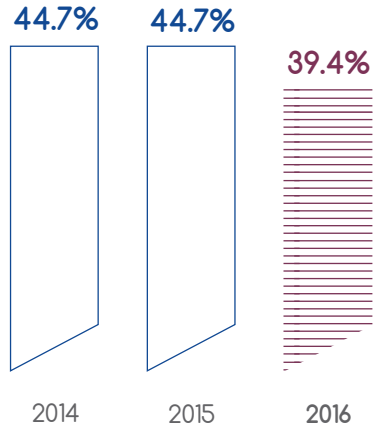
Through its Environment Division, Plastic Omnium is contributing actively to assist its clients – local communities and waste collection companies – to achieve the targets that they have set themselves or targets fixed by EU regulations (e.g., waste-sorting obligation by companies or bio-waste management).

Changes in regulations, in particular with respect to reporting have reinforced this strategy. This chapter must now comply with Decree No. 2016-1138 of August 19, 2016 of Article 173 of the law on energy transition for green growth, that requires the publication of information, when this is relevant to the business, about preventive measures, recycling, reuse, other forms of waste recovery and disposal, on actions to fight against food waste and on the significant sources of greenhouse gas emissions generated as a result of the Company's activity, in particular through the use of the goods and services that it produces.

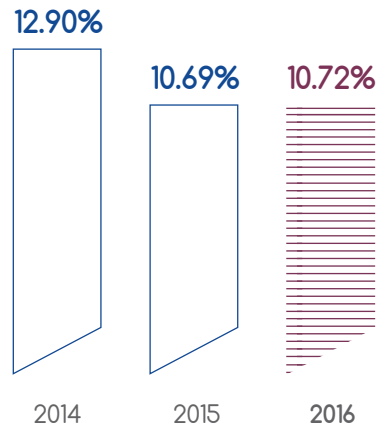
The implementation of Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014 scheduled for 2017 will also improve the scope of non-financial information to be reported, in particular comprising the taking into account by companies of their responsibility relating to environmental issues, social and labor issues, respect for human rights and the fight against corruption.

Compagnie Plastic Omnium realized that this global context was to its advantage and has decided to seize the opportunities offered by reinforcing its capacity for innovation to offer responsible products and services, all the while taking its social responsibility into account and by making a commitment to society. The Group monitors its social, environmental and societal performance through the key indicators presented below. In 2016, the Group made a major acquisition (Faurecia's Exterior Systems businesses). Consequently, the data reported by the 15 new sites have been consolidated since August 1, 2016.

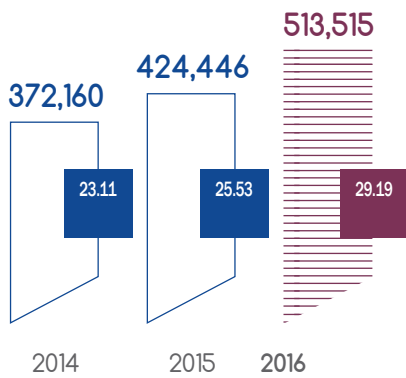
% OF MANAGERIAL POSITIONS FILLED IN-HOUSE



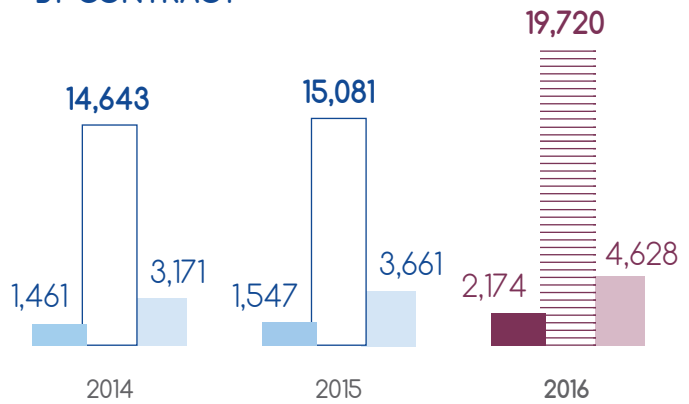
MANAGER TURNOVER TREND



TOTAL TRAINING HOURS AND PER EMPLOYEE

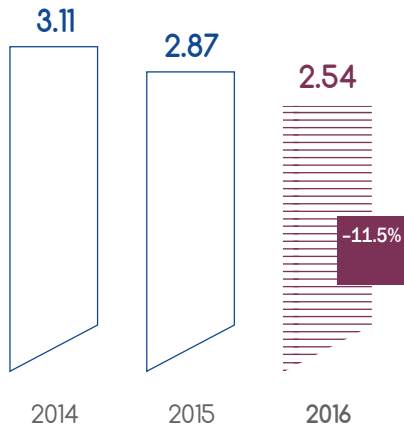


BREAKDOWN OF WORKFORCE BY CONTRACT

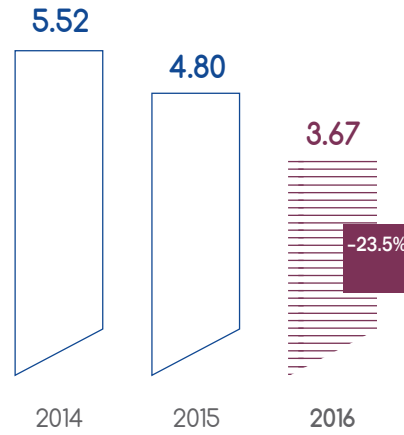


- Permanent employment contracts
- Fixed-term employment contracts
- Temporary staff

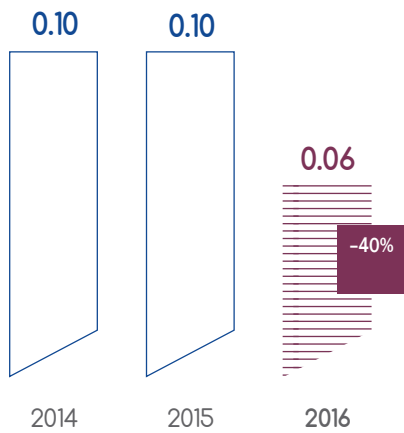
LOST TIME ACCIDENT FREQUENCY RATES – Tf1 IN NUMBER OF ACCIDENTS PER MILLION HOURS WORKED



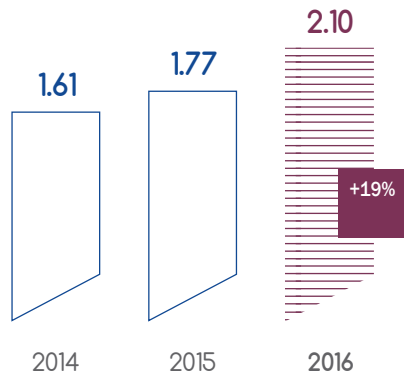
LOST TIME AND NON LOST TIME ACCIDENT FREQUENCY RATES – Tf2 IN NUMBER OF ACCIDENTS PER MILLION HOURS WORKED



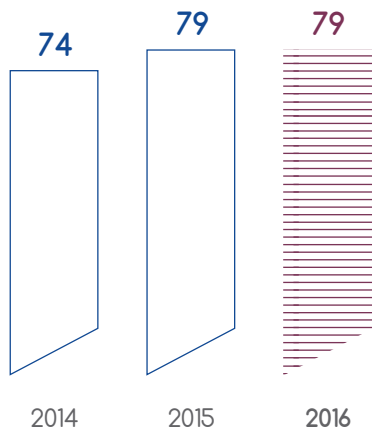
ACCIDENT SEVERITY RATES – Tg IN NUMBER OF DAYS LOST PER THOUSAND HOURS WORKED



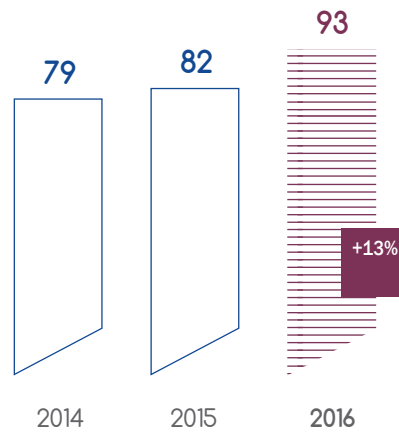
NUMBER OF TOP SAFETY VISITS PER EMPLOYEE PER YEAR



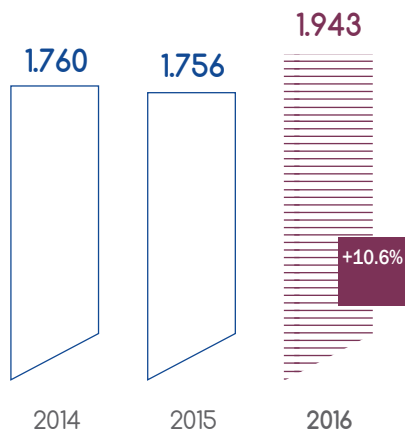
NUMBER OF OHSAS 18001 CERTIFIED SITES



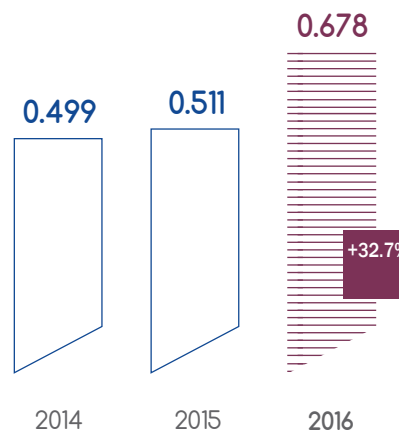
NUMBER OF ISO 14001 CERTIFIED SITES



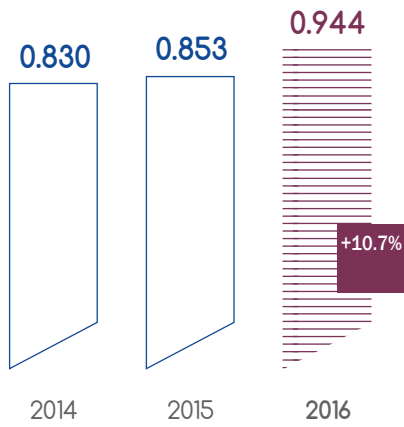
ELECTRICITY CONSUMPTION IN KWH PER KG OF MATERIAL PROCESSED



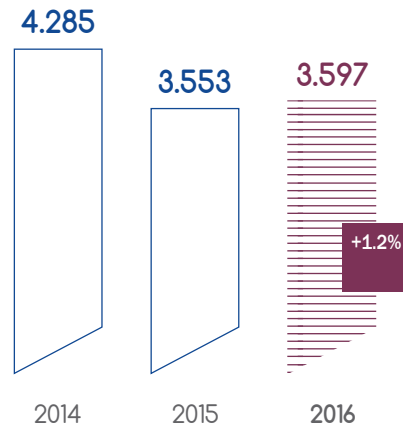
GAS CONSUMPTION IN KWH PER KG OF MATERIAL PROCESSED



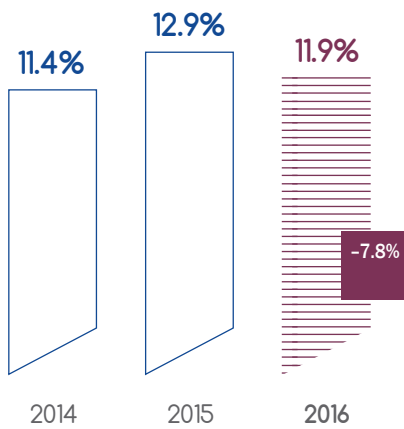
GREENHOUSE GAS EMISSIONS
IN KG OF CO₂ PER KG OF MATERIAL PROCESSED



WATER CONSUMPTION
IN LITERS PER KG OF MATERIAL PROCESSED



**PART OF RECYCLED PLASTIC IN
THE CONSUMPTION OF PLASTIC MATERIAL**



3.2 Development of Responsible Products and Services

To keep abreast with the transformation of the automotive market, Plastic Omnium implemented several significant movements in 2016. Plastic Omnium leads the fuel systems market in much of the world with its subsidiary Auto Inergy, which equips more than one in five vehicles worldwide. In addition, the Company has developed an offering to reduce emissions from diesel vehicles with the aqueous SCR (Selective Catalytic Reduction) technology, which was fitted on 1 million vehicles in 2016 and will equip 3 million in 2020.

After the success of the aqueous SCR technology, which consists in the injection of a liquid, AdBlue®, that transforms nitrogen oxides (NOx) into water and nitrogen dioxide, an inert gas, Plastic Omnium launched the solid SCR technology at the end of 2016. There are two possible uses for this new solid SCR:

- replace the aqueous SCR, which requires users to make regular AdBlue® refills. With solid technology, the cartridge needs to be refilled only during servicing. This makes life simpler for users;
- improve the efficiency of the pollution reduction system by using aqueous and solid SCR technologies synergistically.

At the same time, the Auto Inergy Division has extended its field of expertise from fuel storage to the storage of alternative energy sources. This transition is seen in particular with the creation of the start-up, E-POCellTech, in a joint venture with the Israeli company Elbit Systems. The purpose of this partnership is to develop a research center working on the storage of electric energy via super-capacitors and on hydrogen storage that is transformed into electricity through fuel cells. This research should lead to operational developments and new products in the future. At the same time, the Division is continuing its work to develop fuel tanks for hybrid propulsion systems that are becoming increasingly complex.

The lighter vehicles and the improvement in aerodynamics are the two main research focuses of the Auto Exterior Division. The ambassador of Plastic Omnium's expertise, the Higate Premium tailgate, designed in polypropylene reinforced with recycled carbon, is 2 kilos lighter than the version reinforced with fiber glass and 6 kilos lighter than steel. Its articulated spoiler enables four different positions that improve aerodynamics and handling. It also proposes a contact-less trunk opening system thanks to a motion sensor, thus illustrating the transition to smart cars.

The acquisition of Faurecia's Exterior Systems business in July 2016 enabled Plastic Omnium to confirm its position as world leader in body exterior systems, bringing its global market share to 15%. Fourteen plants and a Research and Development center

now boost the Group's innovation and growth capacity which will enable it to cope with future technological developments.

These innovations are subject not only to driver safety requirements, but also pedestrian safety in case of impact. These requirements are non-negotiable and take priority over the development of new technologies.

Plastic Omnium's Environment Division also integrates technological innovations into its products. Over and above waste collection containers, the Group proposes to local communities and waste collection companies veritable waste management systems aimed at encouraging users to sort their waste. In 2016, a user study identified curbs to the use of waste containers and led to the design of new products that helped to do away with user resistance. For example, a new module with a pedal has eliminated direct contact with the container lid, and has improved accessibility for persons with reduced mobility. This new product range, which is being tested in Paris, is also connected to enable the measurement of access and fill rates, thus optimizing the rounds of collection staff. By connecting its containers, Plastic Omnium can offer related services to waste collection companies and local communities. For example, in the joint local authority (communauté de communes) of Saint-Amandois in France, Plastic Omnium manages the incentive charging system: household waste containers for individuals are identified and the owners are billed in proportion to the number of containers collected. This incentive charging system managed by Plastic Omnium in conjunction with the local community has proved to be remarkably effective: on average, incentive charging systems drop the household waste collected per inhabitant per year from 280 kilos to 130 kilos.

3.3 Corporate Social Responsibility

Transforming sustainable development challenges into strategic opportunities includes the ability of the men and women at Plastic Omnium to develop a continuous innovation momentum and to integrate and manage change. The constant improvement of its technological expertise has made Plastic Omnium a global leader on its automotive and container markets. In this context of significant growth and transformation, the recruitment and retention of employees are key tools for the human resources policy. Aware of its responsibility to its employees, the Group has insisted upon imposing integration and a transparent social dialogue as the major guidelines for transformation. Plastic Omnium also places the health and security of its employees at the heart of its concerns, through a proactive Health, Safety and Environment (HSE) policy.

Talent recruitment and development of loyalty with talents: a priority

The Group's appeal

Its position as leader in its markets and its capacity for innovation recognized by its stakeholders confer a natural appeal on Plastic Omnium. To support its ambitious growth projects, Plastic Omnium has been working for several years to reinforce its visibility as an employer of choice. To boost its growth and technological development, Compagnie Plastic Omnium is planning to recruit approximately 500 managers and engineers by 2020.

Number of employees hired during the year

	2014	2015	2016
Managers & Engineers hired	543	611	634
Non-Managers hired	2,269	2,958	3,509
Total	2,812	3,569	4,143

Number of Managers & Engineers hired during the year per region as at end of December

	2015	2016
France	186	164
Western Europe excluding France	108	113
Eastern Europe	68	63
North America	114	154
South America + Africa	16	28
Asia	119	112
Total	611	634

The need to recruit stems from the Group's growth and the need to replace departures. The turnover of Group Managers and Engineers has been stable for the past two years, 10.7%. To improve this figure, in 2016, the Human Resources department launched an in-depth study to understand why its managers and engineers left the Company. Although the turnover is the same as the average for the business sector, a specific action plan was implemented in 2016. The analysis of the extensive HR data available made it possible, by crossing these data, to better identify the causes of departure both at the global and local level.

These new processes round off the exit interviews conducted with resigning employees. To have direct feedback from these employees, the Human Resources department created a single questionnaire that enabled all entities to identify the reasons behind these departures. The analysis of these exit interviews enabled the Group to better understand the causes of turnover and to remedy the situation by implementing the necessary corrective actions.

At the same time, the HR teams set up a collaborative project: the Human Resources departments carried out local audits and exchanged ideas and best practices in order to implement action plans. The results of the actions were then analyzed together and any necessary corrections were made. For example, global actions were identified such as the training of local managers by human resource teams on the causes and consequences of turnover and on retention levers. An initiative developed in the US was deployed to the entire Group after excellent results obtained locally: the "Stay interviews". Aimed at managers and engineers who have been with the Company for less than three years, these interviews make it possible to understand the employee's satisfaction and commitment, ambitions and motivations.

These exchanges of best practices were also applied during the annual HR convention, that addressed turnover, among other topics. Each country with a best practice to share was invited to present it. This inspired emulation relating to how the issue of employee retention and commitment was addressed.

Number of departures during the year

	2014	2015	2016
Redundancies	359	338	227
Terminations for other reasons	676	565	705
Other departures	1,001	1,238	1,252
Total	2,036	2,141	2,184

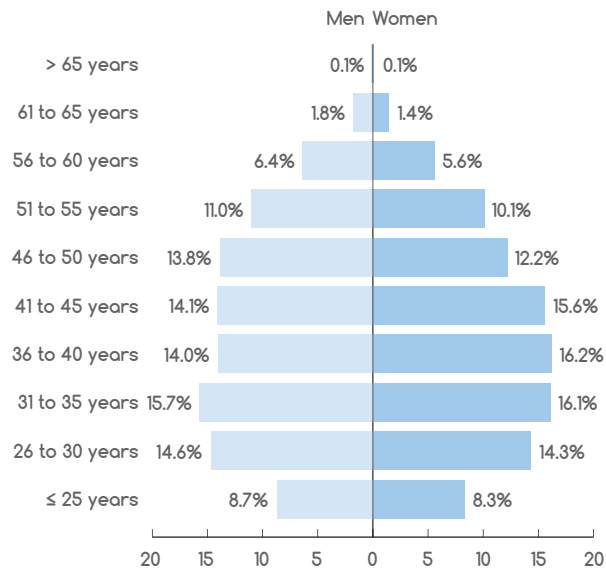
To meet the recruitment needs of its Divisions as best as possible, the Group has created key tools for supporting the employer brand which were distributed to all the local human resources relayers to ensure uniform communication, with a visual identity defined for all media. These messages are sent to applicants through the Group's preferred communication channels:

- traffic on the "Careers" web site (careers.plasticomnium.com), now available in six languages and adapted to local markets, has risen steadily with 135,885 single visitors in 2016, compared to 2015, i.e. an increase of 51% over 2015;
- social networks are recruitment resources that are increasingly efficient, in particular LinkedIn, where the number of Group followers has nearly doubled in one year: 35,872 at the end of December (19,000 at the end of December 2015);
- local partnerships with universities have been increased to reinforce the recruitment of junior profiles: managers who are recent graduates or have had a first professional experience in order to pursue the Group's target to fill 25% to 30% of vacant

positions with these young talents. In France, the Group took part in several events organized by the engineering schools: CentraleSupélec Raid, job fairs organized by UTC (Université de Technologie de Compiègne), INSA Lyon as well as the virtual job fairs by ENSAM. In Mexico, the Auto Inergy site in Silao developed a professional diploma in plastic injection molds with "Instituto Politécnico Nacional" (IPN) and the "Automotriz Cluster of Guanajuato AC". In China, the sites took part in many job fairs, in particular those organized by Centrale Pékin, EDHEC and ESSEC. These partnerships also make it possible to propose job placements or international in-company voluntary service schemes that the Group wishes to develop in order to create its pool of future talents.

To integrate these new talents and to share the 'PO Way' and the Group's ambitions with them, Plastic Omnium organizes an integration seminar each year for recently hired managers and engineers, regardless of their country or business line. In 2016, this seminar was the occasion for 300 newcomers to meet the senior management and to get to know the Group better.

Breakdown of employees by gender and by age bracket



The building of long-term relationships with employees

To develop the loyalty of the Company's employees and to prepare tomorrow's talents, Plastic Omnium works particularly on career development, with mobility and training identified as the two key levers.

The needs and desire for career development and mobility are identified during annual performance reviews, which are key moments of dialogue between managers and employees, in particular on training needs. In all, more than 5,000 executive

employees benefited from an annual review. The reviews are conducted according to a global process, based on a form available in eight languages supported by the Group's human resources management information system, OPteam. The general and managerial skills of managers and engineers are assessed to identify talents and potentials. To improve this key process in the detection of employee motivation focuses, in 2016, 300 managers took part in phone conferences organized by the Group's Human Resources Department: the quality of the feedback from the interviews conducted in the beginning of 2017 for 2016 should result in the improved management of mobility and training wishes expressed and thereby increase employee commitment and retention.

Plastic Omnium, which was already measuring the satisfaction of employees at work, wanted to go a bit further in 2016 and poll all its employees about their commitment to the Group. 95% of permanent employees expressed their views in 26 countries, in a revised questionnaire and in a survey that was conducted fully online for the first time. The questions related to satisfaction showed an improvement of 5 points in three years, going from 72% to 77%. Based on an exacting reference system, the survey revealed that 42% of employees are considered to be committed. Avenues of improvement were identified and resulted in the setting up of global and local action plans grouped under four main themes: team management, organizational efficiency and well-being in the work-place, career development and recognition. At the end of 2016, 524 actions had been initiated such as training sessions for field managers, webcasts for senior managers on how to address annual performance reviews, or the organization of job fairs at Σ-Sigmattech to enable employees to discover occupations existing within the Group. Another action resulting from the survey is that employees at the Levallois and Nanterre sites will benefit from the services of an inter-company creche.

Internal and international mobility

The “people review” process makes it possible, at Group level and for each Division, to analyze future needs and to analyze profiles within the Company that correspond to those needs. Succession plans and career plans can thus be correlated to offer employees motivating professional development while addressing the Company’s own development needs.

Plastic Omnium actively supports internal mobility projects, which are a source of richness and diversity. Vacant positions are regularly made available to employees on the career management and professional path intranet tool, OPteam, which can be accessed

by all. Employees can apply for jobs directly on this site. The mobility rate of engineers and managers reached 9% in 2016. This rate was impacted most notably by a particularly low mobility rate in Germany. International mobility is also an integral part of Plastic Omnium’s internal mobility policy and a sphere that is expanding beyond France. Indeed, 32% of the 97 expatriates have a “home country” other than France.

In 2016, Plastic Omnium set itself the ambitious target of filling 75% of executive positions through internal transfers. In 2016, 65% of executive job openings were filled by Plastic Omnium employees.

Executive mobility rate

	2015	2016
France	11.5%	7.2%
Western Europe excluding France	9%	3.8%
Eastern Europe	15.5%	12.5%
North America	19%	17.3%
South America and Africa	23%	13%
Asia	17%	9.8%
Total	13.4%	9%

An enhanced skills development policy

Employee training has been identified as a key lever for developing loyalty on one hand and for anticipating the Company’s needs on the other hand. For three years now, the Group has successfully created, tested and deployed specific leadership and management programs. Management and leadership are considered to be key skills at Plastic Omnium.

The “Starter” program for young talents, launched in a pilot phase in 2014 and deployed in several countries in 2015 is now available in North America, Europe and Asia. This program, which lasts twelve to eighteen months, aims at developing leadership skills in managerial staff in the first years of their professional career and at reinforcing their understanding of the ‘PO Way’. Boosted by the success of the program and its positive impact on the retention of these young managers, the course will be extended to other countries. Since it was launched in 2014, 100 young managers have joined the program.

The “Driving Success” program for managers of local teams aims at developing a consistent and uniform managerial approach at Plastic Omnium that corresponds to the ‘PO Way’. This program, which lasts several days, offers managers the opportunity to deepen their knowledge about Plastic Omnium’s values and to work on their communication, team management and leadership

skills. The training sessions, which are designed at Group level, are deployed locally. In 2016, the sessions were offered to managers of the French sites α-Alphatech and Σ-Sigmatech as well as Japanese and South Korean sites.

Since all these programs have proven their effectiveness, two new management programs for top managers and for present and future plant directors will be launched in 2017.

After the identification of training needs during the annual performance reviews, individual training paths are managed in the global training administration tool “my learning place”. This platform makes e-learning courses available to employees, in particular modules related to ethics and Codes of Conduct, health and safety, and, as from 2017, the Golden Rules of internal control. In 2016, 15,351 employees, representing 70% of the workforce, were administered on the portal. E-learning is increasingly predominant among training modes. Its accessibility and flexibility make it a learning channel that is very complementary with the class-based courses, virtual classes and blended learning also used by the Group.

The main themes addressed during the trainings are: languages, Health Safety and Environment, Software, Management, Continuous Improvement, Expertise and Business Line Techniques.

	2014	2015	2016
Training commissions	32	38	40
Number of attendees	86,227	106,405	97,373
Number of training sessions per employee per year	5.35	6.40	5.53
Total training hours	372,160	424,446	513,515
Training hours per year per employee	23.11	25.53	29.19
Total expenditure on external training bodies (in thousands of euros)	4,335	4,779	4,380

All training hours, regardless of their duration, are now recorded in the number of attendees.

Compensation

Plastic Omnium makes sure that its compensation policy, an important factor of motivation, does not allow for any discrimination whatsoever related specifically to gender, origin, age, religion, sexual orientation or state of disability. Its adherence with the United Nations Global Compact as well as the commitments in the Code of Conduct are expressed operationally through the signature of a gender equality agreement in France and comparative analyses of the compensation of male and female employees in all countries.

Salaries of managers are analyzed annually to ensure consistency and internal equity in relation to salaries on the market. An action plan is implemented if any differences are identified. In addition to compensation, the countries develop supplementary social

benefit systems according to local labor practices and in compliance with applicable regulations. For example, collective incentive policies have been established in a majority of countries, along the lines of profit-sharing and incentive schemes in France.

In France, at December 31, 2016, the 1,642 employee members of the Group stock ownership plan held 1,526,594 Compagnie Plastic Omnium shares purchased on the market, representing 1% of share capital. Employees do not hold other shares in respect of shareholding as provided for by Articles L. 225-129 and L. 225-138 of the French Commercial Code, nor in respect of Company profit-sharing. Additionally, in 2016 the Group rolled out a new sickness benefit program providing better health cover for employees at French sites and for their families.

Employee benefit expense

in thousands of euros	2014	2015	2016	Change in 2015/2016
Wages and salaries	(536,711)	(585,620)	(690,904)	17%
Payroll taxes	(149,722)	(160,296)	(190,149)	19%
Non-discretionary profit-sharing	(10,052)	(12,418)	(14,181)	14%
Pension and other post-employment benefit costs	(661)	(798)	(1,602)	101%
Share-based compensation	(2,354)	(3,025)	(3,498)	16%
Other employee benefits expenses	(25,759)	(37,432)	(38,101)	2%
Total employee benefits expenses excluding temporary staff costs	(725,260)	(799,589)	(938,437)	17%
Temporary staff costs	(87,231)	(109,540)	(125,884)	15%
Total employee benefit expenses including temporary staff	(812,491)	(909,130)	(1,064,321)	17%

Integration and open social dialogue, the founding principles of the organization

In 2016, the Plastic Omnium Group's growth momentum led it to acquire 15 new sites and to close or sell 5.

Acquired officially on July 29, 2016, the 15 new sites were consolidated on August 1, 2016. This desire for speed and efficiency is the reflection of the Group's vision and the exemplary and operational expression of the 5th pillar of the 'PO Way': integration. This project was carried out with strong involvement by Group managers. The Chairman and Chief Executive Officer, Laurent Burelle, visited two new sites with the Executive Committee: on August 1, in Weissenburg, Germany, where the site had been dressed in the Company's colors, and on the end of August at the Barcelona site in Spain. These meetings inaugurated a program of visits from the Top Management of the Auto Exteriors Division, entitled "Welcome to PO days" where meetings were organized on each site, with all teams regardless of their working hours. All the sites adopted the Plastic Omnium visual identity very quickly, thanks to the backing of the Corporate and Division teams. This rapid deployment is a strong sign of the

ambition to create a feeling of belonging to the Group and was received very positively by employees and external stakeholders.

The deployment of working methods, the learning of procedures and the development of mutual knowledge, initiated as from September will continue at a steady pace. Business-line teams met and traded ideas in view of establishing operational best practices that will guarantee service continuity with clients and will reinforce Plastic Omnium's position as leader in Europe.

Workforce trend

With this consolidation, at the end of December 2016, the Group had 26,522 employees, up 31% compared with the end of 2015, and included 4,662 new employees that were brought in after the acquisition of 15 sites and 216 hired after the opening of new sites. These new arrivals did not affect the breakdown of workforce by type of employment contract. Since the sites acquired were made up of 14 plants and a research and development center, the share of manufacturing workers in the registered workforce rose slightly.

Workforce by type of employment contract

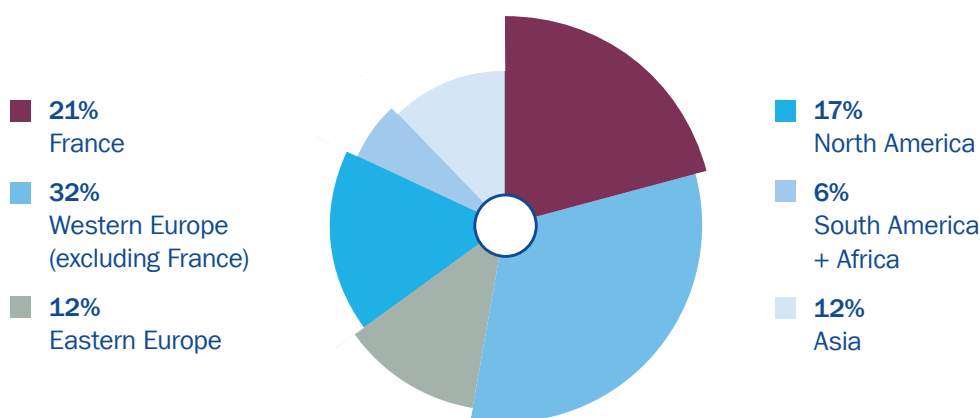
	2014		2015		2016	
Permanent employment contracts	14,643	76%	15,081	74%	19,720	74%
Fixed-term employment contracts	1,461	8%	1,547	8%	2,174	8%
Registered employees	16,104		16,628		21,894	
Temporary staff	3,171	16%	3,661	18%	4,628	18%
Total employees (registered and temporary)	19,275		20,289		26,522	

Registered workforce by Socio-Professional Category

	2014		2015		2016	
Manufacturing workers	8,428	52%	8,801	53%	12,294	56%
Employees – Technicians and supervisors	4,251	27%	4,146	25%	5,044	23%
Managers	3,425	21%	3,681	22%	4,556	21%

Conversely, the breakdown by region has been impacted by these new sites, as a result of increased representation of European sites (12 out of 15 sites), except in France.

Breakdown of workforce by region, contract and category



	Permanent employment contract	Fixed-term employment contract	Total registered employees	Temporary staff	Total
France	4,424	32	4,456	1,037	5,493
Western Europe (excluding France)	6,289	738	7,027	1,526	8,553
Eastern Europe	2,034	681	2,715	457	3,172
North America	3,314	507	3,821	646	4,467
South America and Africa	1,575	29	1,604	113	1,717
Asia	2,084	187	2,271	849	3,120
Total	19,720	2,174	21,894	4,628	26,522

	Manufacturing workers	Administrative staff, technicians and supervisors	Managers	Total
France	1,740	1,205	1,511	4,456
Western Europe (excluding France)	4,145	1,775	1,107	7,027
Eastern Europe	1,693	646	376	2,715
North America	2,447	680	694	3,821
South America and Africa	1,042	338	224	1,604
Asia	1,227	400	644	2,271
Total	12,294	5,044	4,556	21,894

The specific program to integrate new sites completes the Company's structural processes aimed at reinforcing the Group's shared vision and values. Several annual events are organized with this aim in mind. The "Top 100", an annual meeting of the Top Managers is the opportunity for senior management to meet with its leaders to share the Company's strategic approaches, market trends and medium- and long-term challenges and priorities.

Each Division and the main support departments (Finance, Human Resources, HSE, Purchasing, R&D, IT) run their own annual Convention to deploy the Company's strategic vision and the specific priorities of their business and to develop the internal network.

The Plastic Omnium Group's Executive Committee interacts with the management teams of the main global regions during **Management meetings** where the results and country projections are closely analyzed. These challenging meetings are the fruit of in-depth work by local teams and the Executive Committee on the factoring in of the local economic and social context.

World Safety Day, a key moment of Plastic Omnium's safety culture, was held on November 15, 2016 for the third consecutive with even greater success.

Constructive and transparent social dialogue

Sharing and dialogue with employees is a priority for the Group. During the site closures that took place in the year as part of reorganizations, Management chose to inform employees as and when decisions were taken in order to prepare in advance for new developments. This policy of open and transparent dialogue resulted in the signature of two agreements with the trade unions for the closure of the Laval site in France and the current closure of the São Bernardo do Campo site in Brazil. This constructive dialogue made it possible to implement the restructuring needed without any social conflict. The Group will be organizing the planned disposal of the Truck Composites business from the Auto Exteriors Division in 2017 according to the same pattern of openness and dialogue.

At the same time, labor relations are managed locally in all countries in which Plastic Omnium has operations. The Group's Human Resources Division ensures that decisions and practices are the same within the same country, by implementing defining social projects.

In 2016, 191 agreements were concluded, 13 of which concerned health and safety. At the end of 2016, 67% of employees worldwide were covered by a collective agreement.

The number of labor unions represented within the Group is relatively stable with 34 unions. The European Works Council, comprising 28 members representing 8 countries, meets once a year.

	2014	2015	2016
Existing committees	154	165	195
Of which Works Councils	59	62	78
Other committees (training/ideas)	68	74	95
Number of trade unions represented	31	31	34
Number of Company agreements signed during the year	125	120	191
Agreements on health and safety at work	31	15	13
Percentage of employees covered by a collective agreement	63%	63%	67%

	2014	2015	2016
Total contribution to works council employee welfare programs (in € thousands)	1,439	1,456	1,438

Safety, a priority commitment of Management

Shared enthusiasm, over and above the robust organization

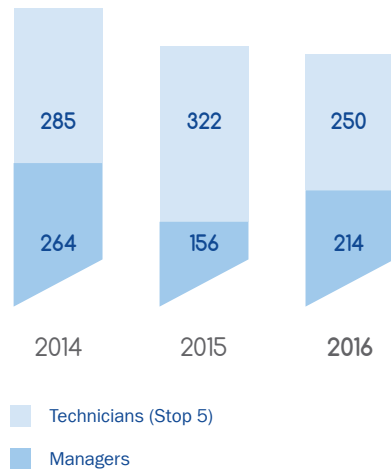
Safety is a constant subject of attention at Plastic Omnium. This commitment, which is set out in the Code of Conduct, is championed by all managers, HSE teams and Human Resources teams. This requires that Plastic Omnium and its employees ensure a healthy and safe work environment, constantly improve working conditions and report and improve all situations identified as risk situations.

This commitment is expressed by the ambition of reaching a "zero accident target". The Management has set itself two major targets: not to have any serious accident and reduce accident frequency by 20% per year by 2020. To do this, it has set up an organization dedicated to safety. The Plastic Omnium Group manages the safety of people and property and ensures that all entities comply with legal requirements, that they adopt a continuous improvement approach and deploy the Top Safety program dedicated to safety as well as the reporting of accidents and the analysis of causes. Accidents are declared in real time, and all serious accidents are reported directly to the senior management. Dangerous situations and "near-accidents" are also reported, including when they involve temporary employees. Each month, the HSE Division presents quantified data to senior management.

The Top Safety program is based on five pillars: machines and equipment, employees and managers, sites and projects, benchmarks and management, and working conditions. Training modules, available in the dedicated space “my learning place”, reinforce this program: one session dedicated to awareness raising with the presentation of the HSE policy and three sessions dedicated to ergonomics (relating to standing and sitting postures, repetitive work and handling). These e-learning courses are completed for employees that work with equipment through classroom-based courses, “Stop 5” training courses that were attended by 250 technicians in 2016. A module for managers teaches them to conduct safety visits, called “Top Safety visits”, that enable them to identify and report deviations. In all, ten training modules are proposed. Some of them are run by external instructors who are experts in compliance, for example.

These training sessions were attended by 464 participants in 2016. 214 managers attended 15 sessions organized in 2016. In all, 2,071 managers have been trained since the program was launched in 2005. Consequently, the number of Top Safety visits conducted rose 28%, compared with 45,351 visits in 2015. In all, this corresponds to 2.10 visits per employee and per year (compared with 1.77 in 2015 and 1.61 in 2014).

Number of employees who have received Top Safety Training



The deployment of the Top Safety program is monitored by the Group’s HSE organization: each Division has its own HSE Department based on a network of site HSE coordinators who meet once a month to discuss the results, the targets to be reached and the actions plans to be implemented.

Since safety concerns everyone, the “Top 100” meeting is the opportunity to raise the awareness of Plastic Omnium Top Managers each year to the Top Safety program through the distribution of Safety Awards. For each Division, prizes are awarded to sites with the best performance on three points: the best safety result, the best progress and the largest number of days without accidents.

World Safety Day: The Can’t-Miss Safety Event

For the past three years, the World Safety Day has become an essential annual meeting to develop the safety culture at Plastic Omnium. Thirty-two thousand employees took part in this event in November 2016. During the day, all sites set up activities around ergonomics, Top Safety inspections and the identification of risks. The purpose is to make employees aware that it is essential to adopt appropriate actions at the workplace as in private life to avoid the risk of accidents or sickness. In addition to booths dedicated to ergonomics, a number of workshops were on offer, including a specific fire-risk management workshop, a theme particularly developed by the HSE Division during the year. The highlight of the day was the speech by senior management that was followed by 140 sites, representing approximately 10,000 employees, and in particular in 4 sites, including the new Reinsdorf site in Germany, through a multiplex delivery system through which 450 employees were able to interact directly with the Management.

A mature policy

The organization in place and the deployment of the Top Safety program will enable the Group to improve continuously and to envisage reducing accident frequency by 20% by 2020. This is because the targets were met with an improvement of 12% of Tf1⁽¹⁾, at 2.54, compared with 2.87 in 2015, and 24% of Tf2⁽²⁾ at 3.67, compared with 4.80 in 2015.

Tg⁽³⁾ improved by 40% at 0.06, versus 0.10 in 2015, thanks to better control over safety conditions, in particular the establishment of “6 non-negotiables”.

(1) Tf1 = Lost time injury frequency rate = Number of workplace accidents with lost time, including temporary staff × 1,000,000 / Number of hours worked.
 (2) Tf2 = Total recordable injury frequency rate = Number of workplace accidents with and without lost time, including temporary staff × 1,000,000 / Number of hours worked.
 (3) Tg = Severity rate = Number of days of workplace accident-related lost time x 1,000 / Number of hours worked.

Safety indicators (including temporary staff)

	2014	2015	2016
Number of first aid cases	1,945	2,186	1,897
Number of workplace accidents without lost time	91	76	50
Number of workplace accidents with lost time	117	113	112
Number of days of workplace accident-related lost time	3,928	3,803	2,521

Accident Frequency and Severity Rates (temporary staff included)

	2014	2015	2016
Tf1: Lost time injury frequency rate in number of accidents per million hours worked	3.11	2.87	2.54
Tf2: Total recordable injury frequency rate in number of accidents per million hours worked	5.52	4.80	3.67
Tg: Severity rate of workplace accidents in number of days lost per thousand hours worked	0.10	0.10	0.06

Accident Frequency and Severity Rates (excluding temporary staff)

	2014	2015	2016
Tf1: Lost time injury frequency rate in number of accidents per million hours worked	3.01	2.95	2.40
Tf2: Total recordable injury frequency rate in number of accidents per million hours worked	5.51	4.87	3.59
Tg: Severity rate of workplace accidents in number of days lost per thousand hours worked	0.12	0.11	0.06

Absenteeism related to workplace accidents also improved compared with 2015 as a result of these accidents being more minor.

	2014	2015	2016
Absenteeism rate due to workplace accidents	0.10%	0.10%	0.08%
Absenteeism rate due to other causes	2.65%	2.67%	2.67%
Total absenteeism rate	2.76%	2.77%	2.75%

The number of occupational illnesses dropped slightly in 2016. Most of the 17 occupational illnesses declared and 15 recognized were linked to musculoskeletal disorders. The focus on ergonomics during the World Safety Day demonstrates Plastic Omnium's

determination to improve working conditions. For each occupational illnesses declared, an analysis of causes was performed to identify any adaptations to make or corrections of movements and postures to make.

	2014	2015	2016
Number of occupational illnesses declared	23	34	17
Number of occupational illnesses recognized	26	32	15

Improvement in working conditions

The continuous improvement curve followed by the results in terms of safety is the fruit of significant work on the improvement of working conditions in particular. The Group wishes to have a

robust safety management system in place. To do this, Compagnie Plastic Omnium has chosen the OHSAS 18001 standard at the Group level and for all sites. By the end of 2016, 79 sites were certified (3 of the sites closed or sold-off in 2016 were certified to OHSAS 18001).

Number of sites certified to OHSAS 18001 standards

	2014	2015	2016
Sites certified to OHSAS 18001 standards	74	79	79

On the Auto Inergy Division's α-Alphatech site inaugurated in 2016, the Alphavision virtual reality room is used to design and model workstations. The search to improve production, both in terms of workstation ergonomics as well as worker safety has led to the identification of the most appropriate machine positions, products and employees. To do this, an operator wearing a 3D helmet simulates the movements made in a virtual production line. Sensors measure the forces necessary to carry out the task and assess the ergonomics of the workstation.

In-house ergonomists at Plastic Omnium strive to improve working conditions and may call on osteopaths to conduct one-off studies. Ergonomic measurements have been carried out on more than 90% workstations of the Auto Inergy Division and have been extended to the other Divisions.

Well-being is one of the four work focuses chosen by the Human Resources Division after the engagement survey conducted this year. The existing actions will be boosted by global as well as local actions.

Actions to prevent risks and improve working conditions take into account the exposure of employees to noises and smells. The quality of ambient air (fumes and dust) is measured. Exposure to chemical risks is reduced by the drastic program to replace CMR (Carcinogenic, Mutagenic and Reprotoxic) products and substances of very high concern (SVHC).

Fire risk management

In 2016, special attention has been paid to fire risk management. The reporting of all types of incidents, from simple smoke to the need to use an extinguisher, has been set up to establish an audit on the main causes of these potential fire outbreaks. For

example, a precise analysis of the Auto Inergy Division identified four sources of fire outbreaks as well as the related areas for improvement: machines by fine-tuning their settings, reinforced maintenance of machines and adjacent areas, the review of procedures such as the issue of fire permits, the extended inspection of areas where fire activities such as welding are carried out as well as the regular verification of wiring and electrical installations. In addition, alert procedures aimed at reducing reaction times have been revised as well as the coverage of facilities with detection and protection devices. This identification and the increased management of risks will be completed with the raising of awareness of all employees.

The implementation of these resources and constant dialogue with insurers have enabled two new sites to obtain the Highly Protected Risk (HPR) label, which is given to sites that meet the highest standards for industrial risk protection. Twelve sites now have the label.

Respect for people as a founding value

Diversity and the fight against discrimination

The Plastic Omnium Group pays special attention to the respect for the men and women who contribute to its dynamism. The Company affirms its determination to ensure that diversity is respected and that it fights against discrimination within the Company and disseminates these principles with its stakeholders through its membership with the United Nations Global Compact and in its Code of Conduct.

	2014	2015	2016
Number of incidents of discrimination ⁽¹⁾	0	1 ⁽²⁾	1
Number of measures taken following incidents of discrimination	0	0	0

(1) The number of incidents of discrimination is reported within the global scope via the non-financial data reporting software application.

(2) The incident of discrimination, which occurred in the United States, is being investigated since 2015 by the competent authorities.

Plastic Omnium has decided to conduct an audit in France about the accommodation of disabilities within its sites. This study showed that 95% of disabled employees have permanent contracts and that the areas for improvement are information and awareness raising, recruitment and continued employment and the development of subcontracting with protected workers sector. Since 2010, the Bort-les-Orgues site of the Environment Division in France has signed an agreement with a vocational rehabilitation center. Disabled workers from the center are integrated into

the site's manufacturing process under the supervision of an instructor in the same capacity as Plastic Omnium employees. This insertion has proved very positive both for the disabled workers who were smoothly integrated and made excellent progress, and for Plastic Omnium whose employees welcomed these workers without discrimination. A proactive policy will be developed in 2017 in France based on these elements. Plastic Omnium is thus renewing its firm commitment to people.

	2014	2015	2016
Number of disabled workers	310	310	439
Workstations adapted for disabled workers	33	31	25
Number of disabled workers recruited in the year	19	26	24

Corporate Social Responsibility

Gender equality is one of the themes to which the Group is committed. In France, the comparative study of compensation that falls within the scope of the agreement signed in 2015 concerning 1,800 employees, has led to the implementation of action plans. Since 2012, the partnership with the association

“Elles Bougent” has aimed at promoting engineering and technical professions with young women, very few of whom choose technical and scientific careers. Plastic Omnium plays an active role in the association’s events.

	2014		2015		2016	
Men	12,443	77.3%	12,737	76.6%	16,874	77.1%
Women	3,661	22.7%	3,891	23.4%	5,020	22.9%

	2014		2015		2016	
Number of women Managers & Engineers at December 31 / Proportion of women at executive level	695	20.3%	758	20.6%	946	20.8%
Number of women Managers & Engineers hired during the year / Proportion of women executives hired	114	21.0%	125	20.5%	157	24.8%

The Group has stepped up its efforts to recruit female managers and engineers, who account for 24.8% of new hires. This has leveled the share of this population at 21%.

the International Labour Organization concerning working time. The Group’s industrial activity and the need to adapt production capacity to demand require team work and night shifts in most plants. In 2016, overtime and temporary employees rose 16% and 26% respectively, underlining the Company’s dynamism.

Organization of work

Work on Plastic Omnium sites is organized in compliance with applicable local legislation and the fundamental conventions of

Total number of employees working in shifts

	2014	2015	2016
Employees working in shifts	9,615	9,873	13,529
Of which employees working only nights	1,026	1,025	1,190
Of which employees working only weekends	63	122	166
Part-time employees	290	295	394

Overtime

	2014	2015	2016
Hours worked per week	35 hours to 48 hours	35 hours to 48 hours	35 hours to 48 hours
Overtime (full-time equivalent)	1,027	999	1,154

3.4 Protection of the Environment

The Company has chosen to focus its strategy on the development of responsible offerings where environmental protection plays a prominent role: constant launch of new technologies that reduce emissions in the air, lighter products and improvement in the aerodynamic of body parts and increasingly technological waste management offerings. This constant search to reduce environmental impacts directly concerns the Group's activities in plants and buildings, in all the Divisions. Thanks to a robust organization, the Group can manage its environmental performance and has in particular, managed the rapid and successful integration of the 14 sites acquired on August 1, and which are included in the reporting.

The Group's environmental concerns are guided by three focuses:

- environmental governance based on the Management's commitment;
- energy management with the reinforcement of the Top Planet program;
- effective management of each site's environmental footprint.

Environmental governance based on the Management's commitment

In the Code of Conduct created in 2003 and revised regularly since, senior management has declared its commitment to a sustainable development strategy, and in particular to go further than local environmental laws if it considers them to be inadequate by developing and implementing its own rules. This commitment is deployed across the Group, in each Division and on each site, regardless of its activity.

This strong commitment by the Management is seen in the maturity of the HSE organization and by the implementation of the HSE plan, which combines cross-cutting environmental protection

actions and programs. The HSE plan launched in 2012 by the Executive Committee adapts the HSE strategy to all Group sites. Its priority focuses – reinforcing the safety of employees and property on one hand, and keeping to a minimum the impacts of Plastic Omnium's activities on the environment on the other hand – are managed through the reporting tool. In 2016, the implementation of the plan advanced by 2 points compared with 2015 (79% of implementation in 2016, against 77% in 2015).

To reach the HSE plan implementation targets, the Management has earmarked a large budget for projects relating to the environment and safety:

- Environment and Safety expenditure: €17.6 million, representing a 22% increase compared with 2015 (€14.4 million);
- Specific Environment and Safety expenses: €6.6 million;
- Environmental risk provision: €17 million.

ISO 14001 certification, a defining management system

Ensuring that environmental impacts are taken into account by each of its sites is a priority focus, with the goal of obtaining ISO 14001 certification for each site. In 2016, 5 new sites were certified, to which should be added 10 of the sites acquired during the year. 4 of the sites closed or sold-off in 2016 were certified to ISO 14001, resulting in a positive balance of 11 new certified sites and bringing the total of certified sites to 93, or 90% of the scope. Newly opened or newly acquired sites launch the certification process after the start-up of activity, which is why certification does not cover the entire eligible scope. Eligible sites are production sites of companies in which Compagnie Plastic Omnium holds at least a 50% share. Supply-in-line sequence facilities (SILS) are included in the certification of the production sites to which they belong.

The standard ISO 14001 changed in 2015 and sets forth new requirements for sites, in particular in terms of environmental performance, involvement of the Management and dialogue with relevant stakeholders. The new version of the standard will be gradually phased in by 2018.

Number of sites certified to ISO 14001 standards

	2014	2015	2016
ISO 14001 certified sites	79	82	93

With this internationally recognized standard, all players are mobilized around the taking into account of the environment in their activities.

A dedicated organization

The responsibility for implementing the HSE plan is entrusted locally to each entity. This decentralization of responsibilities

makes it possible to adapt the means and resources required to achieve the targets set by the strategy defined at the Group level. This organization corresponds to the formalization of the environmental management launched in 2001 and is based on:

- a Group HSE Department, which implements the HSE strategy defined by the Executive Committee and leads and coordinates action plans related to the Safety management system;

Protection of the Environment

- an HSE director for each of the three Divisions, who is in charge of a team of between two and four people;
- an HSE network of some 100 dedicated correspondents on the reporting scope.

This agile structure enables regular and effective operational stewardship:

- the Group HSE directors and the three Division directors meet every month to analyze the indicators reported each month, the deployment of the HSE plan, the implementation of HSE awareness campaigns, the results of audits conducted for the Environmental Management System, etc.;
- monthly reporting of the main Safety and Environmental indicators, which are discussed, along with financial indicators, at each Group Executive Committee meeting;
- three Group HSE Committee meetings per year, with the participation of senior management, the Human Resources Department and the HSE Department.

Over and above this dedicated organization, all employees take the impacts on the environment into account. ISO 14001 certification contributes to raising the awareness of all employees. Thus, on the 93 certified sites, the HSE Department and their correspondent ensure employee awareness:

- the Company's environmental policy;
- the significant environmental aspects and the real or potential environmental impacts related to their work;
- the importance of their contribution to the effectiveness of the environmental management system, including the positive effects of the improvement of environmental performance;
- the repercussions of non-compliance with the requirements of the environmental management system, including non-compliance with the organization's conformity obligations.

In 2016, 15,766 hours of awareness training around environmental themes were given and attended by 26,862 participants.

At the same time, 13,545 employees benefited from training courses on environment awareness, representing a total of 19,039 hours. These courses concern in particular, good waste management through selective sorting and the implementation of the Top Planet program with the deployment of best practice sheets that are improved upon each year, and actions to reduce

consumption. The acquisitions made in 2016 and discussions about methodologies will provide the Group with added expertise.

In all, 34,805 hours of awareness raising and training around environmental themes were followed in 2016.

One of the priority focuses of the HSE plan and Plastic Omnium's environmental policy is the reduction in energy consumption and the resultant greenhouse gas emissions. The Top Planet program launched in 2007 shows the Company's commitment to contributing to the reduction in total greenhouse gas emissions with the ultimate aim of limiting global warming.

Energy management with the reinforcement of the Top Planet program

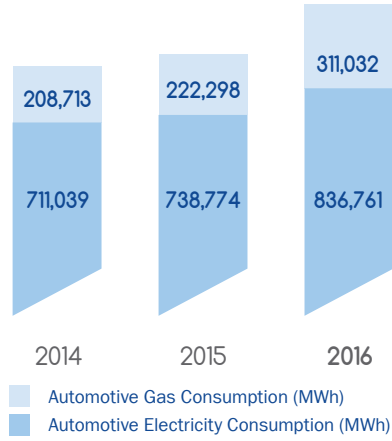
As a follow-up to the COP21, the year 2016 focused, at the international level, on the need to set ambitious greenhouse gas reduction targets in order to limit global warming to 2°C. Plastic Omnium chose to back this international ambition by setting for itself intrinsic reduction targets. The monthly management of energy data through dedicated reporting, as well as the experience acquired since 2007 on energy consumption and the methodology for identifying areas for improvement, had enabled the Company to set itself a target to reduce energy consumption by 2% per kilo of material processed between 2015 and 2016. However, the significant change to scope, with the integration of 15 new sites and the sell-off of 3 sites from the Environment Division, has strongly impacted results, thereby ruling out any comparison with the previous year and impairing the relevance of initial objectives. Objectives will be reviewed in order to take account of the impacts from the change of scope. 14 of the 15 sites integrated on August 1 have contributed to this data over five months.

Globally speaking, energy consumption has therefore risen, specifically for the Automotive Divisions, and principally the consumption of gas. Indeed, four of the new Auto Exterior sites integrated since August (Essen, Pappenheim, Sterbfritz, Reinsdorf) operate with a co-generation system that uses gas. Over the five months of the reporting process, the amount of gas used by these four sites was 55,500 MWh. In 2017, the energy consumption of these sites will account for around one-third of the Division's annual consumption.

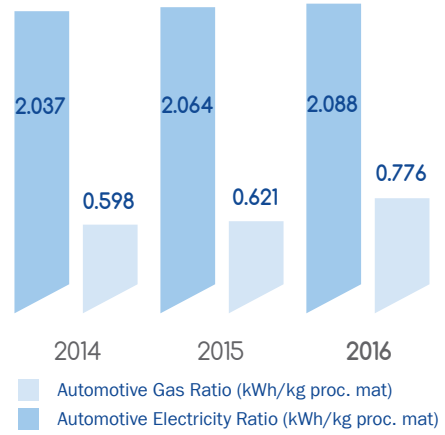
Protection of the Environment

Automotive Division

Energy consumption

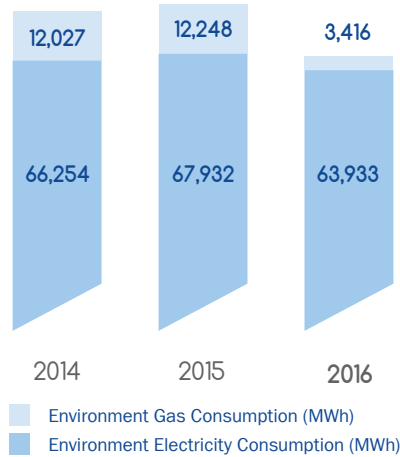


Ratio of energy consumption in kWh per kg of material processed

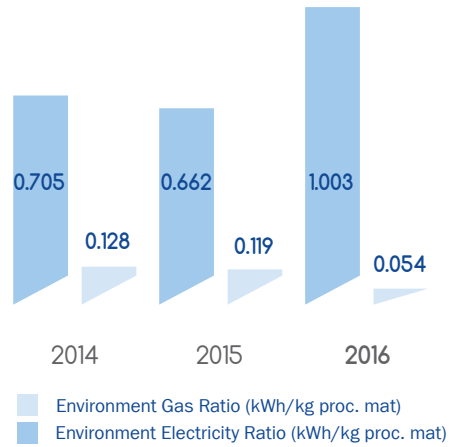


Environment

Energy consumption

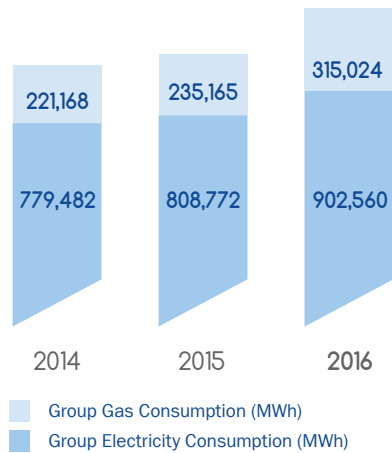


Ratio of energy consumption in kWh per kg of material processed

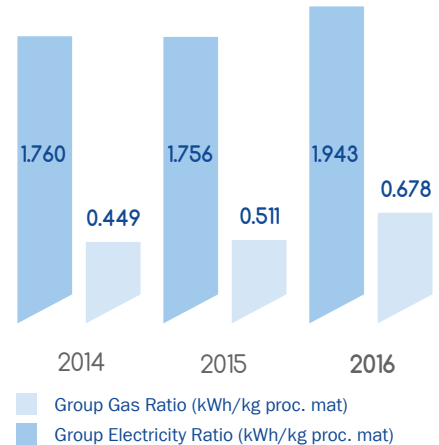


Group

Energy consumption



Ratio of energy consumption in kWh per kg of material processed



Protection of the Environment

For the same reasons, the ratios of energy consumption per kilogram of material processed have been impacted for the Automotive Divisions.

To calculate these ratios, are taken into account all the processed raw materials that go into the manufacturing of products and that require energy consumption for implementation: plastics, paint, wood and metals.

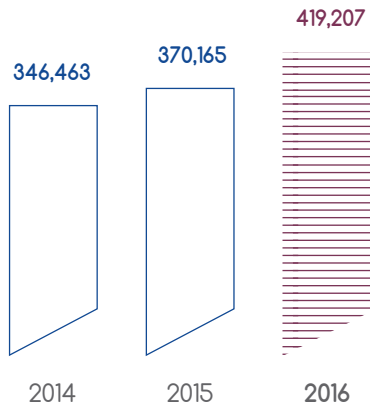
With regard the Environment Division, three steel processing sites have been sold off. The business of steel processing consumes low levels of energy compared with the processing of plastics. The closure of these sites has led to a relatively low reduction in energy consumption compared with the drop in the consumption of raw materials. Consequently, these sites were responsible for 0.5% of the Group's energy consumption, but 7.9% of feedstock consumption. As these three sites are no longer included in the reporting process, the ratio of energy consumption per kilogram of material processed has therefore risen.

The greenhouse gas emissions presented are direct emissions related to energy consumption, in particular, natural gas and indirect emissions linked to electricity consumption. The Plastic Omnium Group is currently defining indicators that will extend the calculation of its significant emissions, in particular those generated as a result of its activities. This definition work will be completed in mid-2017, after which it will be presented to the HSE network, in particular to contributors in order to include data representative of significant impacts right from the 2017 report.

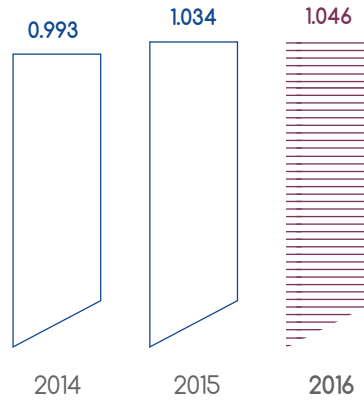
Given that greenhouse gas emissions are here correlated with energy consumption figures, the increase in consumption is linked to the change of scope. Furthermore, 6 of the new integrated sites are located in Germany, where the energy mix has evolved in that the grid emission factor has risen by 15% in one year, thus impacting all the more emissions from Automotive Divisions.

Automotive Division

Greenhouse gas emissions in metric tons of CO₂ equivalent

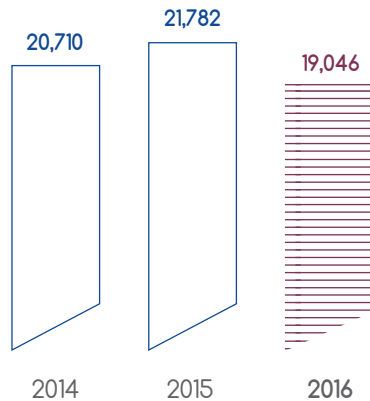


Ratio of greenhouse gas emissions in kg of CO₂ equivalent per kg of material processed

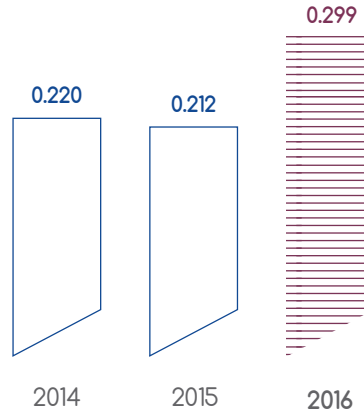


Environment

Greenhouse gas emissions in metric tons of CO₂ equivalent

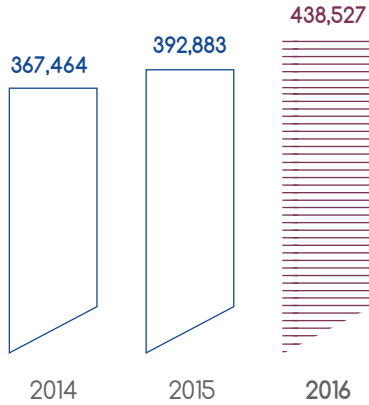


Ratio of greenhouse gas emissions in kg of CO₂ equivalent per kg of material processed

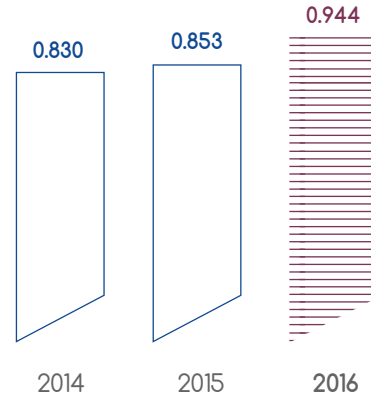


Group

Greenhouse gas emissions in metric tons of CO₂ equivalent



Ratio of greenhouse gas emissions in kg of CO₂ equivalent per kg of material processed



Greenhouse gases (GHG) in 2016

In metric tons of CO ₂ equivalent	2014	2015	2016
CO ₂ *	367,175	392,143	437,482
CH ₄	16	5	0.4
HFCs	273	735	1,044
Total GHG (in equivalent metric tons of CO₂)	367,464	392,883	438,527

* These figures correspond to CO₂ emissions from energy consumed in industrial facilities.

The increase in HFCs is linked to the integration of new sites, as HFCs emissions for existing sites are down.

Air quality may also be impacted by Volatile Organic Compounds (VOCs) that some sites could potentially release. These molecules that are harmful to health are generated with the use of paints and solvents during body part manufacturing operations in

particular. They contribute to the formation of ozone in the lower atmosphere and are thus indirectly responsible for global warming. The sites concerned by possible discharges are fitted with incinerators that destroy VOCs at the end of production chains. At the same time, Plastic Omnium uses water-soluble paints whenever possible because they give off less VOC.

Consumption of paint and solvents and VOC emissions

Annual consumption of raw materials (in metric tons)	2014	2015	2016
Paint*	5,915	6,055	6,354
Solvents**	7,011	7,495	11,199
Total	12,926	13,550	17,553
VOC emissions (in metric tons)	2014	2015	2016
VOCs	1,611	1,170	2,140

* Dry matter contained in the paint, excluding solvent.

** Solvents used without diluting and solvents contained in paints.

Sites rewarded for their performance – The Top Planet Awards

Sites that have demonstrated excellence in controlling their energy consumption have been rewarded since 2008, when the Top Planet Awards were created. The Award attribution criteria were revised in 2016, and there are now 15 of them, grouped under 4 themes: energy and environmental management, progress in results for key indicators (electricity, gas, water,

waste), regulatory compliance and protection of the planet through local initiatives. In July 2016, for the first time, self-assessment by sites was included in the reporting tool, enabling the consolidation of data on the 15 criteria concerning the 2015 results. As from 2017, assessment will be conducted in March for the previous year.

These Awards are granted to sites with an overall score of more than 50 over 100 for the Silver Award and 70 over 100 for Gold Award.

A high-performance Top Planet program

The basis of Plastic Omnium’s low-carbon strategy, the Top Planet program is actively supported by the Co-Chief Executive Officer and Chief Operating Officer and deployed by the Corporate HSE Department. Managed by a committee that meets five times a year to monitor and analyze its deployment, the program is based on four commitments defined by senior management:

- promote the deployment of the ISO 50001 standard to ensure that sites with a developed energy management system obtain certification;
- define annual Group targets of reduction in greenhouse gas emissions (GHG) and energy use;
- integrate the concept of energy efficiency into the purchase of services, the design of products, production facilities and infrastructure;

Number of sites certified to ISO 50001 standards

	2014	2015	2016
ISO 50001 certified sites	8	15	24

Define the annual targets for a reduction in greenhouse gas emissions (GHG) and energy use

In 2015, Divisions worked on the building of objectives for the reduction of energy consumption per kilogram of raw material processed for 2016. However, these objectives were established without consideration given to the change of scope and are now de facto obsolete. New work on defining objectives will be carried out in order to take full account of the new scope.

The use of kits to measure the electricity consumption of machines was deployed to new sites, enabling them to measure more precisely the source of electricity consumption and to thus act on the areas of reduction identified. The effectiveness of the results obtained has led some sites to procure a kit locally and to use it continuously. In 2016, the 4 kits available in the Group made it possible to analyze the data of 4 new sites, including sites that obtained ISO 50001 during the year, in addition to the 16 sites that had already carried out the assessment.

In addition to metrics kits, 87% of sites have engaged local initiatives and 11 sites have reported growing recourse to renewable energies; for instance Valence, Brussels and Santa Catalina, where solar panels have been installed to heat domestic water, and Essen, Bad Rappenau or Pappenheim now working with a contract for the supply of electricity that promotes the use of renewable energies.

Integrate the concept of energy efficiency into the purchase of services, the design of products, production equipment and infrastructure

The energy efficiency of sites is closely linked to the efficiency of equipment. Energy consumption criteria are added to the usual criteria of quality, cost and time for production equipment and

- assess and control the quality of energy efficiency with the deployment of Top Planet Best Practice sheets.

Promote the deployment of the ISO 50001 standard

The certification of sites according to the ISO 50001 standard is a Group priority to ensure overall control of energy efficiency. The sites primarily targeted by the certification are European sites that are already ISO 14001 certified and subject to energy audits, which are mandatory in Europe since 2015. This process, initiated in 2014, has enabled the rapid certification of all the sites subject to this audit. In 2016, 5 new sites were awarded certification: α-Alphatech for the Auto Inergy Division, Arevalo TP, Arevalo Composites and Redondela for the Auto Exterior Division and Langres for the Environment Division, to which should be added 5 of the FAE sites acquired during the year. However, one of the sites sold off/closed in 2016 was certified to ISO 50001. The result is a positive balance of nine certified sites, taking the total to 24 sites.

infrastructure purchases. These requirements contribute to the achievement of the targets set by the Group. The energy efficiency of manufactured parts is also analyzed through life cycle analyses in order to contribute to the improvement of client products by reducing the weight of vehicles and improving aerodynamics.

Work was done in the Environment Division to optimize the transportation of wheeled bins. Since the wheels are assembled after transportation, the bins are now stackable, considerably increasing the volumes transported.

A project 4.0 is launched to improve operational performance and in particular determine the energy consumption targets for new buildings, taking into account their energy efficiency as well as that of new equipment. A precise analysis of existing buildings and facilities makes it possible to fine-tune future consumption.

Assess and control the quality of energy efficiency with the deployment of Top Planet Best Practice sheets

Sources of energy savings are identified through energy audits and the deployment of analyses performed with the measurement kits. In addition to these local actions, the Group has developed Best Practice sheets applicable by all sites, regardless of their level of maturity. More than just eco-friendly actions, these sheets are veritable operational tools that have proven their effectiveness. Three new sheets concerning lighting, water cooling and the insulation of industrial equipment will be added to the six existing sheets that cover the cutting off of unused energy, the measurement of consumption, frequency converters, the setting up of an energy management system, heat recovery and electrical plasticization.

Management of the environmental footprint of sites

The main focus of the Group's work, the Top Planet program to reduce energy consumption, is part of the overall consideration of the environmental footprint of sites.

With its activity as a manufacturer of parts and products that primarily use plastic materials, the control of raw material consumption and waste management is a key element for Plastic Omnium, both from an environmental and economic viewpoint.

With their ISO 14001 certification, the sites develop action plans to prevent, reduce and correct their impact on soils, as well as biodiversity and water resources. In 2016, seven sites carried out actions to reduce noise levels and olfactive emissions to respond to wants and needs voiced by neighboring communities. Sites are now harnessing all potential sources of noise pollution or other forms of pollution and avoided any administrative sanction in 2016.

Consumption of materials and waste management: plastic, a material well-suited to the circular economy

A key raw material of the Plastic Omnium Group's line of business, plastic is a raw material derived from fossil sources the refining of which has a strong impact on gas emissions. The Company is therefore aiming at maximizing the use of recycled plastic all the while preserving the safety, technical and aesthetic characteristics necessary for meeting client requirements.

The use of recycled plastic is particularly suited to the products of the Environment Division which has adopted an approach called "Phoenix" for many years now, aimed at gradually increasing the proportion of recycled material in its wheeled bins. In 2016, the Division invested in particular in an optical color sorting machine that will separate the colors of recycled plastic granules received. This is because the granules received are a mixture of colors, which had until now, made it possible to produce only gray bins, with bins of other colors manufactured from new plastic. This investment will enable the Division to manufacture all colors from recycled plastic, which will have a positive impact on the recycled plastic bought. This will generate significant savings in financial terms as well as in terms of greenhouse gas emissions, since emissions are primarily linked to oil refining. In 2016, bins contained 80% of recycled plastic on the average and divided by ten their carbon footprint compared with a bin manufactured only from new plastic. The recycled plastic used by the Environment Division comes from two main sources: wheeled bins that have reached their end of life and plastic bottles collected in the same selective sorting bins.

At the same time as the purchase of recycled materials, Plastic Omnium had launched a product line based on bio-plastic, obtained from sugar cane. From an economic and environmental viewpoint, bio-plastic is not yet competitive enough compared with recycled plastic, which therefore continues to be the preferred material for new developments.

Annual consumption of plastics (metric tons)

	2014	2015	2016
New plastics*			360,013
Blank composites	337,678	343,229	20,738
Recycled plastics	43,627	50,823	51,616
Biosourced plastics	1,623	1,036	388
Total plastics	382,928	395,088	432,755

* Data that included composite materials in 2014 and 2015.

The Environment Division also uses other materials such as aluminum, steel and wood in the manufacture of composters and underground containers.

Consumption of raw materials (metric tons)

	2014	2015	2016
Plastics consumption*			412,017
Composite consumption*	382,928	395,089	20,738
Paints/solvent consumption	12,925	13,550	17,553
Steel/aluminium consumption	47,024	51,835	14,234
Wood consumption	72	52	16

* Data that included composite materials in 2014 and 2015.

All Group Divisions work to constantly improve manufacturing methods to cut down on scrap and defective products that exist in all production processes. Residual waste, generated during production, are systematically recycled in-house or externally in order to be reintegrated into the manufacturing process. This

recycling has a positive impact on the consumption of raw materials and waste generation.

For the other materials, processing systems through recycling or recovery are set up in all Group sites.

Waste generated annually per type of waste in metric tons	2014	2015	2016
Plastic parts	20,937	29,141	38,872
Common industrial waste	9,938	11,076	14,535
Metals	9,383	8,477	7,404
Cardboard	4,567	4,689	6,319
Wood	2,878	3,456	5,018
Plastic packaging	992	1,122	1,142
Glass	0	21	6
Solvents	3,764	4,036	4,269
Paint sludge	3,805	3,968	5,393
Oils	570	908	1,221
Other waste**	4,142	6,012	5,285
Waste generated annually per type of waste	60,978	72,905	89,464

* Plastic parts: also include composite material waste.

** Other waste: washing and maintenance water, sundry special industrial waste.

Waste generated annually per type of treatment (in metric tons)	2014	2015	2016
Recycling	41,167	50,550	64,556
Recovery	11,782	13,587	14,343
Incineration or disposal in landfills	8,029	8,768	10,565
Total waste	60,978	72,905	89,464

The waste generated by Plastic Omnium Group sites can be grouped in three major categories according to their treatment system:

- recycled waste comprising reuse (with a usage identical to the one for which the part or product was initially designed, without intermediate processing), the recycling or material regeneration (giving the material its primary properties back, by processing or introducing additives that enable it to be put back into the production cycle);
- recovered waste comprising reuse (with a usage different from the one for which the part or product was initially designed, possibly with intermediate processing) and recovery by incineration with energy recovery;
- final waste grouping non-recovered waste, incinerated without energy recovery, disposed of in landfills or buried.

Recycled and recovered waste is sold for integration into the manufacture of new products. Proceeds from these sales reached €8.8 million in 2016. By effectively recovering its waste, the Group has succeeded in offsetting the cost of waste management, amounting to €5.6 million.

In all, 88% of waste was recycled or recovered.

Soil use and prevention of discharges into the soil

Plastic Omnium Group sites use a ground area of 5,630,338 sq.m. 17% of this surface area is permeable and thus allows the filtering of rainwater through a natural process. In order to prevent, reduce and/or remedy discharges in the air, water and ground that could seriously affect the environment, the 93 sites certified to ISO 14001 have drawn up action plans. The potential sources of pollution on sites are spillages of liquid products such as paints, solvents or oils. Storage areas with containment areas are provided to control any potential spillage. At the same time, the replacement of CMR (Carcinogenic, Mutagenic and Reprotoxic) and SVHC (substance of very high concern) products, which are classified for their risk to health as well as their adverse impact on the environment continues. Plastic Omnium's policy with respect to chemical risk management goes further than the law and imposes a common stringent rule on all Group sites, regardless of their geographical location and applicable local legislation. Approximately 2,500 out of the 3,500 products used by the Group were tested for chemical risk and the CMR and SVHC classification concerns less than 40 of these products, which continue to be used in compliance with regulations until a technical replacement solution is found.

Societal Commitment

Soil quality is also addressed by the Company, which complies with applicable environmental regulations during the creation or purchase of sites. An impact study is conducted before all site construction or takeover to make sure that the natural environment and quality of life of residents will be protected. A Phase 2 environmental assessment, called a preliminary environmental characterization, makes it possible to confirm or refute the presence of contaminants in higher concentrations than the law allows.

Preservation of biodiversity

The sites preserve biodiversity through the effective implementation of their action plans aimed at preventing, mitigating and correcting risks of pollution, regardless of whether the sites are ISO 14001 certified or pending certification. This is because one of the key stages is the analysis and quantification of significant environmental aspects and impacts, taking necessarily into account the dimension of preserving biodiversity.

The creation or takeover of sites also involves an environmental impact analysis that includes impacts on ecosystems. In addition to these analyses, the Group wishes to encourage local initiatives and the exchange of best practices.

Adaptation to the impacts of climate change

Industrial risks are mapped by the Risk Management Department, in collaboration with the HSE Department. The mapping of existing risks that establish the environmental challenges for

each site and the assessment of the risk of natural disasters were analyzed in 2016 to take into account the change in scope. They did not result in the identification of new risks or vigilance points for sites.

The taking into account of the fight against climate change has become an economic and commercial requirement, expressed in particular by the reduction in fossil energy use. To reduce its dependence on fossil energy, Plastic Omnium is seeking to maximize the use of recycled plastic in its product design (see the paragraph "Consumption of materials and waste management" on pages 72 and 73).

Water resource management

Plastic Omnium pays special attention to its water consumption. It has identified the sources of withdrawal, 97% are from urban networks, and the remaining 3% comes from groundwater. In 2016, no site was subject to water restrictions or was in a water-stressed area. Water is primarily used in the cooling circuits, which enables generalized functioning in closed circuit. Only the historic site of Saint-Désirat takes up water from a river, the Rhône, and discharges it after use to cool the installations. The quality and temperature of water when it comes out of the plant are measured periodically in cooperation with the local authorities. The results comply with applicable regulatory thresholds.

Potential harmful discharges into the water linked with paint activities are eliminated by locating paint sludge treatment plants at the sites concerned.

Water consumption*	2014	2015	2016
Annual consumption (in m ³)	1,898,100	1,636,356 <i>Of which 702,238 m³ at Saint-Désirat</i>	1,670,943 <i>Of which 528,190 m³ at Saint-Désirat</i>
Consumption in l/kg of processed material	4.285	3.553	3.597

3.5 Societal Commitment

A key player in the automotive sector and the sector of services and products for local communities, Plastic Omnium maintains relations with many stakeholders, including a large panel of suppliers. In 2016, the Group chose to go further in its responsibility to its suppliers by developing a responsible purchasing approach. Ethics, especially in business, is a priority for the Group which has reinforced its actions to train employees on this issue.

These actions are part of the Group's societal commitment to take its impacts into account both at Group level and at local level, in economic and social terms.

Consideration of impacts throughout the supply chain

In 2016, the Group launched a new procedure, the Suppliers' Charter. It was drafted at Group level in collaboration with the Human Resources and Health-Safety-Environment functions as well as the purchasing directors of the three Divisions. Consolidating the initiatives implemented by each of these Divisions, the purpose of the charter is to reinforce consideration by suppliers of the social, environmental, societal and ethical impacts. It is to be adopted by each new supplier before it is listed and each time contracts are renewed. This charter recalls Plastic Omnium's commitments regarding the principles of the UN Global Compact and the eight fundamental conventions of the International Labour Organization (ILO) and asks suppliers to commit to complying with these principles, which are freedom of association, the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor and the elimination of

discrimination in respect of employment and occupation. The process of forwarding the charter to be signed by suppliers was triggered at the end of 2016.

This charter completes the terms of purchase comprising the contractual clauses related to the supplier's responsibility. In its terms of purchase, Compagnie Plastic Omnium reserves the right to require that its suppliers and subcontractors be ISO 14001 or OHSAS 18001 certified. The prerequisites for a partnership include at a minimum respecting the environment through the establishment of a management system and employee health and safety. In 2016, 596 Plastic Omnium suppliers demonstrated their commitment to factor in their significant environmental impacts with ISO 14001 certification. Since chemical risk management is an important issue for Plastic Omnium, as shown by commitments to replace CMR and SVHC substances as soon as possible, the Group is asking its suppliers concerned by chemical risk to comply with the European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation whether or not they are subject to it, and not to use any CMR (Carcinogenic, Mutagenic or Reprotoxic) substances in their products.

In addition to the requirements formulated by Compagnie Plastic Omnium through its charter and its terms of purchase, the Company conducts audits of its suppliers, including verifications of social and environmental issues. When a new supplier is listed, it may be potentially audited by the Group after it has signed the charter. A follow-up audit may be envisaged to verify that it has implemented a continuous improvement plan. Following the establishment of the charter, audits now focus more on social and environmental themes.

In 2016, 180 audits were conducted, completing the 128 and 138 audits performed in 2015 and 2014 respectively; 239 audits specifically concerning safety were also conducted.

Ethics, the foundation of stakeholder relations

With the implementation of a responsible purchasing approach, Compagnie Plastic Omnium also intends to emphasize the importance that it assigns to ethics in its relations with its suppliers. The integration of ethics in business has been formalized since 2003, the year the first Code of Conduct was released. This Code, which was revised in 2008, affirms the Group's commitment to comply with and ensure compliance by all its employees of 13 commitments primarily concerning non-discrimination, observance of the health-safety policy, environmental protection, the fight against corruption, fraud and conflicts of interest as well as compliance with competition and the confidentiality of client and supplier data.

The Group's membership in the UN Global Compact since 2003, which imposes compliance with ten principles relating to labor law, environmental law and the fight against corruption, publicly reasserts the Group's ethical commitments.

In 2010, a specific Code of Conduct on the ethical management of competition came to complete the Code of Conduct to govern the behavior of the employees concerned, such as buyers and sales personnel.

To ensure the operational deployment of these rules and guidelines and their adoption by all employees, the documents are translated into many languages (seven for the Code of Conduct and four for the "Competition" Code of Conduct). They can be freely accessed on the Company's "Topnet" intranet site and are distributed to all new employees concerned. To provide support, training modules are conducted through an e-learning platform and as a classroom course for the "Competition" Code of Conduct. In 2016, 976 employees completed the Code of Conduct training and 274 employees completed the (e-learning and classroom-based) "Competition" Code of Conduct course.

In 2016, a new guide was developed concerning the "Golden Rules" of internal control. This new document reiterates the key rules to be respected in order to forestall risks of internal and external fraud. Distributed at the end of the year to all Managers who took part in the "Top 100" meeting, this guide has been evolved within the different Divisions and is available on the Topnet intranet site. To promote the operational distribution of these Golden Rules on internal control, a new e-learning module is currently being developed.

To check locally that the sites know and apply the rules of internal control, audits are regularly conducted. Sites are audited once every three years on average. In 2016, 41 audits were conducted (after 37 in 2015 and 41 in 2016).

Territorial, economic and social impact of the Company's business on local residents and on employment and regional development

Since its reorganization, the Company is now present on 130 sites and 23 research and development centers, spread over 31 countries. The Group's strategy is to establish itself as close as possible to its clients' sites. This has led to the creation of dynamic zones in terms of local economic development and has had a positive impact on local employment. For some components, Plastic Omnium, known as Supply-in-line sequence facilities (SILS), are directly located on the client's site.

The Group strives to use local suppliers whenever possible, primarily for non-strategic purchasing families that are not centralized.

The creation and acquisition of new sites gives priority to the employment and development of local skills that lead to local economic benefits. These developments are always made in compliance with applicable laws at least: with respect to the environment, sites are always located by preventing, mitigating and correcting local impacts according to ISO 14001.

The Company carries out the actions required to create and maintain good relations with local stakeholders, as has been the case with the management of noise or olfactive pollution for seven sites in 2016. Local dialogue is organized by the sites.

Local social voluntary development actions

The Plastic Omnium Group allows its Divisions, countries and sites to develop local social development actions if they wish.

Since 2006, Plastic Omnium has been a partner of the Centre Georges Pompidou. In 2016, Plastic Omnium was a sponsor for the Magritte exhibition.

Plastic Omnium is one of the sponsors of the Université de Lyon Foundation. The missions of the University of Lyon Foundation are to work with the socio-economic world, to contribute to develop the reach of the University of Lyon and the Lyon region internationally and in the Lyon and Saint-Étienne areas.

Plastic Omnium contributed to the funding of the Zurich Federal Polytechnic School (ETH) Foundation to support the creation of a student house, a center where students can develop entrepreneurial projects.

Plastic Omnium is also involved in the development of the Diderot Museum in Langres, and in 2016, it financed the acquisition of a marine chronometer to expand the Museum's collection.

In the United States, Plastic Omnium works with the association "Focus Hope", which works in favor of deprived people in the Detroit region by setting up educational projects and managing a food bank. In 2016, Plastic Omnium sponsored the association's Eleanor's Walk for Hope. In addition to the \$2,700 donated by employees, Plastic Omnium made a contribution of \$333,000, in line with its commitment to give \$1 million over three years.

In 2016, Plastic Omnium supported the association SOS Children's Village Illinois. This association's global network supports orphans and families in villages created for their reintegration.

In Argentina, at the beginning of 2016, the Auto Inergy Buenos Aires plant committed to support the Fundación Banco de Alimentos food bank. The Company enables volunteer employees to carry out assignments during their working hours to sort and check food donations twice a month. Over 2.5 metric tons of food was sorted, to provide more than 8,000 meals. The site aims to have at least 120 participants out of the 170 employees on the site. This project, which contributes to the cohesion of local teams, was set up for one year and will be renewed or replaced with another project of the same magnitude in 2017.

The French site Auto Exterrior Σ-SigmaTech organized the sale of unused furniture to its employees and the money collected (€2,800) was donated to the association "Vivre aux Éclats". This association brings clowns to outpatient departments of hospitals to bring laughter to children and elderly persons who live there.

In France, at the end of 2015, the partnership launched by the Environment Division with the NQT association, enabled volunteer employees to carry out a skills sponsorship program to assist young people from priority neighborhoods and/or underprivileged backgrounds. In 2016, 11 sponsors provided support to 22 young job seekers.

The Environment Division in Spain supported the food banks of Madrid and Valencia. Employees collected 358 kilos of food for undernourished children. For each kilo collected by the employees, Plastic Omnium added a kilo of food.

The actions mentioned above represent just a proportion of all the actions carried out at local level. Most of them consist of organizing donations and collecting essential commodities.

Stakeholder relations

Employees of the Plastic Omnium Group, who are its main and priority stakeholders, benefit from a large number of internal communication channels. The success of the collaborative workspace TopShare has been confirmed with over 900 communities now up and running. This platform dedicated to the exchange and management of knowledge enables significant responsiveness in the execution of projects. A network of experts has been structured and is regularly solicited to provide counsel for the company's various sites. Internal communication is coordinated by way of several media:

- the information magazine, Optimum, that features news concerning about life within the company;
- the Topnet intranet system;
- information meetings for teams at sites;
- local newsletters and posters on notice boards;
- conventions by Division, business line or reporting level;
- World Safety Day.

In June 2016, the Group totally renewed its Topnet intranet portal, which is now an in-house communication tool shared by all Divisions. As a result, use of the system has virtually tripled, with articles consulted 38,000 times in December 2016, compared with 10,000 views in December 2015.

The Group has revamped its editorial activity by setting up monthly committees that involve all Divisions. As a result, 85 activities were published over the second half of 2016, compared with 30 over the same period the year before.

Dialogue with employees is built through the employee representative bodies as well as through an engagement survey conducted in 2016 in 26 countries.

Many actions to promote the well-being of employees and the quality of life at work are carried out locally. Site visits for families of employees, actions to acknowledge length of service, sports challenges, etc.

To recruit future employees and to develop the reputation of the sector with students, Plastic Omnium has created many local partnerships with universities and engineering schools. In India for example, the Auto Inergy Division took part in job fairs by the Government Polytechnic school of Haryana where it met more than 200 students and recruited 6 of them.

Clients are also priority stakeholders for Compagnie Plastic Omnium. The Group operates in B to B, and is not in direct contact with consumers. The Automotive Division's clients are carmakers, while the clients of the Environment Division are local communities and waste collection companies. The strategy is to create genuine partnerships that are regularly rewarded. For example, in 2016, Plastic Omnium received, for the Auto Inergy Division, the coveted Global Contribution Award trophy plus the Superior Value Improvement Award from Toyota, the world's leading carmaker known for its strict requirements. For its Supplier Day, the quality director of the PSA group officially congratulated the Auto Exterior site in Arevalo, Spain, with the Best of the Best Plant Award. In 2016, Plastic Omnium also won the Family Business Award of Excellence for France and the Entrepreneur of the Year Award by EY and L'Express for 2015.

During the inauguration of the new α -Alphatech Research and Development site, an inauguration ceremony was held in the presence of the French President. Shareholders were later invited to come and visit this site, enabling the Group to show them its ability to innovate.

Suppliers are also genuine partners with whom the Group has chosen to work over the long-term by listing them for three-year periods.

Plastic Omnium, for whom research and development is a strategic focus, takes part in many work groups, clusters and professional associations: Plastic Omnium is a member of the CCFA (Committee of French Automotive Manufacturers) and the PFA (Platform of the Automotive and Mobility Industry) and in particular, its CSR committee. Plastic Omnium is also a Board member of the Society of Automotive Engineers (SIA). It also takes part in the work of professional organizations such as the MEDEF or AFEP.

For the first time, Plastic Omnium took part in the Paris Motor Show alongside carmaker clients to present its innovations. On this occasion, the Group launched an institutional advertising campaign. The Group also attended the NAIAS Detroit Motor Show in the United States for the first time and renewed its participation at the Beijing Motor Show. The Environment Division presented its latest waste management solutions at the TECMA fair in Spain dedicated to town planning and the environment, and the IFAT fair in Germany, the leading trade fair for resource and waste management solutions, as well as the Pollutec fair in France.

With respect to the issues that the Group deems important but are not included in its businesses, Plastic Omnium chooses to surround itself with specialists: it has worked closely with insur-

ance companies to obtain the HRP label for some of its exemplary sites. It has entrusted the management of chemical risk and product analysis to a specialized partner and a law firm that studies global regulatory trends.

3.6 Methodology

Compagnie Plastic Omnium, which is listed on NYSE Euronext Paris, is a company with industrial operations and employees.

The CSR indicators are collected separately by the HSE and Human Resources Departments from all sites included in the reporting scope, and are subject to consistency checks during the central data consolidation.

The Plastic Omnium Group's social, environmental and societal reporting approach is based on:

- the regulatory provisions related to Article R. 225-105-1 of the French Commercial Code;
- the ten principles of the UN Global Compact;
- the HSE policy integrated into the Company's strategy and management.

With respect to issues required by Article R. 225-105-1 of the French Commercial Code, the fight against food waste has been deemed as non-relevant for the Plastic Omnium Group. This is because the Company's activities are not linked to the production, marketing or distribution of food products. Sites that propose food services (canteens) to its employees contract out this service to a specialized service provider in charge of ensuring compliance with applicable laws. The Group's terms of purchase require compliance with applicable laws, which enables Plastic Omnium to ensure that its service providers will comply with these regulations. This issue is therefore not included in this chapter.

Scope of the report

The reporting scope aims to represent all the businesses of Compagnie Plastic Omnium. For the 2016 fiscal year therefore, social, environmental and societal reporting covered the entire 2016 consolidated revenue of Compagnie Plastic Omnium to IFRS standards.

Only one point of service of the Environment Division is included, as the environmental impact of the other points of service is not considered to be material. The water and energy consumption of the Supply-in-line sequence facilities (SILS) managed by the Auto Exterior Division and the Auto Inergy Division are also taken into account, together with their CO₂ emissions.

The Group has 18 environmentally-regulated facilities (ICPE) subject to authorization. These facilities are integrated into the Group's HSE scope with the exception of one site of the Auto Exterior Division (Plastic Omnium Recycling) which is outside the IFRS scope.

- 1.1 The workforce by type of contract and temporary employees as at December 31 includes all the legal entities in the management account scope of consolidation from the time they are consolidated.
- 1.2 Likewise, registered employees are divided up by gender, by operators/employees/managers, as well as by age group, and temporary employees are included in all of the legal entities in the scope of consolidation.

Changes in scope of consolidation:

In 2016, sites consolidated in the reporting for the Auto Exterior Division following the acquisition of the Faurecia Auto Exterior sites were: Weißenburg, Sterbfritz, Reinsdorf, Pappenheim, Essen, Bad Rappenau in Germany; Tudela, Valencia, Villaverde and Barcelona in Spain; the Malvinas in Argentina; São Bernardo do Campo in Brazil; Hlohovec in Slovakia and Brussels in Belgium. Sites that are meant for sale are not included in the consolidation scope.

Other sites have opened and are included within the reporting scope: Auto Inergy Leon, Auto Exterior San Luis Potosi, Auto Inergy Chongqing*, Auto Exterior Pune TC.

Site acquisitions and creations are included in the scope of HSE data as from the date of start of operations.

Social reporting indicators are reported right from the establishment or consolidation of the site.

Sites disposed of or closed during the year are not included in the scope: Ludoparc Saint-Étienne de Tulmont, Sulo Emballagen GmbH, Signature Ltd Oldbury, Post and Column, Auto Exterior Belvidere.

Indicator calculation methods

Indicators are approved on December 31, 2016, except for the following indicators:

- 2.1 Indicators approved on November 30, 2016 and extrapolated to December 31 based on the ratio of employees at December/employees at November: gender breakdown, breakdown by operators/employees/managers, employees working in shifts or part-time, number of women managers.
- 2.2 Indicators approved on November 30, 2016 and pro-rated to December 31 based on the 12/11 ratio: internal and external training hours, invoices from training organizations, number of interns, number of employees trained since January 1, all environmental data (except for the number of ISO 14001-certified sites, approved on December 31). For sites acquired on August 1, the environmental indicators cover the period between August 1 and November 30, 2016 and extrapolate to December 31, 2016 based on the 5/4 ratio.
- 2.3 The indicators approved on November 30, 2016 and considered as valid for the entire year: weekly working hours, percentage of employees covered by a collective agreement,

percentage of employees trained during the year, workstations adapted for disabled employees.

- 2.4 The indicators approved on October 31, 2016 and considered as valid for the entire year: number of discrimination incidents, number of measures taken following incidents of discrimination, committees, other commissions, number of labor unions represented, agreements on health and safety at work.

All indicators are calculated on the IFRS scope and given for two or three years to enable comparability.

Theme indicators for the consumption of feedstock, water, energy, CO₂ emissions and correlated ratios, along with waste and waste water, have been corrected for 2015 further to a subsequent detection of errors of little consequence that concerned 15 sites. Indicators linked to personnel expenses have been recalculated for 2014 and 2015 as per the IFRS scope.

External procedures and controls

A specific reporting protocol for the HSE and Human Resources Departments was developed and provides information about the collection and validation procedure as well as definitions for the indicators identified, in a single document. This protocol is sent to all contributors and validators of non-financial data. The data is collected into the Group's non-financial reporting software application.

The CSR procedure and the consolidated results of the CSR data are reviewed by senior management.

For 2016, the non-financial indicator reporting procedures were checked externally by an independent third party, Mazars. In this context, audits were held based on a selection of social, environmental and societal indicators on ten sites representative of Plastic Omnium's activities in order to validate the quality and overall credibility of the reporting system:

Sites audited in 2016 (AI: Auto Inergy, AE: Auto Exterior):

- Poland: AI Lublin;
- Germany: AE Reinsdorf, SULO Herford Bins;
- Spain: AE Arevalo;
- United States: AI Anderson, AE Anderson;
- France: AE Saint-Désirat, AE Ruitz, AE Σ-Sigmattech, AI α-Alphatech.

The nature of the audits and the related conclusions are presented in a specific certification at the end of this chapter.

The glossary of indicators may be obtained upon request from the Group Human Resources and HSE Department.

* Excluding Safety/Environment/Energy indicators.

3.7 Cross-reference Table

Categories of Article 225 (Grenelle Act)	Information	Pages	Correspondence between Article 225 and GRI G4	Correspondence with the UN Global Compact
General reporting principles				
Comparability	The information published is presented so as to enable a comparison of data (Law of July 12, 2010). The report from the Board of Directors or the Management Board presents the data observed during the year under review, and if necessary the previous year, to enable data comparison (Decree of April 24, 2012).	78	G4-22; G4-23	
Comply or explain	The report presents, among the information listed by the implementation decree, which disclosures cannot be produced or do not appear to be relevant, given the nature of the Company's activities or organization, and provides all the explanations stating why this is so (Decree of April 24, 2012).	77		
Voluntary compliance with a standard	Where a company complies voluntarily with a national or international social or environmental standard, the report may mention this by giving the recommendations of this standard that were chosen and how this standard may be consulted (Decree of April 24, 2012).	77	G4-15	
Disclosure scope	When a company draws up the consolidated financial statements, the information provided is consolidated and concerns the Company itself together with all its subsidiaries or the companies that it controls (Act of July 12, 2010).	77, 78	G4-17; G4-18	
Verification by an independent third party	The social and environmental information presented or that must be presented under legal and regulatory obligations is verified by an independent third party [...]. This verification is confirmed by an opinion submitted to the Shareholders' Meeting at the same time as the report from the Board of Directors or Management Board (Act of July 12, 2010). The independent third party is appointed for a term that may not exceed six years. It is subject to incompatibilities provided for under Article L. 882-11 of the French Commercial Code (Auditors may not provide consultancy services to the companies whose accounts they certify, or their subsidiaries) (Decree of April 24, 2012).	78, 83	G4-33	

Cross-reference Table

Categories of Article 225 (Grenelle Act)	Information	Pages	Correspondence between Article 225 and GRI G4	Correspondence with the UN Global Compact
I. Social information				
I. a) Employment	Total workforce and breakdown of the workforce by gender, age and region	51, 56, 57, 58, 59, 60	G4-9; G4-10; LA1 partially, LA12	
	New hires and terminations	56, 57	EC6; LA1	
	Compensation and changes in compensation	59	G4-51 partially; G4-52; LA2	
I. b) Organization of working hours	Organization of working hours	65	G4-10	
	Absenteeism	63	LA6	
I. c) Labor relations	Organization of industrial dialogue, procedures for informing and consulting employees and negotiating with them	61		3. Companies are invited to uphold freedom of association and to recognize the right to collective bargaining
	Review of collective agreements	61	G4-11	
I. d) Health and safety	Conditions of occupational health and safety	61, 62, 63, 64		
	Review of agreements signed with labor union organizations or employee representatives regarding occupational health and safety	61		
	Occupational accidents, in particular their frequency and severity, as well as occupational illnesses	52, 62, 63	LA6; LA7	
I. e) Training	Training policies	51, 57, 58	LA10; LA11	
	Total number of training hours	51	LA9; HR2	
I. f) Equal treatment	Measures taken in favor of gender equality	65	LA12 (see also Section 2.1.1 "Composition and independence of the Board of Directors)	2. Companies are asked to ensure that their own entities do not become party to violations of human rights.
	Measures taken to promote the employment and inclusion of persons with disabilities	64	LA12	4. The elimination of all forms of forced or compulsory labor.
	Anti-discrimination policy	64, 65	LA12; HR3	5. The effective abolition of child labor.
I. g) Promotion and enforcement of the provisions of the core conventions of the International Labour Organization (ILO) relating to:	• the upholding of freedom of association and the right to collective bargaining	61, 74	HR4 partially	6. Elimination of discrimination in respect of employment and occupation.
	• to the elimination of discrimination in respect of employment and occupation	64, 74, 75	HR3	
	• to the elimination of forced or compulsory labor	74, 75	HR6 partially	
	• to the effective abolition of child labor	74, 75	HR5 partially	

Cross-reference Table

Categories of Article 225 (Grenelle Act)	Information	Pages	Correspondence between Article 225 and GRI G4	Correspondence with the UN Global Compact
II. Environmental information				
II. a) General environmental policy	Organization by the Company to take environmental issues into account and, where appropriate, take into consideration assessment or certification processes concerning the environment	53, 66, 67, 71	G4-1 partially; G4-44	7. Companies are invited to apply a precautionary approach to environmental issues. 8. To take initiatives that will promote greater environmental responsibility.
	Training and information of employees conducted on the subject of environmental protection	67	G4-43 partially	
	Resources devoted to the prevention of environmental risks and pollution	66	EN31 partially	
	Amount of provisions and guarantees for environmental risks, provided that such information is not likely to cause serious damage to the Company in an ongoing dispute	66	EN29; EN34	
II. b) Pollution	Measures for the prevention, reduction or compensation for air, water and soil emissions seriously affecting the environment	70, 73, 74	EN10 partially; EN20; EN21; EN27	7. Companies are invited to apply a precautionary approach to environmental issues. 9. To favor the development and dissemination of environmentally friendly technologies.
	Accounting for noise pollution and other forms of pollution arising from a specific activity	72	EN27	
II. c) Circular economy	i) Waste prevention and management			7. Companies are invited to apply a precautionary approach to environmental issues. 9. To favor the development and dissemination of environmentally friendly technologies.
	Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	72, 73	EN23; EN25	
	Actions to fight against food waste	Exclusion, 77		
	ii) Sustainable use of resources			
	Water consumption and water supply according to local constraints	54, 74	EN8	
	Consumption of raw materials and measures to improve efficiency in their use	54, 70, 72	EN1; EN2	
	Energy consumption, measures to improve energy efficiency and use of renewable energy	53, 67, 68, 69, 70, 71	EN3; EN5; EN6	
Land use	73			
II. d) Climate change	Significant sources of greenhouse gas emissions generated as a result of the Company's activity, in particular through the use of the goods and services that it produces	54, 69, 70, 71	EN15; EN16; EN18; EN19	
	Adaptation to the impacts of climate change	55, 74		
II. e) Protection of biodiversity	Measures taken to preserve or develop biodiversity	74	EN13 partially	

Cross-reference Table

Categories of Article 225 (Grenelle Act)	Information	Pages	Correspondence between Article 225 and GRI G4	Correspondence with the UN Global Compact
III. Information relating to societal commitments to sustainable development				
III. a) Regional, economic and social impact of the Company's activity	With respect to employment and regional development	75, 76		
	On local or neighboring populations	75, 76		
III. b) Relationships with persons or organizations with an interest in the Company's businesses, in particular vocational integration associations, educational institutions, environmental protection associations, consumer associations and local residents	Conditions for dialogue with these people or organizations	57, 76, 77	G4-24; G4-26; G4-27	
	Partnership or sponsorship actions	76		
III. c) Outsourcing and suppliers	Taking social and environmental challenges into account in the purchasing policy	74, 75	EN33; LA15; HR11; S010	1. Companies are invited to promote and protect international law relating to human rights within their sphere of influence. 2. They must ensure that their own entities do not become party to infringements of human rights.
	Importance of outsourcing and taking the social and environmental responsibility of suppliers and subcontractors into account	74, 75	EN32; LA14; HR10; S09	
III. d) Fair practices	Measures taken in favor of consumer health and safety	55		
	Actions undertaken to prevent corruption	75	G4-56; G4-58; S03; S04; S05	1. Companies are invited to promote and protect international law relating to human rights within their sphere of influence. 2. They must ensure that their own entities do not become party to infringements of human rights. 4. Elimination of all forms of forced or compulsory labor. 5. The effective abolition of child labor. 10. Companies are invited to act against corruption in all its forms, including extortion and bribery.
III. e) Other actions carried out in favor of human rights		64, 65, 74, 75	G4-56; G4-57; HR2; HR9	

3.8 Report by One of the Statutory Auditors, Appointed as Independent Third-Party, on the Consolidated Human Resources, Environmental and Social Information Included in the Management Report

Financial year ended December 31, 2016

To the Shareholders,

As the independent third-party (members of the Mazars' network), Statutory Auditors of Plastic Omnium, whose accreditation was accepted by Cofrac under number 3-1058⁽¹⁾, we hereby present our report on the consolidated human resources, environmental and social information provided in the management report prepared for the year ended December 31, 2016 (hereinafter referred to as the "CSR information"), pursuant to Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

The Board of Directors is responsible for preparing a management report including the CSR information required under Article R. 225-105-1 of the French Commercial Code, in accordance with the CSR reporting protocol used by the Company (hereinafter the "Reporting Criteria"), a summary of which is given in the management report and is available on request from the Company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics and by the provisions of Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes documented policies and procedures designed to ensure compliance with deontological rules, professional standards and applicable legal texts and regulations.

Responsibility of the independent third-party

Based on our work, our role is to:

- attest that the required CSR information is disclosed in the management report or that an explanation has been provided, if any information has been omitted, in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR information);
- provide limited assurance that, on the whole, the CSR information is fairly presented, in all material respects, in accordance with the adopted Reporting Criteria (Fairness report regarding CSR information).

Our work was carried out by a team of eight people during a nine-week period between October 2016 and February 2017.

We conducted the work described below in accordance with the professional standards applicable in France and the legal order dated May 13, 2013 determining the methodology according to which the independent third-party body conducts its mission and, on the reasoned opinion, in accordance with ISAE 3000⁽²⁾.

I – Attestation of completeness of the CSR Information

We got acquainted with the direction that the Group is taking, in terms of sustainability, with regard to the human resources and environmental consequences of the Company's business and its social commitments and, where appropriate, the actions or programs that stemmed from it.

We compared the CSR Information presented in the management report to the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of some consolidated information, we checked that explanations were provided in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code.

(1) The scope of which is available on the website www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

We checked that the CSR information covers the consolidated scope, which includes the Company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limits set forth in the methodological Note presented in the Registration Document (chapter 3 “Sustainable Development”), which includes the management report.

Based on our work, and taking into account the limitations mentioned above, we attest that the required CSR information has been disclosed in the management report.

II – Fairness report with respect to CSR Information

Nature and scope of procedures

We conducted 40 or so interviews with those responsible for the preparation of CSR information from the departments in charge of the processed of gathering information and, where appropriate, those responsible for internal control and risk management to:

- assess the appropriateness of the Reporting Criteria in terms of relevance, completeness, neutrality, clarity and reliability, by taking into consideration, when relevant, the sector’s best practices;
- verify the set-up within the Group of a process to collect, compile, process and check the CSR information with regard to its completeness and consistency. We familiarized ourselves with the internal control and risk management procedures relating to the compilation of the CSR information.

We determined the nature and extent of tests and controls depending on the nature and importance of CSR information in relation to the characteristics of the Company, the human resources and environmental issues of its operations, its strategic priorities in relation to sustainable development, and the industry best practices.

Concerning the CSR information that we considered to be most significant⁽³⁾:

- at Group level (Human Resources Development and HSE Departments), we consulted source documents and conducted interviews to corroborate the qualitative information (organization, policies, actions); we used analytical procedures and sampling techniques for the quantitative information and verified the calculations and consolidation of the information, as well as its consistency and correspondence with the other information contained in the management report;
- at the level of a representative sample of sites and departments selected⁽⁴⁾ based on their activity, their contribution to consolidated indicators, their location and a risk analysis, we conducted interviews to verify the proper application of procedures and conducted substantive tests, using sampling techniques, to verify the calculations performed and reconcile the data with the supporting documentation.

The selected sites contribution to Group data equals to 18% of headcount and between 17% to 55% of the quantitative environmental information tested.

Regarding the other CSR consolidated information, we assessed its fairness and consistency based on our knowledge of the Group.

Finally, we assessed the relevance of the explanations relating to, where necessary, the omission of certain information.

We deem that the sampling methods and sample sizes we have learned by exercising our professional judgment allow us to formulate a conclusion providing limited assurance; a higher level of assurance would have required more extensive work. Because of the use of sampling techniques, and because of other limits inherent to any information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be completely eliminated.

(3) For all selected human resources and environmental data cited above: Σ -Sigmatech, AI Anderson, AE Anderson, AI α -Alphatech, AE Arevalo, AE Ruitz, SULO Herdford Bins, POC Saint-Désirat.

For all selected human resources and environmental data cited above except training hours and number of employees who have received Top Safety Training: AE Reinsdorf Plant. For the social information: centrally from the AI and AE Human Resources and Supplier Quality Departments. In addition, for information on workforce by type of employment contract, status, gender, age and region, recycled and recovered waste and training hours: IN Lublin.

(4) Human Resources information: workforce by type of employment contract, status, gender, age and region, training hours, absenteeism rate, workplace accident frequency rate with and without lost time, number of employees who have received Top Safety Training.

Environmental information: electricity consumption, gas consumption, water consumption, recycled and recovered waste, greenhouse gases (GHG).

Social information: number of supplier CSR audits, number of people trained in the Code of Conduct.

Independent Third-Party Report

Conclusion

Based on our work, we did not identify any material misstatements that would lead us to believe that the CSR information, taken as a whole, has not been fairly presented, in all material respects, in accordance with the Reporting Criteria.

Done in Paris-la Défense, February 22, 2017

The Independent third-party

MAZARS

Jean-Luc Barlet

Partner

Edwige Rey

CSR & Sustainable Development Partner

A close-up, low-angle shot of a blue car's front end. The image shows the top of a headlight on the left and the upper part of a grille on the right. The car's body panels are a deep, metallic blue, and the lighting creates strong highlights and shadows, emphasizing the car's curves and textures. The background is a soft, out-of-focus blue.

04 |
REVIEW
OF FINANCIAL
POSITION
AND RESULTS

4.1 Significant events in 2016

Record financial results

2016 was a record year. All of the Group's financial aggregates posted double-digit growth to reach historical highs.

Strategic development of Plastic Omnium in Automobile External Systems

On July 29, 2016, Compagnie Plastic Omnium acquired the Exterior Systems Division (bumpers and front-end modules) of Faurecia, with its €1.9 billion in revenue and 7,500 employees, for an enterprise value of €665 million.

This acquisition came with a commitment, given at the request of the EU Commission, to dispose of French sites, one Spanish site and the front-end module assembly business in Germany with combined revenue of €700 million.

With this transaction, Plastic Omnium confirms its position as world leader in auto exterior systems, with its global market share reaching 15%.

It creates industrial coverage with five new plants in Germany, which is now the country that is the largest contributor to revenue for the Auto Exterior Division. With three additional plants, it doubles the presence of the Auto Exterior division in Spain. It also strengthens it in Slovakia and Belgium.

The acquisition creates new relationships with Audi, Mercedes and Ford, and strengthens ties with other customers, notably Volkswagen, Seat and PSA, as well as BMW and Fiat Chrysler Automobiles (FCA).

Lastly, it adds an R&D center with 300 employees in Germany to the 1,300 engineers around the world who are already developing systems for this division that are lighter, more aerodynamic and more integrated. This increases the capacity for innovation and growth to meet the challenges to come from advances in technology.

The business underwent consolidation upon its acquisition. Accordingly, the contracts portfolio was reviewed and three production sites were closed. As a result, revenue amounted to €1 billion (2016 pro forma).

Moreover, in accordance with the European Commission's requirement that Plastic Omnium divest certain assets included in the acquisition of Faurecia's Exterior Systems business, on December 23, 2016 the Group entered into exclusive negotiations with Flex|N|Gate, an American group, for the disposal of the seven European plants on the basis of an enterprise value of €200 million. These assets represent revenue of €700 million and count 2,000 employees. The transaction should be finalized during the first half of 2017 once the European Commission gives its approval.

Non-strategic Disposals

Compagnie Plastic Omnium disposed of certain non-strategic assets in 2016.

In the Automotive Division, Plastic Omnium received on November 18, 2016 a firm offer from mutares, a German group, for its truck operations which it had intended to divest. The truck operations consist of the design and manufacture of body and structural parts for the truck industry, employ around 1,500 people and represent revenue of €190 million. The acquisition of mutares should be finalized in the first half of 2017.

In the Environment Division, in order to focus on its waste containerization business, Plastic Omnium disposed of the following entities:

- Signature Ltd, its subsidiary in the United Kingdom specializing in highway signage;
- its plant in Montauban producing resin playgrounds;
- Emballagen GmbH, its subsidiary in Germany specializing in developing, producing and marketing metal drums for the chemicals industry.

Together these three disposals represent annual revenue of around €60 million.

Enhanced and optimized industrial facilities

The Plastic Omnium Group is committed to supporting carmakers worldwide and to developing its industrial capacity in high-growth regions for auto production. It continues to strengthen its footprint in these regions.

In Mexico, two new production sites, the San José Chiapa plant which makes front-end modules for Audi, and the León plant which makes fuel systems for Daimler, General Motors and Nissan, began production in 2016. This brings the number of production sites in Mexico to 10 (4 for the Auto Exterior Division, 3 for the Auto Inergy Division and 3 for front-end modules).

In the United Kingdom, the Warrington plant near Liverpool began its production of exterior body parts for Jaguar Land-Rover in June 2016. This brings the number of Automotive production sites in the United Kingdom to 4 (3 for the Auto Exterior division and 1 for front-end modules).

In China, the Harbin plant started production during the year to supply exterior body parts to CA-Ford. This brings the number of industrial facilities in China to 26.

3 new plants will become operational in 2017: 1 in Mexico for the Auto Exterior Division, 1 in China for the Auto Inergy Division and 1 in India for the Auto Inergy Division. 2 new plants are set to open in the United States in 2018: 1 for the Auto Inergy Division and the other for the Auto Exterior Division.

Elsewhere, the Group is continuing its relentless efforts to optimize its industrial facilities by focusing on operational excellence and cost-cutting. Due to slowing production, the Group had to close its Laval (France) fuel systems production site on July 31, 2016. In the United States, the front-end module assembly plants in Belvedere (Illinois) and Sterling Heights (Michigan) were also closed. Plastic Omnium also announced on October 19, 2016 the closure of its exterior body parts production site in Norcross (Georgia) and the transfer of its production to the plants in Anderson (South Carolina) and Chattanooga (Tennessee), the latter having opened in August 2015. Following the sharp drop in bumper production in Brazil, the Group decided to concentrate Auto Exterior production on the Taubaté plant. Against this backdrop, on November 25, 2016, the Group announced the closure of the São Bernardo do Campo plant in Brazil.

Continuing investment in R&D

With capital expenditure in high-growth regions, innovation is the Group's other driver of growth. Compagnie Plastic Omnium is continuing to pour significant resources into Research & Development.

Technological innovations contribute greatly to the Group's growth. They are supported by legislation that is becoming increasingly stringent worldwide in terms of polluting emissions (CO₂ and NO_x). Plastic Omnium is developing solutions to reduce these emissions through two main levers: making vehicles lighter and more aerodynamic, and emission control systems.

Aware of the need to prepare for the coming changes in the automotive industry, Plastic Omnium is positioning itself in the hydrogen vehicle and fuel cell markets. Accordingly, in September 2016 Plastic Omnium announced that it and Elbit Systems, an Israeli firm, were founding the startup Ξ -POCellTech focusing on fuel cells and supercapacitors. The Company's expertise combines with work already done by Elbit Systems to develop a fuel cell with a very low precious metal content and a new range of supercapacitors.

At the 2016 Paris Automotive Show, the Group also presented a high pressure hydrogen storage prototype capable of ensuring a long vehicle range with an estimated recharge time of three minutes compared with several hours for electric vehicles.

Moreover, the Group announced the construction of an advanced research and innovation center for new energy sources called Δ -Deltatech. Based in Brussels, it will require an investment of €50 million and employ 200 engineers and is set to open in early 2019.

Confirmation of the success of the SCR offer

The SCR (Selective Catalytic Reduction) system for pollution reduction in diesel engines, patented by Plastic Omnium, is based on the injection of an aqueous solution of urea in the exhaust and reduces emissions of nitrogen oxides from diesel engines by up to 95%.

Plastic Omnium today ranks as one of the leaders in SCR, a market that is growing strongly due to the tightening of environmental standards for NO_x reduction (EURO 6 applicable in Europe since September 2014 and Tier 2 Bin 5 applicable in North America since 2007/2009).

For this equipment, Plastic Omnium provides the urea tank and the pump which feeds urea into the injector that reduces NO_x and meets the environmental standards in force in each country.

Today, this system has been adopted by 13 automakers including Audi, Fiat/Chrysler, Ford, General Motors, Nissan, Porsche, Renault and Toyota.

Plastic Omnium's production volumes, which rose to nearly 1 million units in 2016, should grow to 3 million systems in 2020, for a global market share of 26%.

Financing activities

On June 17 and 27, 2016, the Group repaid in advance the variable portion of the "Schuldschein" private placement contracted with private investors in France and abroad, in the amount of €74 million. Following this repayment, on June 17, 2016 the Group contracted a new "Schuldschein" private placement at a lower rate and over a longer period with private investors outside France, primarily in Asia, Germany, the Netherlands, Switzerland, Luxembourg and Belgium, in the amount of €300 million.

Share buy-back & Capital – Reduction of Compagnie Plastic Omnium

On February 24, 2016, Compagnie Plastic Omnium's Board of Directors voted to cancel 1,100,000 treasury shares, or 0.72% of the share capital, bought in early 2016. This operation took effect March 21, 2016. This operation brings the equity interest of the parent company, the Burelle SA holding company, to 57.01% of the share capital.

In total in 2016, Compagnie Plastic Omnium repurchased 3,174,071 of its own shares (2.08% of share capital) for €91.6 million at an average price of €28.87 per share. At December 31, 2016, it held 2.77% of its own shares.

4.2 Comments on the Consolidated Financial Statements

4.2.1 Comments on the consolidated financial statements

At December 31, 2016, Compagnie Plastic Omnium's economic revenue amounted to €6,935.7 million, up by 15.9% as reported and by 12.1% at constant scope and exchange rates.

On July 29, 2016 Plastic Omnium acquired Faurecia's Exterior Systems business, thus reinforcing its position as a world leader in the production of plastic bumpers and body parts with a 15%

market share. The acquisition contributed €413 million to Automotive revenue in 2016.

There was a positive currency effect of €163 million. There was a positive consolidation scope effect of €413 million following the acquisition of Faurecia's Exterior Systems business and the disposal of the subsidiaries Signature Ltd and Emballagen GmbH (Environment Division).

At December 31, 2016, Compagnie Plastic Omnium's consolidated sales amounted to €5,857.3 million, up by 16.9% as reported and by 11.6% at constant scope and exchange rates. There was a positive currency effect of €125 million. There was a positive consolidation scope effect of €413 million following the acquisition of Faurecia's Exterior Systems business and the disposal of the subsidiaries Signature Ltd and Emballagen GmbH (Environment Division).

In € millions, by business segment	2015	2016	% change	At constant scope and exchange rates
Automotive	5,596.7	6,566.8	+17.3%	+12.8%
Environment	385.8	368.9	-4.4%	+0.9%
Economic revenue⁽¹⁾	5,982.5	6,935.7	+15.9%	+12.1%
Automotive	4,624.1	5,488.3	+18.7%	+12.4%
Environment	385.8	368.9	-4.4%	+0.9%
Consolidated revenue⁽²⁾	5,009.9	5,857.3	+16.9%	+11.6%

In € millions and as a % of revenue, by region	2015	2016	% change	At constant scope and exchange rates
Europe/Africa	3,135.6 52%	3,735.2 54%	+19.1%	+9.7%
North America	1,683.3 28%	1,813.8 26%	+7.8%	+7.7%
South America	162.3 3%	198.4 3%	+22.2%	+37.2%
Asia	1,001.3 17%	1,188.4 17%	+18.7%	+23.0%
Economic revenue⁽¹⁾	5,982.5 100%	6,935.7 100%	+15.9%	+12.1%
Europe/Africa	2,684.6 54%	3,269.5 56%	+21.8%	+10.7%
North America	1,580.1 32%	1,698.4 29%	+7.5%	+6.7%
South America	162.3 3%	198.4 3%	+22.2%	+37.2%
Asia	582.9 12%	690.9 12%	+18.5%	+21.4%
Consolidated revenue⁽²⁾	5,009.9	5,857.3	+16.9%	+11.6%

(1) Economic revenue is consolidated revenue plus the Company's share of the revenue of joint ventures in proportion to its equity interest (BPO, HBPO and YFPO in the case of Plastic Omnium Automotive). The figure reflects the operational and managerial realities of the Group.

(2) Consolidated revenue, in accordance with IFRS 10, 11 & 12, do not include the Company's share of the revenue of joint ventures which are accounted for by the equity method.

Automotive Division: strong growth in 2016

Economic revenue for Plastic Omnium Automotive came to €6,566.8 million. It was up 17.3% as reported and by 12.8% at constant scope and exchange rates within a 4.8% increase in worldwide automotive production over the year, outperforming the market by 8 points. This reflects a solid order book, an increased new production capacity in Mexico, the United Kingdom and China, and the success of the innovative products portfolio.

Business was brisk in Europe, which accounts for 52% of total Automotive revenue. Plastic Omnium grew by 10.9% at constant scope and exchange rates as production increased by 3.8%. Business was particularly strong in the United Kingdom, which grew by 28.5% due in large part to the commissioning of the exterior parts plant in Warrington-Liverpool for Jaguar Land-Rover in June 2016. In addition, SCR systems for reducing diesel vehicle emissions enjoyed further growth worldwide with an increase of 50% over the year to reach revenue of €306 million.

Business in North America grew by 7.7% over the year at constant scope and exchange rates. North American revenue grew by 10.9% at constant scope and exchange rates in the second half of 2016, outperforming the market by 10.1 points and confirming the region as a major growth area for the Group going forward with the commissioning of new facilities in Mexico and the United States. The Group benefited in North America from its strong exposure to SUV models, which account for around 75% of our business.

Business in Asia, including China, grew by 22.9% at constant scope and exchange rates. In China, where economic revenue amounted to €634 million, or 10% of total revenue, business grew by 30.8% at constant exchange rates within a 14.3% increase in global automotive production over the year, outperforming the market by 16.5 points. The Group benefited from high investment made over the past three years to enlarge its industrial capacity, currently comprising 26 plants, and win market share, in particular with Chinese carmakers – 18 local brands at the present time – who account for a growing share of Chinese revenue (14% in 2016 particularly with SUVs). In the rest of Asia, business growth was 14.6% at constant scope and exchange rates, driven by Japan, India and South Korea.

Volkswagen remains the Group's leading customer with 19% of Automotive revenue, ahead of General Motors with 15% and PSA Peugeot Citroën with 10%.

In 2016, German carmakers remained the top contributors to Automotive revenue with 33% of the business (versus 31% in 2015), ahead of American carmakers with 28% (similar to 2015), Asian carmakers with 19% (versus 20% in 2015) and French carmakers with 17% (versus 19% in 2015).

Environment Division: refocus leading to renewed growth with an enriched range of goods and services

Revenue for the Environment Division at December 31, 2016 was up by 0.9% at constant scope and exchange rates to €368.9 million. As mentioned previously, in order to focus on its waste containerization business, Plastic Omnium Environment disposed of the following entities:

- Signature Ltd, its subsidiary in the United Kingdom specializing in highway signage;
- its plant in Montauban producing resin playgrounds;
- Emballagen GmbH, its subsidiary in Germany specializing in developing, producing and marketing metal drums for the chemicals industry.

Together these three disposals represent annual revenue of around €60 million.

The Environment Division grew by 4.2% at constant scope and exchange rates over the second half of the year by virtue of good sales and a wider range of products and services on offer.

Consolidated gross profit was €975 million, versus €837 million in 2015. It represented 16.6% of consolidated sales, versus 16.7% in 2015.

Gross R&D spend was €339 million as compared with €295 million in 2015, an increase of 14.8%. Net R&D spend, after deduction of capitalized development costs and amounts re-invoiced to customers, was €146 million (2.5% of consolidated sales), compared with €108 million (2.2% of consolidated revenue) in 2015.

Selling costs were €55 million (0.9% of consolidated sales) compared with €62 million (1.2% of consolidated revenue) in 2015.

Administrative expenses rose from €213 million in 2015 to €246 million in 2016 (from 4.2% of consolidated sales to 4.3% in 2015).

Amortization of intangible assets acquired in business combinations amounted to an expense of €22 million in 2016, compared with €19 million in 2015.

The share of profit of associates and joint ventures amounted to €52 million in 2016, versus €35 million in 2015.

Operating margin after amortization of intangible assets acquired in business combinations and after share of profit of associates and joint ventures was up by 18.7%, to €557.8 million, compared with 2015.

Comments on the Consolidated Financial Statements

Operating margin for the Automotive business amounted to €533.3 million at December 31, 2016 (9.7% of consolidated sales) compared with €446.7 million at December 31, 2015. The Automotive Division maintained an operating margin of 9.7% despite the dilutive effect of the acquisition of Faurecia's Exterior Systems business at July 29, 2016 and thanks to:

- a high utilization rate (85%) of its production capacity worldwide;
- the improved operational excellence achieved with the 160 new programs launched during the year;
- strict cost controls;

- the first effects of recovery measures to turn around the Exterior Systems business acquired from Faurecia (e.g. merging the two organizations, adjusting the program portfolio, closing plants in the United States in 2016 and Brazil in early 2017, and streamlining of the workforce, etc.).

Plastic Omnium Environment grew during the year to reach an operating margin of €24.4 million, or 6.6% of consolidated revenue (versus €23 million and 6% of consolidated revenue in 2015), by virtue of strict cost controls and good sales in France and Germany.

Consolidated revenue and operating margin by business Aggregates expressed in € millions	2015			2016		
	Revenue	Operating margin	%	Revenue	Operating margin	%
Plastic Omnium Automotive	4,624	447	9.7%	5,488	533	9.7%
Plastic Omnium Environment	386	23	6.0%	369	24	6.6%
Total	5,010	470	9.4%	5,857	558	9.5%

Other operating income and expense resulted in a net expense of €85 million in 2016, versus net expense of €75 million in 2015. In 2016, Plastic Omnium intensified its efforts focusing on industrial efficiency and organization so as to further improve its competitiveness.

Net finance costs amounted to €68 million, versus €56 million in 2015. These costs account for 1.2% of revenue.

In 2016, the Group recorded income tax expense of €86 million, versus €75 million in 2015, an effective tax rate of 24.5% (24.8% in 2015).

Net profit rose by 21.1% to €318.3 million, or 5.4% of consolidated sales. Net profit Group share rose by 20.8% to €312.1 million, or 5.3% of consolidated sales.

Basic earnings per share amounted to €2.11, versus €1.75 in 2015 (+20.6%).

Cash flow and capital

Group EBITDA was up by 17.2% to €810.0 million (13.8% of consolidated sales) and cash flow from operations was up by 20.9% to €732.6 million (12.5% of consolidated sales).

Committed to a sustained Capex program of €2.5 billion over the 2016-2020 period, the Group increased its investment by 24.6% to €402.1 million in 2016, i.e. 6.9% of consolidated sales (compared with €322.7 million or 6.4% of consolidated sales in 2015). Plastic Omnium opened 4 plants during the year: 1 in the United Kingdom (Warrington-Liverpool) for exterior body parts, 2 in Mexico – 1 for front-end modules (San José Chiapa) and 1 for fuel systems (León) –, and 1 in China for exterior body parts (Harbin). At the same time the Group successfully launched 160 automotive programs.

In this context of strong investment, the Group generated free cash flow of €240.7 million in 2016, representing 4.1% of consolidated sales, up by 19.2% from 2015.

4.2.2 Investments in 2016-2020

The Group will continue with its €2.5 billion investment program over the 2016-2020 period to:

- continue to outperform worldwide automotive production;
- prepare the Group for technological changes in the automotive industry;
- improve the performance of the new activities acquired.

4.3 Comments on the Statutory Accounts

Balance Sheet

The main changes in the balance sheet were linked to the acquisition by Compagnie Plastic Omnium of Groupe Faurecia shares on July 29, 2016.

At December 31, 2016, Compagnie Plastic Omnium ended the year with negative net cash flow of €13.8 million, compared with positive net cash flow of €150.4 million at December 31, 2015.

Negative net cash flow for an amount of €164.2 million was mainly due to the following changes:

- issue of the “Schuldschein” private bond on June 17, 2016 and increase in borrowings from credit institutions: -€311.2 million;
- increase in cash and cash equivalents and short-term investments: +€97.1 million;
- changes in the mark-to-market value of hedging instruments: -€4.9 million;
- increase in loans to subsidiaries: +€54.8 million.

Earnings Performance

Compagnie Plastic Omnium posted operating revenue of €40.2 million in 2016, compared with €38.4 million the previous year. This revenue can be broken down as follows:

- €28 million in trademark license fees from subsidiaries;
- €12.1 million in rents.

Net operating loss came to €10.9 million in 2016, compared with a loss of €5.1 million in 2015, mainly due to fees incurred as part of the acquisition of Faurecia’s Exterior Systems business.

Net financial income for Compagnie Plastic Omnium was €57.4 million, versus €220.8 million in 2015. The change was largely due to:

- dividends from subsidiaries of €176.1 million, versus €199.6 million in 2015;
- other operating income and expenses of €0.3 million in 2016, compared with a net surplus of €18.7 million in 2015;
- net provisions of €122.6 million in 2016 for equity on equity securities, versus €2.5 million in 2015.

After factoring in €3.2 million in non-operating expense, profit before tax amounted to €43.3 million, compared with €215.5 million in 2015.

A net income tax profit of €3.4 million was recorded in 2016 compared with a tax profit of €7.4 million the previous year.

As a result, net profit for 2016 was €46.7 million, compared with €222.9 million in 2015.

No non-deductible overhead expenses were added back to taxable income during 2016, in application of articles 223 quater and 223 quinquies of the French General Tax Code.

4.4 Outlook and Post-balance Sheet Events

In 2017, the Group will record strong growth thanks to the full 12-month integration of the new expanded scope of business and to recurring outperformance from automotive production worldwide expected to grow by 1 to 2% in 2017.

The Group will therefore continue to grow in all geographic regions.

The Group will pursue its investment program of €2.5 billion over the 2016-2020 period in order to:

- continue to outperform worldwide automotive production;
- prepare the Group for technological changes in the automotive industry;
- improve the performance of newly acquired businesses.

In 2017, Plastic Omnium will pursue its strategy of profitable growth generating cash, and post a rise in its operating margin and net profit - Group share results.

Plastic Omnium can confirm that its business will continue to outperform worldwide automotive production and achieve economic revenue of €9.5 billion in 2020 (i.e. up by 60% over the year 2015).

On March 6, 2017, the German group mutares signed an acquisition agreement for Plastic Omnium Group’s truck operations activity.

On March 13, 2017, the American group Flex|N|Gate signed an acquisition agreement for the assets of Faurecia Auto Exterior affected by the European Commission’s decision.

No event likely to have a material impact on the Group’s business, financial position, earnings or assets and liabilities as at December 31, 2016 has occurred since the closing date.

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PREAMBLE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Indicators

In the context of its financial communication, the Group uses financial indicators based on consolidated data from the consolidated financial statements issued in accordance with IFRS as adopted within the European Union.

As indicated in Note 3.1 to the consolidated financial statements as of December 31, 2016 relating to segment information, for operational management purposes the Group uses the concept of “economic revenue”, which corresponds to the consolidated sales of the Group and its joint ventures up to the Group’s percentage stake: HBPO, a German company and world leader in front-end modules, Yanfeng Plastic Omnium, the Chinese leader in exterior body parts, BPO, a major player in the Turkish market for exterior equipment, and Plastic Recycling, a specialist company in plastics recycling.

Reconciliation of economic revenue with consolidated revenue

In thousands of euros	2016	2015
Economic revenue for the historical scope	6,523,162	5,982,499
Economic revenue for the “Faurecia Exterior Systems” acquired scope	412,570	–
Economic revenue	6,935,732	5,982,499
<i>Including Sales from joint ventures at the Group's percentage stake</i>	1,078,481	972,604
Consolidated revenue for the historical scope	5,444,681	5,009,895
Consolidated revenue for the “Faurecia Exterior Systems” acquired scope	412,570	–
Consolidated revenue	5,857,251	5,009,895

Presentation including “Faurecia Exteriors Systems” business for full-year 2016

In thousands of euros	2016
Economic revenue for the historical scope	6,523,162
Economic revenue for the “Faurecia Exterior Systems” acquired scope	1,046,270
Economic revenue	7,569,432
<i>Including Sales from joint ventures at the Group's percentage stake</i>	1,078,481
Consolidated revenue for the historical scope	5,444,681
Consolidated revenue for the “Faurecia Exterior Systems” acquired scope	1,046,270
Consolidated revenue	6,490,951



05 |
CONSOLIDATED
FINANCIAL
STATEMENTS

AS OF DECEMBER 31, 2016

5.1 Balance Sheet

Assets

In thousands of euros	Notes	December 31, 2016	December 31, 2015
Goodwill	3.1.2 – 3.2 – 5.1.1 – 5.1.2	531,077	287,496
Other intangible assets	3.1.2 – 3.2 – 5.1.2	484,321	381,164
Property, plant and equipment	3.1.2 – 3.2 – 3.3 – 5.1.3 – 5.1.4	1,353,589	1,149,215
Investment property	3.1.2 – 3.2 – 5.1.5	93,263	93,263
Investments in associates and joint ventures	5.1.6	190,192	159,073
Available-for-sale financial assets – Equity interests	5.1.7.1	394	356
Other available-for-sale financial assets ⁽¹⁾	5.1.7.2 – 5.2.7.6 – 6.4.2 – 6.7	30,451	1,172
Other non-current financial assets ⁽¹⁾	5.1.8 – 5.2.7.6 – 6.7	54,449	64,740
Deferred tax assets	5.1.12	140,355	87,310
Total non-current assets		2,878,091	2,223,789
Inventories	3.1.2 – 5.1.9	390,312	347,413
Finance receivables ⁽¹⁾	5.1.10 – 5.2.7.6 – 6.7	33,918	18,833
Trade receivables	3.1.2 – 5.1.11.2 – 5.1.11.4 – 6.3.1 – 6.4.2 – 6.7	809,624	577,855
Other receivables	3.1.2 – 5.1.11.3 – 5.1.11.4	347,160	225,689
Other financial assets and financial receivables ⁽¹⁾	5.1.10 – 5.2.7.6 – 6.4.2 – 6.7	62,388	27,010
Hedging instruments ⁽¹⁾	3.1.2 – 5.2.7.6 – 5.2.8 – 6.4.2 – 6.7	499	1,558
Cash and cash equivalents ⁽¹⁾	3.1.2 – 5.1.13.1 – 5.1.13.2 – 5.2.7.6 – 6.4.2 – 6.7	334,189	663,156
Total current assets		1,978,090	1,861,514
Assets held for sale	5.1.16	240,712	5,780
Total assets		5,096,893	4,091,083

Balance Sheet

Equity and liabilities

In thousands of euros	Notes	December 31, 2016	December 31, 2015
Capital	5.2.1.1	9,149	9,215
Treasury stock		(61,192)	(52,502)
Additional paid-in capital		17,389	38,637
Consolidated reserves		1,202,579	1,012,773
Net income for the period		312,112	258,374
Equity attributable to owners of the parent		1,480,037	1,266,497
Attributable to non-controlling interests		23,674	20,822
Total equity		1,503,711	1,287,319
Non-current borrowings ⁽¹⁾	3.1.2 – 5.2.7.6 – 6.7	1,119,337	921,148
Provisions for pensions and other post-employment benefits	5.2.5 – 5.2.6.5	109,718	101,991
Non-current provisions for liabilities and charges	5.2.5	45,365	34,498
Non-current government grants	5.2.4	12,420	13,875
Deferred tax liabilities	5.1.12	78,643	59,704
Total non-current liabilities		1,365,483	1,131,216
Bank overdrafts ⁽¹⁾	3.1.2 – 5.1.13.2 – 5.2.7.6 – 6.4.2 – 6.7	10,307	15,891
Current borrowings ⁽¹⁾	3.1.2 – 5.2.7.6 – 6.7	168,320	94,188
Other current debt ⁽¹⁾	3.1.2 – 5.2.7.6 – 6.4.2 – 6.7	5	4
Hedging instruments ⁽¹⁾	3.1.2 – 5.2.7.6 – 5.2.8 – 6.4.2 – 6.7	17,870	12,757
Provisions for liabilities and charges	5.2.5	41,912	35,019
Current government grants	5.2.4	–	281
Trade payables	5.2.9.1 – 5.2.9.3 – 6.4.2 – 6.7	1,226,618	1,010,431
Other operating liabilities	5.2.9.2 – 5.2.9.3	683,299	503,977
Total current liabilities		2,148,331	1,672,548
Liabilities related to assets held for sale	5.1.16	79,368	-
Total equity and liabilities		5,096,893	4,091,083

(1) Components of net debt. Net debt stands at €799.9 million at December 31, 2016, compared with €267.5 million at December 31, 2015 (see Note 5.2.7.6).

5.2 Income Statement

In thousands of euros	Notes	2016	%	2015	%
Consolidated sales (revenue)	3.1.1 – 3.1.4.1 – 3.1.4.2	5,857,251	100.0%	5,009,895	100.0%
Cost of goods and services sold	4.2	(4,882,708)	-83.4%	(4,172,415)	-83.3%
Gross profit		974,543	16.6%	837,480	16.7%
Net research and development costs	4.1 – 4.2	(145,740)	-2.5%	(108,079)	-2.2%
Selling costs	4.2	(55,086)	-0.9%	(62,215)	-1.2%
Administrative expenses	4.2	(246,180)	-4.2%	(213,423)	-4.3%
Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures	3.1.1	527,537	9.0%	453,763	9.1%
Amortization of intangible assets acquired in business combinations ⁽¹⁾	3.1.1 – 4.4	(21,583)	-0.4%	(18,795)	-0.4%
Share of profit/loss of associates and joint ventures	3.1.1 – 4.5	51,801	0.9%	34,749	0.7%
Operating margin⁽²⁾	3.1.1	557,755	9.5%	469,717	9.4%
Other operating income	3.1.1 – 4.6	34,861	0.6%	20,943	0.4%
Other operating expenses	3.1.1 – 4.6	(120,134)	-2.1%	(96,441)	-1.9%
Finance costs, net	3.1.1 – 4.7	(58,859)	-1.0%	(53,646)	-1.1%
Other financial income and expenses, net	3.1.1 – 4.7	(9,027)	-0.2%	(2,532)	-0.1%
Profit from continuing operations before income tax and after share of profits of associates and joint ventures	3.1.1	404,595	6.9%	338,041	6.7%
Income tax	3.1.1 – 4.8	(86,307)	-1.5%	(75,200)	-1.5%
Net income	3.1.1	318,288	5.4%	262,841	5.2%
Net profit attributable to non-controlling interests	4.9	6,176	0.1%	4,467	0.1%
Net profit attributable to owners of the parent		312,112	5.3%	258,374	5.2%
Earnings per share attributable to owners of the parent company	4.10				
• Basic earnings per share (in euros) ⁽³⁾		2.11		1.75	
• Diluted earnings per share (in euros) ⁽⁴⁾		2.09		1.72	

(1) Intangible assets acquired in business combinations, mainly contractual customer relationships.

(2) As of January 1, 2016, the CVAE (*Cotisation sur la valeur ajoutée*), a component of French business tax is shown at the level of income taxes and no longer in the operating gross margin. The 2015 figures remain unchanged.

(3) Basic earnings per share are calculated using the weighted average number of ordinary shares outstanding, less the average number of shares held in treasury stock.

(4) Diluted earnings per share take into consideration the average number of treasury shares deducted from equity and shares which might be issued under stock option programs.

5.3 Statement of Comprehensive Income

In thousands of euros	2016			2015		
	Total	Gross	Tax	Total	Gross	Tax
Net profit for the period attributable to owners of the parent⁽¹⁾	312,112	397,065	(84,953)	258,374	332,453	(74,079)
Reclassified to the income statement	4,957	5,177	(220)	25,858	27,404	(1,546)
Reclassified in the period	379	663	(284)	1,626	2,620	(994)
Exchange differences on translating foreign operations – reclassified to the income statement	(161)	(161)	–	–	–	–
Cash flow hedges – Interest rate instruments reclassified to the income statement	540	824	(284)	1,626	2,620	(994)
Reclassified at a later date	4,578	4,514	64	24,232	24,784	(552)
Exchange differences on translating foreign operations	4,701	4,701	–	23,374	23,374	–
Cash flow hedges	(123)	(187)	64	858	1,410	(552)
Gains/(losses) for the period – Interest rate instruments	–	–	–	858	1,410	(552)
Gains/(losses) for the period – Exchange rate instruments	(123)	(187)	64	–	–	–
Cannot be reclassified to the income statement at a later date	(7,405)	(11,762)	4,357	(2,455)	(1,745)	(710)
Actuarial gains/(losses) recognized in equity	(8,449)	(12,806)	4,357	(2,455)	(1,745)	(710)
Fair Value adjustment to available-for-sale assets	1,044	1,044	–	–	–	–
Other comprehensive income	(2,448)	(6,585)	4,137	23,403	25,659	(2,256)
Comprehensive income attributable to owners of the parent⁽²⁾	309,664	390,480	(80,816)	281,777	358,112	(76,335)
Net profit for the period attributable to non-controlling interests	6,176	7,530	(1,354)	4,467	5,588	(1,121)
Reclassified to the income statement	613	613	–	409	409	–
Reclassified at a later date	613	613	–	409	409	–
Exchange differences on translating foreign operations	613	613	–	409	409	–
Cannot be reclassified to the income statement at a later date	–	–	–	(5)	(5)	–
Actuarial gains/(losses) recognized in equity	–	–	–	(5)	(5)	–
Other comprehensive income	613	613	–	404	404	–
Comprehensive income attributable to non-controlling interests	6,789	8,143	(1,354)	4,871	5,992	(1,121)
Total comprehensive income	316,453	398,623	(82,170)	286,648	364,104	(77,456)

(1) Net profit for the period attributable to owners of the parent amounted to €182,991 thousand at December 31, 2016 compared with €151,691 thousand at December 31, 2015.

(2) Total net profit attributable to owners of the parent amounted to €181,556 thousand at December 31, 2016 compared with €165,431 thousand at December 31, 2015.

5.4 Change in Equity

In thousands of euros In thousand units for the number of shares	Number of shares	Capital	Additional paid-in capital	Treasury stock	Other reserves ⁽¹⁾	Translation adjustment	Net profit for the period	Shareholders' equity		Total equity
								Attributable to owners of the parent	Attributable to non- controlling interests	
Equity at December 31, 2014	153,577	9,215	38,637	(33,948)	811,071⁽¹⁾	4,712	224,553	1,054,239	17,749	1,071,988
Appropriation of net profit at December 2014	-	-	-	-	224,553	-	(224,553)	-	-	-
Net profit at December 31, 2015	-	-	-	-	-	-	258,374	258,374	4,467	262,841
Other comprehensive income	-	-	-	-	(39)	23,442	-	23,403	404	23,807
<i>Exchange differences on translating foreign operations</i>	-	-	-	-	(68)	23,442	-	23,374	409	23,783
<i>Actuarial gains/(losses) recognized in equity</i>	-	-	-	-	(2,455)	-	-	(2,455)	(5)	(2,460)
<i>Cash flow hedges - Interest rate instruments</i>	-	-	-	-	2,484	-	-	2,484	-	2,484
Comprehensive income	-	-	-	-	224,514	23,442	33,821	281,777	4,871	286,648
Treasury stock transactions	-	-	-	(18,554)	1,278	-	-	(17,276)	-	(17,276)
Tax effect of treasury stock transactions	-	-	-	-	-	-	-	-	-	-
Change in scope of consolidation and reserves ⁽²⁾	-	-	-	-	(435)	-	-	(435)	797	362
Dividends paid by Compagnie Plastic Omnium	-	-	-	-	(54,833)	-	-	(54,833)	-	(54,833)
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(2,595)	(2,595)
Stock option costs	-	-	-	-	3,025	-	-	3,025	-	3,025
Equity at December 31, 2015	153,577	9,215	38,637	(52,502)	984,620⁽¹⁾	28,154	258,374	1,266,497	20,822	1,287,319
Appropriation of net profit at December 2015	-	-	-	-	258,374	-	(258,374)	-	-	-
Net profit at December 31, 2016	-	-	-	-	-	-	312,112	312,112	6,176	318,288
Other comprehensive income	-	-	-	-	(8,534)	6,086	-	(2,448)	613	(1,835)
<i>Exchange differences on translating foreign operations</i>	-	-	-	-	(1,546)	6,086	-	4,540	613	5,153
<i>Actuarial gains/(losses) recognized in equity</i>	-	-	-	-	(8,449)	-	-	(8,449)	-	(8,449)
<i>Cash flow hedges - Interest rate instruments</i>	-	-	-	-	540	-	-	540	-	540
<i>Cash flow hedges - Currency instruments</i>	-	-	-	-	(123)	-	-	(123)	-	(123)
<i>Change in the fair value adjustment of "Assets held for sale"</i>	-	-	-	-	1,044	-	-	1,044	-	1,044
Comprehensive income	-	-	-	-	249,840	6,086	53,738	309,664	6,789	316,453
Treasury stock transactions	-	-	-	(29,938)	(7,294)	-	-	(37,232)	-	(37,232)
Capital reduction (cancellation of treasury stock)	(1,100)	(66)	(21,248)	21,248	-	-	-	(66)	-	(66)
Change in scope of consolidation and reserves ⁽²⁾	-	-	-	-	(1,812)	-	-	(1,812)	(1,488)	(3,300)
Dividends paid by Compagnie Plastic Omnium	-	-	-	-	(60,512)	-	-	(60,512)	-	(60,512)
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(2,449)	(2,449)
Stock option costs	-	-	-	-	3,498	-	-	3,498	-	3,498
Equity at December 31, 2016	152,477	9,149	17,389	(61,192)	1,168,339⁽¹⁾	34,240	312,112	1,480,037	23,674	1,503,711

(1) See Note 5.2.1.2 for details of "Other reserves and retained earnings".

(2) See Note 5.2.1.3 for details of "Changes in scope of consolidation and reserves".

The dividend per share distributed in the first half of 2016 by Compagnie Plastic Omnium in respect of the 2015 fiscal year was €0.41, compared with €0.37 in 2015 in respect of the 2014 fiscal year (see Note 5.2.2 on dividends voted and paid).

5.5 Statement of Cash Flows

1/2

In thousands of euros	Notes	2016	2015
I – Cash flows from operating activities			
Net income	3.1.1	318,288	262,841
Dividends received from associates and joint ventures		31,409	24,887
Non-cash items		382,890	318,389
Share of profit/(loss) of associates and joint ventures	4.5	(51,801)	(34,749)
Stock option plan expense	4.3 – 5.2.3	3,498	3,025
Other adjustments		6,117	(1,715)
Depreciation and provisions for impairment of property, plant and equipment	3.1.3 – 5.1.3	170,756	144,809
Depreciation and provisions for impairment of intangible assets	3.1.3 – 5.1.2	109,094	80,852
Changes in provisions		(9,476)	2,384
Net (gains)/losses on disposals of non-current assets	4.6	14,786	887
Proceeds from operating grants recognized in the income statement		(1,727)	(2,388)
Current and deferred taxes	4.8.1	86,307	75,200
Interest expense		55,336	50,084
Net operating cash generated by operations before impact of financial expenses and income tax cash payments (A)		732,587	606,117
Change in inventories and work-in-progress – net		44,913	(24,649)
Change in trade receivables – net		(155,278)	(81,644)
Change in trade payables		190,773	133,961
Change in other operating assets and liabilities – net		(20,235)	5,958
Change in working capital requirements (B)		60,173	33,626
Taxes paid (C)		(97,271)	(65,262)
Interest paid		(55,486)	(52,465)
Interest received		2,783	2,625
Net financial interest paid (D)		(52,703)	(49,840)
Net cash generated by operating activities (A + B + C + D)		642,786	524,641
II – Cash flows from investing activities			
Acquisitions of property, plant and equipment	3.1.3 – 3.2 – 5.1.3	(220,712)	(269,311)
Acquisitions of intangible assets	3.1.3 – 5.1.2	(151,120)	(108,891)
Disposals of property, plant and equipment	4.6 a	4,852	4,625
Disposals of intangible assets	4.6 a	4	7,973
Net change in advances to suppliers of fixed assets		(35,313)	38,034
Government grants received		210	4,916
Net cash used in operations-related investing activities (E)		(402,079)	(322,654)
Free cash flow (A + B + C + D + E)⁽¹⁾		240,707	201,987
Acquisitions of shares in subsidiaries and associates, takeovers, investments in associates and joint ventures and related investments		(527,580)	101
Acquisitions of available-for-sale financial assets		(29,124)	–
Proceeds from disposals of shares in subsidiaries and associates	4.6 a	15,638	4
Disposals of available-for-sale financial assets	4.6 a	–	–
Impact of changes in scope of consolidation – Cash and cash equivalents contributed by companies entering the scope of consolidation	2.1.1.5 – 5.1.14.1 a	9,480	797
Impact of changes in scope of consolidation – Cash and cash equivalents from companies leaving the scope of consolidation	2.3 – 5.1.14.2	(830)	–
Impact of changes in scope of consolidation – Borrowings contributed by companies entering the scope of consolidation	2.1.1.5 – 5.1.14.1 a	(157,124)	–
Net cash from financial investing activities (F)		(689,540)	901
Net cash from investing activities (E + F)		(1,091,619)	(321,753)

Statement of Cash Flows

2/2

In thousands of euros	Notes	2016	2015
III - Cash flows from financing activities			
Increases/reductions in share capital and premiums	2.5.1	(66)	-
Purchases/sales of treasury stock		(37,232)	(17,276)
Dividends paid to Burelle SA ⁽²⁾		(35,638)	(32,161)
Dividends paid to other shareholders ⁽³⁾		(27,323)	(25,267)
Acquisitions of non-controlling interests	2.1.2 - 5.1.14.1 b - 5.2.1.3	(3,300)	-
Increase in financial debt		362,385	41,561
Repayment of borrowings		(126,410)	(52,950)
Net cash provided by (used in) financing activities (G)		132,416	(86,094)
Assets held for sale (and discontinued operations) (H)	5.1.16 - 5.1.16.3	(5,756)	-
Effect of exchange rate changes (I)		(1,210)	(793)
Net change in cash and cash equivalents (A + B + C + D + E + F + G + H + I)		(323,383)	116,001
Cash and cash equivalents at beginning of period	5.1.13.2	647,265	531,264
Cash and cash equivalents at end of period	5.1.13.2 - 5.2.7.6	323,882	647,265

(1) The "free cash flow" is an essential notion specific to the Plastic Omnium Group. It is used in all of the Group's external financial communication and, in particular, for annual and interim results presentations.

(2) The full amount of the dividend paid to Burelle SA in the two periods was paid by Compagnie Plastic Omnium.

(3) In 2016, the dividend paid to other shareholders amounting to €24,874 thousand (compared with €22,672 thousand in 2015) was paid by Compagnie Plastic Omnium, bringing the total dividends paid by Compagnie Plastic Omnium to €60,512 thousand (compared with €54,833 thousand in 2015). See Note 5.2.2 "Dividends voted and paid by Compagnie Plastic Omnium".

5.6 Notes to the Consolidated Financial Statements

Plastic Omnium's consolidated financial statements for the fiscal year ended December 31, 2016 were approved by the Board of Directors on February 22, 2017. They will be submitted for approval to the Combined Shareholders' Meeting on April 27, 2017.

Group Overview

Compagnie Plastic Omnium, a company governed by French law, was set up in 1946. The bylaws set its duration until April 24, 2112. The Company is registered in the Lyon Trade and Companies Register under number 955,512,611 and its registered office is at 19, boulevard Jules-Carteret, 69007 Lyon, France.

The terms "Compagnie Plastic Omnium", "the Group" and "the Plastic Omnium Group" all refer to the group of companies comprising Compagnie Plastic Omnium and its consolidated subsidiaries.

The Plastic Omnium Group is a world leader in the transformation of plastic materials for the automotive market (body component modules, fuel storage and distribution systems) representing 93.7% of its consolidated sales (94.7% of its economic sales) and for local authorities (waste collection containers and highway signage) for the remainder of its sales revenue.

Plastic Omnium Group shares have been traded on the Paris Stock Exchange since 1965. Listed on Eurolist in compartment A since January 17, 2013, the Group is part of the SBF 120 and the CAC Mid 60 indices. The Group's main shareholder is Burelle SA, which owned 57.01% of the Group's shares (58.63% excluding treasury stock) at December 31, 2016.

The unit of measurement used in the Notes to the consolidated financial statements is thousands of euros, unless otherwise indicated.

1. Accounting policies, accounting rules and principles

1.1. Accounting policies, accounting rules and principles

The accounting policies used to prepare the consolidated financial statements are those applied by the Group at December 31, 2015. They comply with the International Financial Reporting Standards (IFRS) and interpretations adopted for use in the

European Union at December 31, 2016 and are available on the website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission. IFRS includes the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and interpretations published by the International Financial Reporting Interpretations Committee (IFRIC). These principles are not materially different from the mandatory standards and interpretations published by the IASB and applicable with effect from December 31, 2016.

The accounting policies applied by the Group are described in Note 1 "Accounting policies, accounting rules and principles" to the 2016 consolidated financial statements, except for those affected by the new standards and amendments mandatory from January 1, 2017. The Group did in fact not opt for early application of standards, interpretations and amendments not mandatory at January 1, 2017.

Standards, interpretations and amendments applicable after January 1, 2017

As stated at December 31, 2015, the impact of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" published in 2015 by the IASB with an application date of January 1, 2018 but not yet adopted by the European Union is currently being analyzed by the Group. At this stage, the analyses have not revealed any material impact; in fact, the expected impacts only concern revenue recognition from the sales of services and tooling within automotive projects.

IFRS 16 "Leases" published in early 2016 by the IASB with an application date of January 1, 2019 but not yet adopted by the European Union, is also currently being analyzed by the Group. At this point, the main impacts identified concern real estate leases.

Amendment of the presentation of the CVAE value-added tax paid by French companies in the Consolidated Income Statement

In order to provide more relevant disclosure, comparable to the major companies in its sector, the Group changed the way it presents France's value-added tax (CVAE – "Cotisation sur la valeur ajoutée") in the consolidated income statement from January 1, 2016. It is now presented under income tax and no longer under gross profit/operating margin.

It now relates to income tax expense.

1.1.1. Consolidation principles

Entities in which the Group owns more than 50% of the voting rights, enabling it to exercise full control, are fully consolidated. Entities in which the Group owns less than 50% but that are controlled in substance are also fully consolidated.

The companies over which the Group exercises joint control with other shareholders, regardless of the shareholding percentage, treated as "joint ventures" insofar as the Group does not have joint operations, in addition to the companies over which the Group exercises significant influence, and treated as "Investments in associates" (significant influence is assumed when the Group holds more than 20% of the voting rights in a company) are recognized using the equity method.

1.1.2. Attributable to non-controlling interests

Non-controlling interests correspond to the share of the Group's interest attributable to outside shareholders. They are presented as a separate item in the income statement and under equity in the consolidated balance sheet, separately from profit and equity attributable to owners of the parent.

Non-controlling interests may be measured either at fair value at the acquisition date (*i.e.* including a share of goodwill) or at their proportionate share of the fair value of the identifiable net assets acquired. The option is available on a transaction-by-transaction basis.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are recognized as equity transactions. Accordingly, when the Group's interest in a controlled entity is increased (or reduced), without control being acquired (or lost), the difference between the acquisition price (or disposal value) and the carrying amount of the share of the net assets acquired (sold) share is recorded in equity.

1.1.3. Segment information

Segment information is presented on the basis of the segments identified in the Group's internal reporting and notified to the management in order to decide on the allocation of resources and for performance analysis.

The Group is managed on the basis of two operational segments:

- "Automotive", which covers activities from design and manufacture to sales of body components (Automotive Exteriors Division) and modules, and fuel storage and distribution systems (Auto Inergy Division);
- "Environment", which covers activities for local authorities, *i.e.* pre-collection products and services and waste management activities and, until the disposal of Signature Ltd in early August 2016, "Signature" for road and highway signage operations.

1.1.4. Business combinations

Business combinations are recognized by applying the acquisition method. Under this method, assets, liabilities and identifiable contingent liabilities acquired are recognized at their fair value on the acquisition date.

Goodwill is recognized as the excess of (i) the consideration transferred to the vendor plus (ii) the amount of any non-controlling interest in the company acquired over (iii) the net balance of the identifiable assets and liabilities acquired.

In a business combination carried out in stages, the consideration also includes the acquisition-date fair value of the acquirer's previously held equity interest in the acquired company. The previously held equity interest is measured at fair value through profit or loss.

Acquisition-related costs are recorded as expenses.

The fair value adjustments of assets and liabilities acquired are offset against goodwill adjustments on the basis of information

obtained during the allocation period, namely within twelve months after the acquisition date. After that date, any changes in value are recognized in profit or loss, including any changes in tax assets.

1.1.5. Translation of foreign subsidiaries' financial statements

Plastic Omnium Group uses the euro as its presentation currency in the consolidated financial statements. Financial statements of foreign subsidiaries are prepared in their functional currency *i.e.* the currency of the economic environment in which an entity operates; it is usually the local currency, except for certain subsidiaries that carry out the majority of their transactions in another currency. These financial statements are translated into the Group's presentation currency, as follows:

- balance sheet items, other than equity, are translated at the exchange rate on the balance sheet date;
- income statement items are translated at the average exchange rate for the period;
- differences arising from translation are recognized in consolidated equity under "Translation reserves".

Goodwill arising from business combinations with foreign entities is recognized in the functional currency of the acquired entity. They are then translated into the Group's presentation currency at the closing rate, with the translation difference recorded in equity. On disposal of the entire interest in a foreign operation, the related translation differences initially recognized in equity, are reclassified in profit or loss.

1.1.6. Recognition of transactions in foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate in force on the transaction date. When the financial statements are being drawn up, foreign currency monetary items are translated using the rate at the balance sheet date.

The resulting translation difference is recognized in the income statement under "Other operating income and expense" for transactions related to operating activities, and under "Other financial income and expenses" for financial transactions.

Borrowings in foreign currencies obtained from the Group by a subsidiary, for which repayment is neither planned nor likely in the foreseeable future, are considered as part of the net investment of the Plastic Omnium Group in this foreign business. The corresponding translation adjustments are recorded under equity.

1.1.7. Revenue

Revenue is recognized when control and the risks and rewards of ownership are transferred, and it is likely that future economic benefits associated with the transaction will flow to the Group and the amount of this revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts and volume rebates as well as any other sales taxes or customs duties.

Sales of goods

Revenue from the sale of goods and from wholesale transactions is recognized when the material risks and rewards of ownership of the goods are transferred to the buyer, generally on delivery.

Sales of services and tooling

Automotive business

Revenue generated during the project phase of automotive contracts (development work and production of tooling) is recognized when the main risks and rewards of ownership have been transferred to the customer. A determining factor in the Group's analysis is whether or not the customer has formally agreed to the price.

Thus, when a contractual agreement has been signed with the customer concerning the sale price of the tooling, the tooling is considered as having been sold and the related revenue is recognized on the basis of the stage of completion validated by the customer and, at the latest, on the first day of series production of the model concerned. Similarly, when the Group has a contractual agreement with customers, development revenue billed on a time-spent basis is gradually recognized using the stage of completion method.

Where there is no such agreement with the customer (e.g.: where the customer finances the project by "development unit" with no volume guarantee), the Group does not believe the material risks and rewards are transferred to the client; the tooling and/or development time expenses are then recognized in the Group's property, plant and equipment and/or intangible assets, and amortized over the life of the series. Where necessary, income from the customer is recognized in revenue over the lifetime of the series.

Environment business

Most lease-maintenance contracts are operating leases. Revenue from lease-maintenance contracts classified as operating leases is recognized on a straight-line basis over the lease term. Services provided under contracts classified as finance leases are recognized as a sale, for an amount corresponding to the sum of the survey and equipment installation costs and the estimated sale price of the equipment made available.

1.1.8. Receivables

Receivables are initially recognized at fair value. Fair value generally represents the nominal amount of the receivable when the corresponding sale is subject to routine payment terms. Provisions for doubtful accounts are recorded when there is objective evidence that the receivables are impaired. Their amount is determined separately for each customer.

Finance receivables mainly correspond to lease-financing sales in the Environment business, and development and tooling sales for which the Group has signed an agreement enabling customers to pay in installments (for example: "development unit" prices contractually agreed by customers). These latter receivables are

originally due in more than one year and may be interest-bearing in the framework of an asset financing agreement with the customer. The corresponding finance income is recognized in revenue. Finance receivables are deducted from the calculation of net debt.

Sold receivables, which are removed from the balance sheet, meet the following criteria:

- the contractual rights to the receivable are transferred to the buyer;
- substantially all the risks and rewards of ownership are transferred to the buyer.

The risks taken into account are:

- credit risk;
- risks related to payment delay both for the amount and duration;
- interest rate risk, which is transferred in full to the buyer.

1.1.9. Operating margin

Operating margin corresponds to profit from fully consolidated companies, before other operating income and expenses which consist mainly of:

- gains from disposals of property, plant and equipment and intangible assets;
- impairment losses on non-current assets (property, plant and equipment and intangible assets) including any impairment of goodwill;
- translation differences, corresponding to the difference between the exchange rates used to account for operating receivables and payables and the rates used to account for the related settlements;
- income and expenses that are unusual in nature, frequency or amount, such as profits and losses related to changes in scope, start-up costs of new plants, restructuring costs and downsizing costs.

Amortization of contractual customer relationships acquired in business combinations is recognized as a separate component of operating margin.

Since the 2015 fiscal year, a share of profit of associates and joint ventures has also been shown in the operating margin as a separate line item.

Consequently, the Group shows an operating margin prior to taking into account amortization of intangible assets from acquisitions within the framework of business combinations and the share of profit of associates and joint ventures, and an operating margin after taking these factors into account.

The operating margin, after taking these factors into account, is the main performance indicator used by the Group.

1.1.10. Research tax credit

Certain research expenditure by Group subsidiaries qualifies for French tax credits. These credits are included under operating margin as a deduction from “Net research and development costs”, see Notes 4.1 “Analysis of research and development costs” and 4.2 “Cost of sales, development, selling and administrative costs”.

1.1.11. Intangible assets

1.1.11.1. Research and development costs

Material development costs are recognized as an intangible asset when the entity can demonstrate in particular:

- its intention is to complete the project and the availability of adequate technical and financial resources to do so;
- that the development costs will generate probable future economic benefits;
- the ability to reliably value the cost of the assets.

Automotive business development costs

Development hours devoted to an Automotive business project subject to a customer contractual payment agreement are considered as sold and expensed on the basis of the stage of completion. The revenue recognition policy is described in Note 1.1.7 “Revenue”.

Costs incurred on orders for specific tooling and molds subject to a customer contractual payment agreement are considered as sold and recognized in inventories. Related income is recognized in “Revenue” based on the percentage of the total cost incurred on the date of technical acceptance, or, at the latest, on the first day of series production. Amounts received prior to these dates are recorded under “Customer prepayments”.

Development hours financed by the customer under “development unit” pricing and not covered by a customer contractual volume undertaking or payment guarantee are recognized under intangible assets in progress during the development phase.

These capitalized development amounts are amortized when daily output reaches 30% of estimated production and, at the latest, three months after the first day of series production. Amortization is calculated on a straight-line basis over the estimated period of series production, which averages three years for body parts and five years for fuel systems.

Other research and development costs

Other research and development costs are recognized under expenses for the period in which they are incurred.

1.1.11.2. Other intangible assets

Other intangible assets are measured at cost less accumulated amortization and impairment losses. They are amortized on a straight-line basis over their estimated useful lives.

They mainly include “Plastic Omnium Auto Inergy” and “Ford-Milan” customer contractual relationships.

These assets are tested for impairment whenever there is objective evidence that they are impaired.

1.1.12. Start-up costs

Costs corresponding to start-up phases, including organization costs, are included in expenses in accordance with the pace at which they are incurred. They correspond to the use of new production capacities or techniques. As indicated in Note 1.1.9., pre-start-up costs for new plants are recognized under other operating expenses.

1.1.13. Goodwill and impairment tests

Plastic Omnium Group goodwill is not amortized but is tested for impairment at least once a year, at the year end, and on the interim balance sheet date if there is objective evidence of impairment.

Impairment tests are carried out at the level of each cash generating unit (CGU) or groups of units generating cash and cash equivalents, namely:

- “Automotive”;
- “Environment” excluding “Signature”.

The Group presents its segment information in two “reportable segments”, Automotive and Environment (see Note 3 “Segment information”), and information on goodwill is presented on the same basis (see Note 5.1.1 “Goodwill”).

The carrying amount of each CGU's assets (including goodwill) is compared with its recoverable amount. Recoverable amount is the higher of fair value less the costs to sell and value in use, determined by the discounted cash flow method.

Future cash flows are estimated based on the Group's four-year business plan, revised where necessary to take into account the most recent market conditions. The terminal value is calculated by capitalizing projected cash flows for the last year covered by the business plan, using a long-term growth rate that reflects the outlook for the market concerned. The cash flow projections are then discounted.

The assumptions used to determine the discount rates take into account:

- an industry risk premium;
- an industry financing “spread” to value the cost of debt;
- the rates used by comparable companies in each segment concerned.

Sensitivity tests of a 0.5% increase in the discount rate or a reduction of 0.5% on the long-term growth rate or a reduction of 0.5% in the operating margin rate are regularly carried out.

Negative goodwill (badwill) is recorded in the income statement during the year of acquisition.

Goodwill is measured annually at cost, less any accumulated impairment losses. Impairment losses recognized on goodwill are irreversible.

1.1.14. Property, plant and equipment

Gross

Property, plant and equipment are initially recorded at acquisition cost, or production cost for assets manufactured by the Group (or by a subcontractor) for its own use, or at fair value in the case of assets acquired without consideration.

Gains and losses on intra-group sales or acquisitions of property, plant and equipment are eliminated in the consolidated financial statements.

Property, plant and equipment are subsequently recognized at their cost less accumulated amortization and accumulated impairment losses.

After initial recognition, property and industrial buildings are measured at depreciated cost. Maintenance and repair costs to restore or maintain the future economic benefits expected based on the asset's estimated level of performance at the time of acquisition are recognized as an expense as incurred.

Assets acquired under finance leases are recognized in property, plant and equipment at the lower of their fair value and the present value of future minimum lease payments. They are depreciated at the same rate as assets that are owned outright. Contracts classified as finance leases primarily concern industrial buildings, major functional assemblies such as paint lines and presses, and containers leased by the Environment business.

Depreciation

Property, plant and equipment are depreciated by the straight-line method over the following estimated useful lives:

Buildings and fixtures	20-40 years
Presses, blow molding and transformation	7-12 years
Machining, finishing and other equipment	3-7 years
Containers from the Environment business	8 years

Each significant part of a property asset or major functional assembly, such as a paint line, press or blow molding machine, is depreciated separately over its specific estimated useful life.

Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment when the decision is made to cease production, to withdraw a product manufactured using the assets concerned or to close a facility.

1.1.15. Investment property

The elements in the "Investment property" section of the assets on the Group's balance sheet are not included in ordinary operations. These assets, which belong to the Group, correspond to real estate as follows:

- properties that are not occupied on the balance sheet date and whose use has yet to be decided;
- or properties held by the Group for their long-term appreciation, which are leased to third parties under operating leases.

The Group may select to use all or part of a property whose use has yet to be decided (in which case the relevant part is reclassified as owner-occupied property) or to lease it under one or more operating leases.

Investment property is measured at fair value at the balance sheet date, with changes in fair value recognized in profit or loss. The same accounting treatment is applied to the land on which the property is constructed. The land and buildings are valued at regular intervals as part of the year end closing process by an independent appraiser. Between two valuations, the Group is kept informed of any material changes in the real estate market. The fair value determined by the appraiser is calculated by direct reference to observable prices in an active market (fair value level 2).

Properties or parts of properties previously classified under investment property and reclassified as operating property when the Group decides to use them for its own occupation are recognized at their carrying amount on the transfer date.

When properties are moved from the "Property, plant and equipment" category to the "Investment property" category, any difference between their carrying amount and their fair value on that date is accounted for as a revaluation.

1.1.16. Inventories and goods in process

1.1.16.1. Raw materials inventories and other supplies

Raw materials and supplies are measured at the lower of cost and net realizable value.

At year-end, a provision for impairment is recorded when the estimated selling price of the related finished products in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale, is less than the carrying amount of the raw materials or supplies.

1.1.16.2. Finished and semi-finished product inventories

Finished and semi-finished products are measured at standard production cost, adjusted annually. Cost includes raw materials and direct and indirect production costs. It does not include any administrative overheads or IT costs that are unrelated to production or any research and development or distribution costs. In addition, it does not include the cost of any below normal capacity utilization.

At each balance sheet date, the gross value of finished and semi-finished products is compared to their net realizable value, determined as explained above, and a provision for impairment is recorded when necessary.

1.1.17. Non-current and current borrowings

Current and non-current borrowings are valued using the amortized cost method and the effective interest rate.

1.1.18. Provisions for liabilities and charges

Provisions for contingencies and charges are recorded when the Group has obligations to third parties involving a likely outflow of resources in favor of these third parties, and no equivalent benefit is expected to be received by the Group. Losses identified on onerous contracts, *i.e.* contracts where the unavoidable costs of meeting the obligations under the contract exceed the expected economic gains from said contracts, are recognized under provisions. These provisions for contingencies and charges are recognized in current or non-current liabilities according to whether they are short or medium-long term in nature.

The cost of downsizing plans is recognized in the period in which a detailed plan is drawn up and announced to the employees concerned or their representatives.

1.1.19. Provisions for pensions and other post-employment benefits

All Group employees are covered by pension and other long-term post-employment benefit plans. Pension plans comprise both defined contribution and defined benefit plans.

1.1.19.1. Defined contribution plans

The cost of defined contribution plans, corresponding to salary-based contributions to government-sponsored pension and death/disability insurance plans made in accordance with local laws and practices in each country is recognized in operating expense. The Group has no legal or constructive obligation to pay any additional contributions or any future benefits. Consequently, no benefit obligation is recognized in respect of these defined contribution plans.

1.1.19.2. Defined benefit plans

The Group's defined benefit plans are mainly post-employment benefit plans, consisting of length-of-service awards payable to employees of the French companies in the Group and:

- other pension and supplementary pension plans, mainly in the United States and France;
- plans for health insurance coverage in the United States.

Provisions for employee defined benefit plans are calculated on an actuarial basis by independent actuaries using the projected unit credit method.

The calculations take into account:

- retirement age assumptions based on legislation and, in particular for French employees, voluntary retirement when full benefit rights have been acquired;
- mortality assumptions;
- the probability of active employees leaving the Group before retirement age;
- estimated salary increases up to retirement;
- discount rate and inflation rate assumptions.

In the case of funded defined benefit plans, the obligations are deducted from the fair value of plan assets at the reporting date. This valuation builds in long-term profitability assumptions of invested assets calculated on the basis of the discount rate used to value Company commitments.

Changes in provisions for defined benefit obligations are recognized over the benefit vesting period, under "Operating expenses" in the income statement, except for:

- the effect of discounting the commitments, which is recognized in financial expense;
- actuarial gains and losses on post-employment benefit obligations, which are recognized in equity.

1.1.19.3. Other long-term benefits

Other long-term benefits mainly correspond to long-service awards payable to employees of French companies in the Group.

Actuarial gains and losses on "Other long-term benefit plans" (mainly long-service awards) are recognized immediately in profit or loss.

1.1.20. Current government grants

Government grants are recognized as a liability in the balance sheet and correspond to grants to finance investments in new facilities, production equipment or research and development programs.

They are reclassified in gross profit over the periods and in the proportions in which the acquired assets are depreciated.

1.1.21. Treasury stock

Treasury stock is recorded as a deduction from equity, regardless of the purpose for which the shares are being held.

Proceeds from sales of treasury stock are recorded directly as an increase in the Group's equity and gains or losses on the sales therefore have no impact on profit for the year.

1.1.22. Stock option plans

Options allocated under share purchase and subscription option plans are measured at their fair value at the date of grant by the Board of Directors, using the Black & Scholes option pricing model.

The fair value is recognized in “Employee benefits expense” on a straight-line basis over the option vesting period, with a corresponding adjustment to reserves.

When options are exercised, the cash amount received by the Group for the exercise price is recorded in cash and cash equivalents with a corresponding adjustment to consolidated reserves.

1.1.23. Financial assets (other than derivatives)

Financial assets include equity interests in companies that are not consolidated because they are not controlled by the Group (either alone or jointly with a partner) or because the Group does not exercise significant influence over their management, as well as loans and securities.

Financial assets are classified as non-current assets, except for assets maturing within twelve months of the balance sheet date which are recorded under current assets or cash equivalents, as appropriate.

1.1.23.1. Available-for-sale financial assets

Equity interests in companies over which the Group does not exercise control or significant influence are classified as available-for-sale financial assets. They are measured at their fair value at the closing date. Changes in fair value are directly recorded in equity. An impairment is recorded in the income statement when there is objective evidence that these securities have lost value. A significant or prolonged drop in the fair value with reference to the acquisition value is objective evidence of a loss in value. This impairment cannot be written back.

1.1.23.2. Other financial assets

Other financial assets comprise loans, security deposits and surety bonds. They are measured at amortized cost. Whenever there is any objective evidence of impairment – *i.e.* a negative difference between the carrying amount and the recoverable amount – an impairment provision is recognized through profit or loss. These provisions may be reversed if the recoverable amount subsequently increases.

1.1.24. Derivative instruments and hedge accounting

In order to manage its interest rate risk, the Group uses over the counter derivatives. These hedging instruments are recognized and measured in the balance sheet at fair value.

Changes in the fair value of instruments described as “Cash flow hedges” are recorded under “Other comprehensive income” (equity) for the efficient parts and under “Net financial income” for the inefficient parts.

Changes in the fair value of instruments that do not qualify for hedge accounting are recognized directly in profit or loss.

1.1.25. Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows are short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. Cash comprises cash at bank and in hand, short-term deposits and bank balances in credit,

except for funds used to cover short- or medium-term cash needs arising in the ordinary course of business. The latter are considered to represent sources of financing and, as such, are excluded from cash and cash equivalents. Cash equivalents correspond to the temporary investment of surplus cash in instruments with short maturities (money market mutual funds, negotiable debt securities, etc.). Changes in their fair value are recognized in profit or loss.

1.1.26. Assets held for sale and discontinued operations

The following items are classified as “Assets held for sale” on the balance sheet, as soon as the assets or groups of assets are available for sale in their current state and the sale is highly probable:

- non-current assets that are being held pending their sale;
- groups of assets that are being held pending their sale rather than for continuing use (disposal groups); and
- businesses or entities acquired with a view to their subsequent sale.

Liabilities related to these assets, groups of assets, activities or entities held for sale are also presented as a separate item under liabilities in the balance sheet: “Liabilities directly related to assets held for sale”.

Assets (or disposal groups) classified as held for sale are no longer depreciated. They are measured at the lower of their carrying amount and selling price, less costs to sell. Any impairment losses are recognized by the Group in “Other operating expense”.

In the balance sheet, data related to “Assets held for sale and discontinued operations” shown separately in the financial statements do not give rise to a restatement of prior years in terms of presentation.

In the income statement, the profit/loss (from the period and from sale) of business operations or entities that meet the definition of a discontinued operation are reported as a separate line item entitled “Net income from discontinued operations” in each of the fiscal years presented.

1.1.27. Income tax

Deferred taxes related to temporary differences between the carrying amount of assets and liabilities on the balance sheet and their tax base are recognized by the Plastic Omnium Group without discounting.

Deferred taxes are calculated using the liability method based on the most recent enacted tax rate (or the rate substantively enacted) at the balance sheet date that is applicable to the period in which the temporary differences reverse.

Tax credits and deferred tax assets on tax loss carryforwards and other temporary differences are only recognized when it is probable in the relative near term that sufficient taxable earnings will be generated to permit their utilization.

1.2. Use of estimates

In order to prepare its financial statements, the Plastic Omnium Group uses estimates and assumptions to value certain assets, liabilities, income, expenses and commitments. These estimates and assumptions are reviewed by senior management at regular intervals. The amounts shown in the future financial statements of the Group may reflect changes in these estimates or assumptions in consideration of experience or changes in circumstances or economic conditions.

As a general rule, estimates and assumptions used during the fiscal year are based on the latest available information on the balance sheet date. Estimates may be revised depending on developments in the underlying assumptions. The assumptions used mainly concern:

Deferred taxes

The recognition of deferred tax assets depends on the probability of sufficient taxable earnings being generated to permit their utilization. The Group makes regular estimates of future taxable earnings, mainly in its medium-term business plans. These estimates take account of the recurring or non-recurring nature of certain losses and expenses.

Provisions for pensions and other post-employment benefits

The Group, assisted by independent actuaries, adopts assumptions for actuarial valuations in respect of its defined benefit pension plans (see Notes 1.1.19 and 5.2.6 “Provisions for pensions and other post-employment benefits”) concerning:

- discount rates for pension and other long-term benefit plans;
- rates of growth in healthcare costs for the United States;
- expected employee turnover and future salary increases.

Asset impairment tests

Asset impairment tests are conducted notably on goodwill and on development costs for Automotive projects recognized as intangible assets. Within the framework of these tests, in order to determine the recoverable value, the concepts of fair value net of disposal costs and value in use obtained by the discounted cash flow method are used. These tests are based on assumptions concerning future flows of operational cash and cash equivalents and the discount rate. Assumptions that could significantly impact the financial statements concern in particular the discount rate and growth rates.

2. Significant events of the period

2.1. Acquisitions

2.1.1. Acquisition of the “Exterior Systems” business of the Faurecia Group

2.1.1.1. Information on the acquisition

On July 29, 2016, Compagnie Plastic Omnium acquired a 100% interest in entities constituting Faurecia’s “Exterior Systems” business, based on an enterprise value of €665 million. This acquisition was supported by a commitment, given at the request of the European Commission, to dispose of four French sites, one Spanish site and two front-end module assembly sites in Germany. On December 23, 2016, Compagnie Plastic Omnium received a firm offer from the American group Flex|N|Gate to purchase the sites implicated by the European Commission decision on the basis of an enterprise value of €200 million.

Half of the revenue from the bumper business acquired is generated in Germany where the Plastic Omnium Group previously had no exterior body systems production activity. This has enabled the Group to expand its portfolio of new customers, forging new links with Audi, Mercedes and Ford and strengthening relationships with, in particular, Volkswagen, Seat and PSA, BMW and Fiat Chrysler Automobiles (FCA).

The Group has thus confirmed its position as world leader in auto exterior systems with its global market share reaching 15%.

In fact, this acquisition has created more widespread industrial coverage:

- five new plants in Germany, which is now the country that is the largest contributor to revenue for the Auto Exterior Division and for the Group;
- three additional plants in Spain, where the Group has doubled the presence of the Auto Exterior Division;
- and one plant, in Slovakia, Belgium and the Americas, respectively.

Lastly, this acquisition increases the size of the Auto Exterior Division by 50%, and adds an R&D center with 300 employees in Germany to the 1,300 engineers around the world who are already developing systems for this Division that are lighter, more aerodynamic and more integrated. This increases the capacity for innovation and growth to meet the challenges to come from advances in technology.

Notes to the Consolidated Financial Statements

2.1.1.2. Acquisition share price

Key figures regarding the acquisition are summarized below:

In thousands of euros	Common information
Enterprise value	665,000
Opening gross balance sheet Borrowings of activities retained at the date of acquisition (and before adjustments) ⁽¹⁾	142,525
Acquisition share price ⁽¹⁾	511,030

(1) The acquisition agreement includes a price adjustment clause. Regarding the closure of the Consolidated Financial Statements as of December 31, 2016, no reduction in the price has been made in determining the acquisition price given uncertainty in the amount.

2.1.1.3. Key data as of the date of consolidation with the Plastic Omnium Group

Key acquisition data on the scope retained by Plastic Omnium Group are summarized below:

Some key information on the closing date		Plastic Omnium Group subsidiaries and associates
Number of sites/plants	In units	11
Number of R&D centers	In units	4
Number of legal entities	In units	7
Workforce	In units	4,662
2016 full-year Consolidated revenue	In thousands of euros	1,046,270
% of Plastic Omnium 2016 Consolidated revenue restated for the acquisition ⁽¹⁾	%	16.1%
Equity acquired (before appropriation of the acquisition cost)	In thousands of euros	91,915

(1) 2016 Group full-year revenue restated for the acquisition of the "Faurecia Exterior Systems" business (see Note 2.1.1.5) stands at €6,490,951 thousand.

2.1.1.4. Recognition of the acquisition in Plastic Omnium Group financial statements

This transaction is recognized according to IFRS 3R "Business combinations".

Entities under exclusive control are consolidated using the full consolidation method as of the date when control was taken, July 29, 2016. At December 31, 2016, the Group's consolidated figures comprise five months of operations between August and December.

Operations acquired for which the Group has made a divestment commitment are shown under "Assets and liabilities held for sale" at December 31, 2016, on the basis of the firm offer received from Flex|N|Gate.

Assets and liabilities acquired are recognized at their fair value on July 29, 2016 in the accounts at December 31, 2016 on the basis of an initial estimate to be finalized in the twelve months after the vesting date.

In particular, the allocation adjustments on the opening balance sheet of the acquisition price covers:

- contractual customer relationships;
- impairments of intangible assets and property, plant and equipment, mainly paint lines;
- provisions for risks, expenses, other contingent liabilities and other risks;
- provisions for loss-making contracts;
- related deferred tax liabilities and deferred tax assets.

Provisional appropriation of the “Faurecia Exterior Systems” business acquisition cost

In thousands of euros	Plastic Omnium Group subsidiaries and associates	Goodwill	Entities covered by IFRS 5 “Assets and Liabilities held for sale”⁽¹⁾	Total Plastic Omnium Group
Equity acquired	91,915			
Impairment of intangible assets and property, plant and equipment (of which paint lines)	(24,249)			
Provisions for risks, expenses, contingent liabilities and other risks	(32,551)			
Provisions for loss-making contracts	(27,378)			
Other	1,721			
Contractual customer relationships	40,000			
Deferred taxes	38,617			
Equity acquired (after adjustments)	88,075			88,075
Goodwill		260,955 ⁽²⁾		260,955
Available-for-sale net assets			162,000	162,000
Appropriation of the acquisition cost	88,075	260,955	162,000	511,030⁽³⁾

(1) Assets concerned by the disposal commitment demanded of the Plastic Omnium Group by the European Commission. These assets are measured at fair value, corresponding to the sale price estimated on the basis of the firm acquisition offer received from Flex|N|Gate.

(2) Total goodwill includes \$57.9 million (€52.3 million) of deductible goodwill.

(3) See Note 2.1.1.2 on the acquisition cost.

Notes to the Consolidated Financial Statements

2.1.1.5. Opening balance sheet for Faurecia Exterior Systems business

The provisional opening balance sheet, after recognition of the provisional adjustments referred to in Note 2.1.1.4 "Recognition of the acquisition in Plastic Omnium Group financial statements", for the portion integrated into the Group, is shown below. Pursuant to IFRS 3R, this balance sheet will be finalized within twelve months of the acquisition date, July 29, 2017:

In thousands of euros	29 juillet 2016
Assets	Opening balance sheet
Goodwill ⁽¹⁾	260,955
Other intangible assets	64,361
Property, plant and equipment	189,713
Available-for-sale financial assets	734
Deferred tax assets	58,485
Total non-current assets	574,248
Inventories	102,352
Trade receivables	133,504
Other receivables	10,824
Other financial assets and financial receivables	-
Cash and cash equivalents	9,480
Total current assets	256,160
Assets held for sale	162,000
Total assets	992,408
Equity and liabilities	
Consolidated reserves	511,030
Equity attributable to owners of the parent	511,030
Attributable to non-controlling interests	-
Total equity	511,030
Non-current and current borrowings	16,588
Provisions for pensions and other post-employment benefits	852
Provisions for liabilities and charges	38,729
Current government grants	101
Deferred tax liabilities	25,692
Total non-current liabilities	81,962
Non-current and current borrowings	137,797
Other current debt	3,473
Provisions for liabilities and charges	12,239
Trade payables	146,527
Other operating liabilities	99,380
Total current liabilities	399,416
Liabilities related to assets held for sale	-
Total equity and liabilities	992,408
Gross debt	(157,124)
Net cash and cash equivalents	9,480
Net debt	(147,644)

(1) Provisional goodwill represents, in particular, anticipated industrial and innovation synergies and, as mentioned before, profits expected from new relationships with Audi, Mercedes and Ford, or from strengthened ties with Volkswagen, Seat, PSA, BMW and Fiat Chrysler Automobiles.

Notes to the Consolidated Financial Statements

2.1.1.6. Contribution to the Plastic Omnium Group Income Statement

The contribution of the “Exterior Systems” business since the acquisition date of July 29, 2016, corresponding to five months of business from July 30, to December 31, 2016, is shown below:

2016 – Consolidated financial statements

In thousands of euros	Plastic Omnium Group not including “Faurecia Exterior Systems Business”		% of Plastic Omnium Group revenue	“Faurecia Exterior Systems Business”		% of Plastic Omnium Group revenue	Plastic Omnium Group Total	
	Totals	%		Totals	%		Totals	%
Consolidated revenue	5,444,681	100.0%	93.0%	412,570	100.0%	7.0%	5,857,251	100.0%
Operating margin	540,201	9.9%	9.2%	17,554	4.3%	0.3%	557,755	9.5%
Profit from continuing operations before income tax and after share of profits of associates and joint ventures	389,851	7.2%	6.7%	14,744	3.6%	0.3%	404,595	6.9%

If the acquisition had taken place on January 1, 2016, the contribution of the business acquired to the Group’s main financial data would have been shown below. The assumptions used to prepare this data are as follows:

The contribution over twelve months corresponds to the sum:

- of the contribution to the Group consolidated financial statements since the acquisition date (from July 30 to December 31, 2016);
- and the estimated contribution from January 1, to July 29, 2016.

The estimated contribution from January 1 to July 29, 2016 was determined on the basis of the following:

- Faurecia’s main financial data over the period, adjusted by changes in cost structure (Faurecia management fees, Exterior Systems Management, etc.);

- extrapolation over twelve months of the impact of allocating the acquisition cost with, in particular, recognition:

- of the amortization of contractual customer relationships over twelve months,
- of the neutralization of negative gross margin from loss-making contracts for which impairment provisions were recognized in the opening balance sheet,
- of the neutralization of the depreciation of property, plant and equipment concerned by the impairments recorded in the opening balance sheet.

2016 – With full-year “Faurecia Exterior Systems Business”

In thousands of euros	Plastic Omnium Group not including “Faurecia Exterior Systems Business”		% of Plastic Omnium Group revenue	“Faurecia Exterior Systems Business”		% of Plastic Omnium Group revenue	Plastic Omnium Group Total	
	Totals	%		Totals	%		Totals	%
Consolidated revenue	5,444,681	100.0%	83.9%	1,046,270	100.0%	16.1%	6,490,951	100.0%
Operating margin	540,201	9.9%	8.3%	41,454	4.0%	0.6%	581,655	9.0%
Profit from continuing operations before income tax and after share of profits of associates and joint ventures	389,851	7.2%	6.0%	32,644	3.1%	0.5%	422,495	6.5%

2.1.2. Acquisition of the minority stake in the German company RMS Rotherm Maschinenbau GmbH

On January 27, 2016, the Group acquired the stake in the German-based RMS Rotherm Maschinenbau GmbH from its partners. Under the terms of the transaction, ownership is transferred immediately, giving the Group 100% of the company.

Since the company was already controlled by the Group (see impact in the Statement of cash flows – Note reference 5.1.14.1-b), the method of consolidation remains unchanged.

The impact of this acquisition of non-controlling interests on 2016 consolidated equity will be –€1,812 thousand.

The corporate name “RMS Rotherm Maschinenbau GmbH” was changed to “Plastic Omnium Systems GmbH”.

2.1.3. Investment in the Israeli company Ξ -POCellTech

The Plastic Omnium Group signed a partnership agreement with the Israeli company, “Elbit Systems” to form a start-up, Ξ -POCellTech, in Caesarea in Israel, focusing on fuel cells and supercapacitors. As at December 31, 2016, the company employs 26 employees and should raise this to approximately 40 employees in the long-term.

Plastic Omnium contributes its automotive know-how to electronic systems and fluids management. Investment stands at €16 million and the Group has a 20% holding in the partnership with joint control.

The partner, “Elbit Systems”, contributes both the building that accommodates the research activity as well as existing patents and developments in respect of a fuel cell with very low precious metal content and a new range of supercapacitors. It has an 80% holding in the newly formed company.

Ξ -POCellTech is recognized in the Group’s financial statements using the equity method, in view of the joint control exercised. The provisional appropriation of the acquisition cost generated goodwill of €12 million. See Notes 4.5 and 5.1.6 on the impact of “Investments in associates and joint ventures” in the Income Statement and Balance Sheet.

2.2. Investments and Site Openings

2.2.1. Planned opening of an innovation and high-tech operations center: Δ -Deltatech

In the 2nd half of 2016, the Group launched its plan to build an innovation and high-tech operations center focusing on new energies, Δ -Deltatech in Brussels, Belgium with a total investment of €50 million. The center will employ 200 engineers. It is due to open in early 2019.

This new center is part of the Automotive segment’s “Fuel Systems” Division.

At December 31, 2016, cumulative investment stands at €1.3 million, including:

- €0.4 million in 2015;
- €0.9 million in 2016.

The costs related to this project and recognized in the 2016 income statement were immaterial.

2.2.2. Inauguration in León, Mexico of a “Fuel Systems” Division plant, and start of production

The Group opened a new site in León, Mexico during the second half-year 2016, on around ten hectares of land, with a plant surface area of 15,000 m². Production started in September 2016. Reporting to the “Fuel Systems” Division of the Automotive sector, the plant produces fuel tanks for General Motors and Fiat Chrysler Automobiles.

The site has around 60 employees.

At December 31, 2016, cumulative investment stands at €30.6 million, including:

- €12.8 million in 2015;
- €17.8 million in 2016.

2.2.3. Investments in production capacity: the Warrington plant in the United Kingdom

Construction of a plant in Warrington in the United Kingdom launched in the first half of 2015 has now been completed. Part of the Auto Exterior branch of the Automotive Division, it has produced exterior body parts for the carmaker Jaguar Land-Rover since June 2016.

As of December 31, 2016, cumulated investment stands at €80.8 million (£61.1 million) including:

- €19.9 million (£16.2 million) in 2016;
- €52.8 million (£38.3 million) in 2015;
- €8.1 million (£6.6 million) in 2014.

2.3. Disposals of entities, real estate assets and site closures

Regarding the sales of “Sulo Emballagen GmbH” in Note 2.3.3 and “Signature Ltd” in Note 2.3.2, as of June 30, 2016, these two companies were not classified as “Assets and liabilities held for sale” because their sales were not highly probable.

2.3.1. Disposal of Auto Exterior Division truck business

The Group is withdrawing from its Automotive segment Auto Exterior division truck business. On November 18, 2016, it received a firm purchase offer from the German group mutares which specializes in the acquisition of companies in turnaround.

Truck operations at Plastic Omnium involve the design and manufacture of body and structural parts for the truck industry. It has around 1,500 employees and revenues of €190 million in 2015.

The disposal concerns 9 sites, including 5 in France, 1 in Germany, 1 in Mexico and 2 in China (see the note on the “List of consolidated entities” at the end of the document for companies that are to be sold in their entirety and those whose “Truck” business alone will be sold off).

This disposal plan has to be submitted to procedures in connection with staff representation bodies in the countries concerned and then to the competent Competition Authorities. Finalization is planned for 2017.

At December 31, 2016, in accordance with IFRS5, this activity is presented in the balance sheet under “Assets and liabilities held for sale” (Note 5.1.16), in consideration of the impact of the probable realizable value. See Note 4.6. “Other operating income and expenses”. A loss on disposal of €12 million is expected on the sale.

2.3.2. Disposal of the English Environment Division company, "Signature Ltd"

On August 3, 2016, the Plastic Omnium Group sold its English subsidiary, "Signature Ltd", specializing in highway signage, to the "Hill & Smith Holdings PLC" Group in the United Kingdom for €13.8 million. This company is part of the Environment Division.

The transaction resulted in the recognition of a loss of €10.8 million (see Note 4.6. "Other operating income and expenses") corresponding to Group equity of €24.6 million in the consolidated financial statements.

2.3.3. Disposal of the German Environment Division company, "Sulo Emballagen GmbH"

On September 30, 2016, the Plastic Omnium Group sold its German subsidiary "Sulo Emballagen GmbH", specializing in the production and sale of metal containers for the chemical industry, to the "Fields" Group. This company was part of the Environment Division.

The transaction resulted in the recognition of a profit of €0.7 million (see Note 4.6. "Other operating income and expenses") bringing Group equity to €1.1 million in the consolidated financial statements.

At the same time as this transaction, the Group also proposed for sale administrative and industrial buildings associated with "Sulo Emballagen GmbH" for sale. The transaction was completed in January 2017 (see Note 7.6 "Events after the financial year closure "Sale of the "Sulo Emballagen GmbH" headquarters in Herford in Germany").

2.3.4. Closure of the Laval "Fuel systems" Division production site

Following the decline in volume at its fuel systems production plant in Laval (Mayenne in France) since 2011, without prospects for turnaround, the Group announced the closing of the site on January 8, 2016. Accordingly, a provision for restructuring was recognized in the financial statements (see Notes 4.6 "Other operating income and expenses" and 5.2.5 "Provisions for liabilities and charges").

The Group has decided to put the plant up for sale. It has been reclassified under "Assets and liabilities held for sale" based on its realizable value (5.1.16), giving rise to the recording of an exceptional amortization of €1.6 million (see Note 4.6 "Other operating income and expenses").

2.3.5. Closure of the Norcross "Auto Exterior" Division bumper production site

On October 19, 2016, the Group announced its intention to close the bumper production plant (operated by the American company, "Plastic Omnium Auto Exteriors LLC", part of the Automotive segment "Auto Exterior" Division) in Norcross in Georgia as a result of under capacity. Production at this plant is in the process of being transferred to the Chattanooga (Tennessee) and Anderson (South Carolina) plants. The transfer will be complete in early 2017.

The Norcross plant employs 71 people. They will be redeployed to other Group sites or will receive post-employment benefits. The impact in the income statement amounts to €2.0 million (equivalent to \$2.2 million) (see Note 4.6 "Other operating income and expenses" and 5.2.5 "Provisions for liabilities and charges").

2.4. Financing activities

2.4.1. Partial repayment of the 2012 "Schuldschein" private placement

On June 17 and 27, 2016, the Group repaid in advance the variable portion of the "Schuldschein" private placement made with private investors in France and abroad, in the amount of €74 million (see Note 5.2.7.2 "Borrowings: private placement notes and bonds").

This repayment was accompanied by new financing at a lower interest rate and longer maturity, details of which are provided in Note 2.4.2 "New private placement made" below.

2.4.2. New private placement made

On June 17, 2016, the Group carried out new financing in the form of a "Schuldschein" private placement with private investors abroad, primarily in Asia, Germany, the Netherlands, Switzerland, Luxembourg and Belgium, for an amount of €300 million.

The features of this investment are given in Note 5.2.7.2 "Borrowings: private placement notes and bonds".

2.4.3. Issuance of commercial paper

In September 2016, the Group issued commercial paper to European investors. On December 31, the amount was €12 million.

Details of these issuances are provided in Note 5.2.7.3 "Medium-term borrowings: issuance of commercial paper."

2.5. Transactions on the capital of the Plastic Omnium Company

2.5.1. Compagnie Plastic Omnium equity reduction

On February 24, 2016, the Board of Directors of Compagnie Plastic Omnium voted to cancel 1,100,000 treasury shares, or 0.72% of the share capital. This operation took effect March 21, 2016.

The share capital of Compagnie Plastic Omnium, consisting of shares with a par value of €0.06, was thus brought to €9,148,603.20. See Note 5.2.1.1 "Share capital of Compagnie Plastic Omnium".

This operation brings the equity interest of the parent company, the Burelle SA holding company, to 57.01% of the share capital before cancellation of Treasury shares.

3. Segment information

3.1. Information by operating segment

The Group is divided into two operating segments: Automotive and Environment.

The Group uses the notion of economic sales (revenue) for its operational management, which corresponds to the consolidated revenue of the Group and its joint ventures at their ownership percentage: HBPO, a German company and world leader in front-end modules, Yanfeng Plastic Omnium, the Chinese leader

in exterior body parts, BPO, a major player in the Turkish market for exterior equipment, and Plastic Recycling, a specialist company in plastics recycling.

The columns in the tables below show the amounts for each segment. The “Unallocated items” column groups together inter-segment eliminations and amounts that are not allocated to a specific segment (e.g. holding company activities) so as to reconcile segment information to the Group’s financial statements. Financial results, taxes and the share of profit/(loss) of associates are monitored by the Group and not allocated to the segments. Inter-segment transactions are carried out on an arm’s length basis.

3.1.1. Income statement by operating segment

In thousands of euros	2016			
	Automotive	Environment	Unallocated items ⁽³⁾	Total
Economic sales (revenue)⁽¹⁾	6,566,823	368,909	-	6,935,732
<i>Including Revenue from joint ventures at the Group's percentage stake</i>	<i>1,078,481</i>	<i>-</i>	<i>-</i>	<i>1,078,481</i>
Sales to third parties	5,488,424	368,977	(150)	5,857,251
Sales between segments	(82)	(68)	150	-
Consolidated sales (revenue)	5,488,342	368,909	-	5,857,251
<i>% of segment revenue – Total</i>	<i>93.7%</i>	<i>6.3%</i>		<i>100.0%</i>
Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures	503,100	24,438	-	527,537
<i>% of segment revenue</i>	<i>9.2%</i>	<i>6.6%</i>		<i>9.0%</i>
Amortization of intangible assets acquired in business combinations	(21,583)	-	-	(21,583)
Share of profit/(loss) of associates and joint ventures	51,801	-	-	51,801
Operating margin⁽²⁾	533,318	24,438	-	557,755
<i>% of segment revenue</i>	<i>9.7%</i>	<i>6.6%</i>		<i>9.5%</i>
Other operating income	25,355	9,506	-	34,861
Other operating expenses	(77,335)	(42,799)	-	(120,134)
<i>% of segment revenue</i>	<i>-0.9%</i>	<i>-9.0%</i>		<i>-1.5%</i>
Finance costs, net				(58,859)
Other financial income and expenses, net				(9,027)
Profit/(loss) from continuing operations before income tax and after share in associates and joint ventures				404,595
Income tax				(86,307)
Net income				318,288

Notes to the Consolidated Financial Statements

In thousands of euros	2015			
	Automotive	Environment	Unallocated items ⁽³⁾	Total
Economic sales (revenue)⁽¹⁾	5,596,732	385,767	-	5,982,499
<i>Including Revenue from joint ventures at the Group's percentage stake</i>	972,604	-	-	972,604
Sales to third parties	4,624,217	385,828	(150)	5,009,895
Sales between segments	(89)	(61)	150	-
Consolidated sales (revenue)	4,624,128	385,767	-	5,009,895
<i>% of segment revenue - Total</i>	92.3%	7.7%	-	100.0%
Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures	430,774	22,989	-	453,763
<i>% of segment revenue</i>	9.3%	6.0%	-	9.1%
Amortization of intangible assets acquired in business combinations	(18,795)	-	-	(18,795)
Share of profit/(loss) of associates and joint ventures	34,749	-	-	34,749
Operating margin⁽²⁾	446,728	22,989	-	469,717
<i>% of segment revenue</i>	9.7%	6.0%	-	9.4%
Other operating income	19,551	1,392	-	20,943
Other operating expenses	(89,936)	(6,505)	-	(96,441)
<i>% of segment revenue</i>	-1.5%	-1.3%	-	-1.5%
Finance costs, net	-	-	-	(53,646)
Other financial income and expenses, net	-	-	-	(2,532)
Profit/(loss) from continuing operations before income tax and after share in associates and joint ventures	-	-	-	338,041
Income tax	-	-	-	(75,200)
Net income	-	-	-	262,841

(1) Economic sales (revenue) correspond to the revenue of the Group and its joint ventures consolidated at their percentage of ownership.

(2) As of January 1, 2016, the CVAE ("Cotisation sur la valeur ajoutée"), a component of French business tax, is shown at the level of income taxes and no longer in the gross margin/operating margin. The 2015 figures remain unchanged.

(3) "Unallocated items" correspond to inter-segment eliminations and amounts that are not allocated to a specific segment (for example, holding company activities). This column is included to enable segment information to be reconciled to the Group's financial statements.

Notes to the Consolidated Financial Statements

3.1.2. Balance sheet data by operating segment

In thousands of euros Net amounts	Automotive	Environment	Unallocated items	Total
December 31, 2016				
Goodwill	432,520	98,557	–	531,077
Intangible assets	461,842	12,749	9,730	484,321
Property, plant and equipment	1,251,537	55,129	46,923	1,353,589
Investment property	–	–	93,263	93,263
Inventories	352,609	37,703	–	390,312
Trade receivables	765,681	42,066	1,877	809,624
Other receivables	301,935	10,614	34,611	347,160
Finance receivables ⁽¹⁾ (C)	59,915	2,636	–	62,551
Current accounts and other financial assets (D)	(663,931)	(6,150)	758,285	88,204
Available-for-sale financial assets – FMEA 2 (F)	–	–	30,451	30,451
Hedging instruments (E)	139	461	(101)	499
Net cash and cash equivalents ⁽²⁾ (A)	137,334	8,803	177,745	323,882
Total segment assets	3,099,581	262,568	1,152,784	4,514,933
Borrowings (B)	128,802	1,392	1,175,338	1,305,532
Segment liabilities	128,802	1,392	1,175,338	1,305,532
Segment net debt = (B – A – C – D – E – F)⁽³⁾	595,345	(4,358)	208,958	799,945
December 31, 2015				
Goodwill	168,225	119,271	–	287,496
Intangible assets	355,491	15,943	9,730	381,164
Property, plant and equipment	1,035,158	63,783	50,274	1,149,215
Investment property	–	–	93,263	93,263
Inventories	305,564	41,849	–	347,413
Trade receivables	522,801	46,778	8,276	577,855
Other receivables	175,748	10,955	38,986	225,689
Finance receivables ⁽¹⁾ (C)	51,439	4,091	–	55,530
Current accounts and other financial assets (D)	(270,706)	(17,395)	343,154	55,053
Available-for-sale financial assets – FMEA 2 (F)	–	–	1,172	1,172
Hedging instruments (E)	253	–	1,305	1,558
Net cash and cash equivalents ⁽²⁾ (A)	115,245	6,071	525,949	647,265
Total segment assets	2,459,218	291,346	1,072,109	3,822,673
Borrowings (B)	101,907	3,695	922,495	1,028,097
Segment liabilities	101,907	3,695	922,495	1,028,097
Segment net debt = (B – A – C – D – E – F)⁽³⁾	205,676	10,928	50,915	267,519

(1) At December 31, 2016, "Finance receivables" included €28,633 thousand reported in the balance sheet under "Other non-current financial assets", against €36,697 thousand at December 31, 2015, and €33,918 thousand reported under "Finance receivables – current portion", against €18,833 thousand at December 31, 2015 (see Note 5.1.8. and 5.1.10.).

(2) Net cash and cash equivalents as reported in the statement of cash flows. See also Note 5.1.13.2 "Net cash and cash equivalents at end of period".

(3) See Note 5.2.7.1 "Net debt indicator used by the Group" and Note 5.2.7. 6 "Reconciliation of gross and net debt".

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3.1.3. Other information by operating segment

2016 In thousands of euros	Automotive	Environment	Unallocated items	Total
Acquisitions of intangible assets	147,974	1,188	1,958	151,120
Capital expenditure including acquisitions of investment property	203,533	13,477	3,702	220,712
Depreciation and amortization expense ⁽¹⁾	(244,929)	(15,098)	(19,823)	(279,850)

2015 In thousands of euros	Automotive	Environment	Unallocated items	Total
Acquisitions of intangible assets	106,961	740	1,190	108,891
Capital expenditure including acquisitions of investment property	242,613	14,034	12,664	269,311
Depreciation and amortization expense ⁽¹⁾	(201,882)	(16,091)	(7,688)	(225,661)

(1) This item corresponds to depreciation, amortization and impairments of property, plant and equipment and intangible assets, including the amortization of intangible assets (primarily contractual customer relationships and, to a lesser extent, brands) acquired in business combinations.

3.1.4. Revenue – Information by geographic region and by country of sales

The following table shows revenue generated by the Group's subsidiaries in the regions or market countries indicated below:

3.1.4.1. Information by sales region

2016			2015		
In thousands of euros	Totals	%	In thousands of euros	Totals	%
France	780,667	11.3%	France	746,508	12.5%
North America	1,810,489	26.1%	North America	1,683,288	28.1%
Europe excluding France	2,884,100	41.6%	Europe excluding France	2,333,553	39.0%
South America	198,389	2.9%	South America	162,317	2.7%
Africa	73,722	1.1%	Africa	55,497	0.9%
Asia	1,188,365	17.0%	Asia	1,001,336	16.7%
Economic revenue	6,935,732	100%	Economic revenue	5,982,499	100%
<i>Including Revenue from joint ventures at the Group's percentage stake</i>	<i>1,078,481</i>		<i>Including Revenue from joint ventures at the Group's percentage stake</i>	<i>972,604</i>	
Consolidated revenue	5,857,251		Consolidated revenue	5,009,895	

3.1.4.2. Revenue for the first ten contributing countries

2016			2015		
In thousands of euros	Totals	%	In thousands of euros	Totals	%
United States	1,307,320	18.8%	United States	1,161,243	19.4%
Germany	1,024,057	14.8%	Germany	748,501	12.5%
France	780,667	11.3%	France	746,508	12.5%
China	633,909	9.1%	China	510,958	8.5%
Spain	517,536	7.5%	Mexico	472,154	7.9%
United Kingdom	478,688	6.9%	United Kingdom	427,310	7.1%
Mexico	433,250	6.2%	Spain	384,507	6.4%
South Korea	263,002	3.8%	South Korea	244,124	4.1%
Slovakia	246,898	3.6%	Slovakia	233,974	3.9%
Poland	126,409	1.8%	Hungary	129,430	2.2%
Other	1,123,996	16.2%	Other	923,790	15.4%
Economic revenue	6,935,732	100%	Economic revenue	5,982,499	100%
<i>Including Revenue from joint ventures at the Group's percentage stake</i>	<i>1,078,481</i>		<i>Including Revenue from joint ventures at the Group's percentage stake</i>	<i>972,604</i>	
Consolidated revenue	5,857,251		Consolidated revenue	5,009,895	

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3.1.4.3. Automotive segment revenue by automotive manufacturer

2016			2015		
Automotive manufacturers		Totals	Automotive manufacturers		Totals
In thousands of euros	Totals	% of total Automotive revenue	In thousands of euros	Totals	% of total Automotive revenue
Volkswagen – Porsche	1,272,421	19.4%	Volkswagen – Porsche	954,310	17.1%
General Motors	1,017,718	15.5%	General Motors	886,897	15.8%
PSA Peugeot Citroën	690,735	10.5%	PSA Peugeot Citroën	651,540	11.6%
Renault/Nissan	627,059	9.5%	Renault/Nissan	555,357	9.9%
BMW	536,026	8.2%	BMW	508,216	9.1%
Total – Main manufacturers	4,143,959	63.1%	Total – main manufacturers	3,556,320	63.5%
Other automotive manufacturers	2,422,894	36.9%	Other automotive manufacturers	2,040,412	36.5%
Total Automotive segment – Economic revenue	6,566,823	100.0%	Total Automotive segment – Economic revenue	5,596,732	100%
<i>Including Revenue from joint ventures at the Group's percentage stake Automotive Revenue sub-total</i>	1,078,481		<i>Including Revenue from joint ventures at the Group's percentage stake Automotive Revenue sub-total</i>	972,604	
Total Automotive segment – Consolidated revenue	5,488,342		Total Automotive segment – Consolidated revenue	4,624,128	

3.2. Non-current assets by country

In thousands of euros	France	Europe excluding France	North America	Asia	South America	Other ⁽¹⁾	Total
December 31, 2016							
Goodwill	412,606	90,075	28,396	–	–	–	531,077
Intangible assets	85,884	202,593	144,464	41,645	6,165	3,570	484,321
Property, plant and equipment	208,293	519,500	386,447	181,250	51,407	6,692	1,353,589
<i>of which capital expenditure for the year</i>	36,565	75,628	75,651	29,920	2,538	410	220,712
Investment property	93,263	–	–	–	–	–	93,263
<i>of which investment property</i>	–	–	–	–	–	–	–
Total non-current fixed assets	800,046	812,168	559,307	222,895	57,572	10,262	2,462,250

In thousands of euros	France	Europe excluding France	North America	Asia	South America	Other ⁽²⁾	Total
December 31, 2015							
Goodwill	149,951	109,785	27,496	264	–	–	287,496
Intangible assets	82,258	145,249	108,296	39,244	3,062	3,055	381,164
Property, plant and equipment	233,297	363,320	339,547	183,620	22,079	7,352	1,149,215
<i>of which capital expenditure for the year</i>	31,050	102,399	94,363	33,493	573	495	262,373
Investment property	93,263	–	–	–	–	–	93,263
<i>of which investment property</i>	6,938	–	–	–	–	–	6,938
Total non-current fixed assets	558,769	618,354	475,339	223,128	25,141	10,407	1,911,138

(1) "Other" includes South Africa and Morocco.

3.3. Property, plant and equipment (excluding investment property) by operating segment

In thousands of euros	Automotive	Environment	Unallocated items	Total
December 31, 2016				
Property, plant and equipment owned outright – carrying amount	1,228,745	40,151	46,923	1,315,819
Property, plant and equipment owned outright and under operating leases where the Group is lessor – carrying amount ⁽¹⁾	–	13,824	–	13,824
Property, plant and equipment leased under finance leases where the Group is lessee – carrying amount ⁽²⁾	22,792	–	–	22,792
Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor – carrying amount ⁽¹⁾⁽²⁾	–	1,154	–	1,154
Total Property, plant and equipment (excluding investment property)	1,251,537	55,129	46,923	1,353,589

In thousands of euros	Automotive	Environment	Unallocated items	Total
December 31, 2015				
Property, plant and equipment owned outright – carrying amount	1,024,088	46,610	50,274	1,120,972
Property, plant and equipment owned outright and under operating leases where the Group is lessor – carrying amount ⁽¹⁾	–	14,005	–	14,005
Property, plant and equipment leased under finance leases where the Group is lessee – carrying amount ⁽²⁾	11,070	–	–	11,070
Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor – carrying amount ⁽¹⁾⁽²⁾	–	3,168	–	3,168
Total Property, plant and equipment (excluding investment property)	1,035,158	63,783	50,274	1,149,215

(1) The sum of "Property, plant and equipment owned outright and leased under operating leases where the Group is lessor" and "Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor" corresponds to the value of "Property, plant and equipment leased under operating leases where the Group is lessor" (see corresponding sub-section of Note 5.1.3).

(2) See sub-section "Property, plant and equipment leased under finance leases where the Group is lessee" in Note 5.1.3.

4. Notes to the income statement

4.1. Analysis of research and development costs

The percentage of research and development costs is expressed in relation to revenue.

In thousands of euros	2016	%	2015	%
Research and development costs	(339,118)	-5.8%	(295,404)	-5.9%
Capitalized development costs and research and development costs billed to customers	193,378	3.3%	187,325	3.7%
Net research and development costs	(145,740)	-2.5%	(108,079)	-2.2%

4.2. Cost of sales, development, selling and administrative costs

In thousands of euros	2016	2015
Cost of sales includes		
Raw materials (purchases and changes in inventory) ⁽¹⁾	(3,634,259)	(3,109,711)
Direct production outsourcing	(13,006)	(13,389)
Utilities and fluids	(88,854)	(79,395)
Employee benefits expense	(596,840)	(502,094)
Other production costs	(416,003)	(337,006)
Proceeds from the sale of waste containers leased to customers under operating leases ⁽²⁾	1,469	2,095
Carrying amount of waste containers leased to customers under operating leases ⁽²⁾	(1,706)	(1,586)
Depreciation	(148,450)	(122,181)
Provisions for liabilities and charges	14,941	(9,148)
Total	(4,882,708)	(4,172,415)
Research and development costs include		
Employee benefits expense	(164,553)	(136,216)
Amortization of capitalized development costs	(84,758)	(59,968)
Other	103,571	88,105
Total	(145,740)	(108,079)
Selling costs include		
Employee benefits expense	(37,877)	(40,414)
Depreciation, amortization and provisions	(156)	(175)
Other	(17,053)	(21,626)
Total	(55,086)	(62,215)
Administrative costs include		
Employee benefits expense	(139,171)	(120,863)
Other administrative expenses	(96,993)	(84,720)
Depreciation	(10,260)	(9,949)
Provisions for liabilities and charges	244	2,109
Total	(246,180)	(213,423)

(1) Of which charges, reversals and provisions for impairment on inventories amounting to:

- -€1,965 thousand in 2016;
- -€2,174 thousand in 2015.

(2) See "Gains/(losses) on disposals of non-current assets" in Note 4.6 "Other operating income and expenses".

4.3. Employee benefits expense

In thousands of euros	2016	2015
Wages and salaries	(690,904)	(585,620)
Payroll taxes ⁽¹⁾	(190,149)	(160,296)
Non-discretionary profit-sharing	(14,181)	(12,418)
Share-based compensation ⁽²⁾	(3,498)	(3,025)
Pension and other post-employment benefit costs	(1,602)	(798)
Other employee benefits expenses	(38,101)	(37,432)
Total employee benefits expense excluding temporary staff costs	(938,435)	(799,589)
Temporary staff costs	(125,884)	(109,540)
Total employee benefits expenses	(1,064,319)	(909,129)

(1) This item combines payroll taxes on stock purchase and option plans in the amount of:
 · none in 2016 (no new plan);
 · –€1,811 thousand (including €592 thousand for executive corporate officers) in 2015.

(2) See Note 5.1.3 “Share-based compensation”.

4.4. Amortization of intangible assets acquired in business combinations

This item refers essentially to:

- the amortization over seven years of “Inergy Automotive Systems” contractual customer relationships recognized during the acquisition in 2010 of 50% of Inergy Automotive Systems;
- the amortization over nine years of contractual customer relationships recognized in 2011 on “Ford’s fuel systems” business in the United States;
- the amortization over six years of contractual customer relationships recognized during the acquisition, on July 29, 2016, of the “Faurecia Group Exterior Systems” business (see Note 2.1.1.5. “The opening balance sheet” at the cost recognized in the financial statements).

In thousands of euros	2016	2015
Brands	(350)	(350)
Contractual customer relationships	(21,233)	(18,445)
Total amortization of intangible assets acquired in business combinations	(21,583)	(18,795)

4.5. Share of profit/(loss) of associates and joint ventures

The associates Chengdu Faway Yanfeng Plastic Omnium, Dongfeng Plastic Omnium Automotive Exterior and Hicom HBPO are included in the YFPO and HBPO joint ventures respectively.

Share of profit/(loss) of associates and joint ventures looks as follows:

In thousands of euros	% Interest	2016	2015
JV HBPO GmbH and its subsidiaries and associates	33.33%	14,393	12,731
JV Yanfeng Plastic Omnium and its subsidiaries	49.95%	31,130	12,668
B.P.O. AS	49.98%	9,323	9,543
Plastic Recycling SAS	50.00%	(157)	(189)
Ξ-POCellTech ⁽¹⁾	20.00%	(2,883)	–
Total share of profit/(loss) of associates and joint ventures		51,801	34,749

(1) See Note 2.1.3 on investment in the Israeli company, Ξ-POCellTech.

4.6. Other operating income and expenses

In thousands of euros	2016	2015
Pre-start-up costs at new plants ⁽¹⁾	(10,639)	(20,211)
Employee downsizing plans ⁽²⁾	(20,779)	(9,928)
Impairment of non-current assets ⁽³⁾	(14,777)	(14,498)
Provisions for charges ⁽⁴⁾	(1,519)	(4,268)
Litigation ⁽⁵⁾	(9,829)	(613)
Foreign exchange gains and losses on operating activities ⁽⁶⁾	(6,001)	(13,585)
Impact of acquisitions: related fees and expenses ⁽⁷⁾	(6,405)	(7,654)
Costs associated with the restructuring of the "Heavy Goods Vehicle" business	(1,167)	-
Deconsolidation impact	(11,740)	-
• of which gains or losses on the sale of securities ^(a)	(10,038)	-
• of which fees associated with disposals	(1,702)	-
Other ⁽⁸⁾	2,094	(3,345)
Gains/losses on disposals of non-current assets ^(a)	(4,511)	(1,396)
Total operating income and expenses	(85,273)	(75,498)
• of which total other operating income	34,861	20,943
• of which total other operating expense	(120,134)	(96,441)

In 2016:

(1) Pre-start-up costs at new plants:

All costs incurred in 2016 relate to the plants of the Auto Exterior Division of the Automotive segment, primarily the Warrington plant in the United Kingdom, which has started the production of body parts for Jaguar Land-Rover (see Note 2.2.3. "Investments in production capacity"), as well as the San Luis Potosi plant in Mexico.

(2) Employee downsizing plans:

Employee downsizing costs relate chiefly to restructuring and to the job protection plan for the following production sites:

- the Laval (Mayenne) "Fuel Systems" Division production site (see Notes 2.3.4 "Closure of the Laval fuel systems production site" and 5.2.5 "Provisions for liabilities and charges");
- the Norcross "Auto Exterior" Division production site in Georgia in the United States (see Notes 2.3.5 "Closure of the Norcross bumper production site in the Auto Exterior Division" and 5.2.5 "Provisions for liabilities and charges").

(3) Impairment of non-current assets:

Impairment of non-current assets mainly corresponds to:

- the provision of –€12,000 thousand to take into account, at year-end, the estimated loss from the disposal of Auto Exterior Division truck operations (see Note 2.3.1 "Disposal of Auto Exterior Division truck operations") to be recognized at the closing date;
- the –€4,398 impairment on December 31, 2016, corresponding to the estimated loss from the sale of the "Sulo Emballagen GmbH" industrial and office buildings in Herford, Germany (transaction related to the disposal of "Sulo Emballagen GmbH". The disposal took effect on January 10, 2017 (see Note 7.6 "Subsequent events");
- the –€1,600 thousand impairment corresponding to the estimated loss on the future disposal of the Laval plant (see Note 2.3.4 "Closure of the Laval fuel systems production site");
- and reversals of provisions for impairment relating to various fixed asset disposals.

(4) Provisions for charges:

Provisions for charges chiefly cover the risk of customer returns under warranty for the Automotive Division.

(5) Litigation:

The amounts in this item correspond to legal fees and expenses relating to several disputes involving the Environment Division.

(6) Foreign exchange gains and losses on operating activities:

Virtually all foreign exchange losses over the year were attributable to the Automotive segment, and cover various currencies: Mexican peso, Argentinean peso, Polish zloty and the renminbi in Asia. Losses on all currencies break down as follows:

- 35.5% for the "Auto Exterior" Division;
- and 64.5% for the "Fuel Systems" Division.

(7) Impacts of acquisitions: related fees and expenses:

The Group has continued its acquisitions (see Notes 2.1.1. "Acquisition of the "Exterior Systems" business of the Faurecia Group" and 2.1.2 "Acquisition of the minority stake in the German company RMS Rotherm Maschinenbau", etc.).

(8) Other:

This item essentially comprises an adjustment on third-party accounts of the Mexican subsidiary of Auto Exterior Division of the Automotive segment.

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In 2015:

(1) Pre-start-up costs at plants:

In the 2015 fiscal year, the Group had opened three new plants in Russia and North America (see Notes 2.2.3 "Investment in manufacturing capacity" and 5.1.3 "Property, plant and equipment excluding investment property" to the consolidated financial statements published in 2015). Pre-start-up costs concerned the Automotive sector and were broken down as follows:

- 91% for the "Auto Exteriors" Division;
- and the remainder for the "Fuel Systems" Division.

(2) Employee downsizing plans:

These primarily involved:

- the continued reorganization of the Automotive Division's Compiègne-Laval site in France;
- the restructuring of the Automotive Division's Composite business in China;
- the restructuring of the Environment Division's Neustadt site in Germany;
- and departure costs for a French subsidiary of the Environment Division.

(3) Impairment of non-current assets:

This essentially covered depreciation of the property, plant and equipment of the Automotive Division's Composites business in France and China.

(4) Provisions for charges:

Provisions for charges covered the risk of customer returns under warranty for the Automotive Division in Europe and Asia.

(5) Litigation:

Not significant.

(6) Foreign exchange gains and losses on operating activities:

In fiscal year 2015, foreign exchange gains on transactions concerned:

- the "Auto Exteriors" Division of the Automotive segment 34.5%;
- and the "Fuel Systems" Division of the Automotive segment 62.4%.

The sharp variations were due to the fall in some currencies, mainly in South America.

(7) Impacts of acquisitions: related fees and expenses:

The Group had embarked upon several acquisitions (see Notes 2.1.1 "Proposed acquisition of the Faurecia Group "Exterior Systems" business" and 7.6 "Subsequent events", etc. to the consolidated financial statements published in 2015).

(8) Other:

They include various non-material amounts.

(a) Gains/losses on disposals of non-current assets:

The breakdown of the disposals of non-current assets shown below explains the impact on non-current operating income of transactions in non-current assets and reconciles them with changes in the statement of cash flows:

- proceeds from disposals of property, plant and equipment and intangible assets in the statement of cash flows include proceeds from disposals of assets reported under "Other operating income and expenses" and proceeds from waste containers leased to customers under operating leases reported under "Cost of sales" (see Note 4.2);
- and net (gains)/losses on disposals of non-current assets in the statement of cash flows include gains and losses from disposals of property, plant and equipment and intangible assets reported under "Other operating income and expenses" and gains and losses from waste containers leased to customers under operating leases (see Note 4.2). The details are as follows:

In thousands of euros	2016		2015	
	Disposal proceeds	Gain/loss	Disposal proceeds	Gain/loss
Sales of waste containers included in operating margin	1,469	(237)	2,095	509
Total current sales of waste containers (see Note 4.2)	1,469	(237)	2,095	509
Disposals of intangible assets	4	(631)	7,973	(195)
Disposals of property, plant and equipment ⁽¹⁾	3,383	(3,880)	2,530	(1,197)
Total from disposals of non-current assets excluding non-current financial assets (see table above)	3,387	(4,511)	10,503	(1,392)
Disposals of non-current financial assets ⁽²⁾	15,638	(10,038)	4	(4)
Total proceeds from disposal of non-current financial assets (see table above)	15,638	(10,038)	4	(4)
Total	20,494	(14,786)	12,602	(887)

2016:

- (1) Loss on disposals of property, plant and equipment correspond mainly to the loss on the sale of the Environment Division's Neustadt site in Germany. It was classified at December 31, 2015 under "Assets and liabilities held for sale" (see Note 5.1.16).
- (2) Losses on disposals of non-current financial assets correspond mainly to the €10,772 thousand loss on the sale of Signature Ltd and the €694 thousand profit on the sale of Sulo Emballagen GmbH (see Notes 2.3.2 and 2.3.3).

4.7. Net financial income

In thousands of euros	2016	2015
Finance costs	(48,849)	(43,037)
Interest cost of post-employment benefit obligations ⁽¹⁾	(2,647)	(2,505)
Financing fees and commissions	(7,363)	(8,104)
Finance costs, net	(58,859)	(53,646)
Exchange gains or losses on financing activities	614	(1,150)
Gains or losses on interest rate and currency hedges ⁽²⁾	(9,738)	(2,502)
Other	97	1,120
Other financial income and expenses, net	(9,027)	(2,532)
Total	(67,886)	(56,178)

(1) See Note 5.2.6.5 on the "Changes in net balance sheet amounts".

(2) See Notes 5.2.8.1.3 on the "Impact of hedging on the Income statement" and 5.2.8.2.2 on the "Impact of unsettled foreign exchange currency hedges on income and equity".

4.8. Income tax

4.8.1. Income tax recorded in the income statement

Income tax expense includes taxes payable, deferred taxes and since January 1, 2016 the CVAE value-added tax previously recognized as part of gross profit/operating margin. For fiscal year 2015, the CVAE was €7.6 million.

Income tax expense breaks down as follows:

In thousands of euros	2016	2015 published
Current taxes including the CVAE	(85,181)	(78,683)
Current income tax (expense)/benefit including the CVAE	(80,890)	(83,682)
Tax (expense)/benefit on non-recurring items	(4,291)	4,999
Deferred taxes	(1,126)	3,483
Deferred tax (expense)/benefits on timing differences arising or reversing during the period	(747)	5,965
Effect of changes in tax rates or the introduction of new taxes	(379)	(2,482)
Income tax recorded in the consolidated income statement, including CVAE⁽¹⁾	(86,307)	(75,200)

(1) The CVAE is included in "Income tax recorded in the income statement" from 2016 only.

Presentation of the CVAE in tax expense at December 31, 2015 would give the following figures:

Presentation of tax expense at December 31, 2015 including CVAE (new 2016 presentation)

In thousands of euros	2015 published	Reclassification of the CVAE	2015 New presentation
Current taxes including the CVAE	(78,683)	(7,582)	(86,265)
Current income tax (expense)/benefit including the CVAE	(83,682)	(7,582)	(91,264)
Tax (expense)/benefit on non-recurring items	4,999	–	4,999
Deferred taxes	3,483	–	3,483
Deferred tax (expense)/benefits on timing differences arising or reversing during the period	5,965	–	5,965
Effect of changes in tax rates or the introduction of new taxes	(2,482)	–	(2,482)
Income tax expense in the consolidated income statement including the CVAE	(75,200)	(7,582)	(82,782)

4.8.2. Analysis of income tax expense – Tax proof

The analysis of the income tax expense reveals the following factors:

In thousands of euros	2016		New 2015 Presentation	
	Totals	% ⁽¹⁾	Totals	% ⁽¹⁾
Profit before tax (excluding tax assessed on net interim profit) (A)	345,308		303,292	
Tax calculated on net interim profit (CVAE, etc.) (B)	7,486		7,582	
Consolidated profit before tax and share of profit/(loss) of associates and joint ventures (C) = (A) + (B)	352,794		310,874	
French standard tax rate (D)	34.43%		38.00%	
Theoretical tax expense (E) = (C) x (-D)	(121,467)		(118,132)	
Difference between theoretical tax expense and current and deferred tax expense excluding tax assessed on net interim profit (F)	42,646	-12.0%	42,932	-13.8%
Tax credits	27,437	-7.8%	28,435	-9.1%
Permanent differences between recorded profits and taxable profits	(5,513)	1.6%	(1,772)	0.6%
Change in unrecognized deferred taxes	4,893	-1.4%	(230)	0.1%
Impact on opening deferred tax of a tax rate change	(379)	0.1%	(2,482)	0.8%
Impact of differences in foreign tax rates	18,194	-5.2%	22,481	-7.2%
Other impacts	(1,986)	0.6%	(3,500)	1.1%
Current and deferred tax expense excluding tax assessed on net interim profit (G) = (E) - (F)	(78,821)		(75,200)	
Tax calculated on net interim profit (CVAE, etc.) (H)	(7,486)	2.1%	(7,582)	2.4%
Total current and deferred tax expense (I) = (G) + (H)	(86,307)		(82,782)	
Effective tax rate (I) / (C)		24.5%		26.6%

(1) Percentage expressed in relation to the consolidated profit before tax and share of profit/(loss) of associates and joint ventures (C).

The Group's effective "tax rate" as of December 31, 2016 was 24.5% in 2016 (26.6% in 2015 after CVAE, reclassification, 24.8% before).

In 2016, the tax recognized was an expense of €86 million (€78 million before CVAE, reclassification) for a theoretical tax of €121 million, on the basis of a tax rate of 34.43%.

In 2015, the tax recognized was an expense of €83 million (€75 million before CVAE, reclassification) for a theoretical tax of €118 million (€115 million before CVAE reclassification), on the basis of a 38% tax rate in 2015.

In France, the 2016 vote of a 28.9% tax rate applicable in 2020 does not impact the Group tax expense, as the future activities taken into account to calculate the tax assets were not concerned by this future rate.

The difference between the tax recognized and the theoretical tax is mainly explained:

- by €27 million through a use of specific tax deductions or credits mainly in North America, in Asia and in France (€28 million as of December 31, 2015);
- €18 million through the impact of more advantageous tax rates, mainly in Asia (China, Thailand) and in Europe (excluding France and Belgium) (€22 million as of December 31, 2015);
- by €5 million through the effect of unrecognized shortfalls or other assets generated during the year, net of those previously not activated but used or recognized during the year;
- and by -€6 million through permanent differences between accounting income and taxable income as taxable dividends (-€2 million as of December 31, 2015).

4.9. Net profit attributable to non-controlling interests

The net profit attributable to non-controlling interests corresponds to that share of non-controlling interests in the profit/loss of fully consolidated entities controlled by the Group. It breaks down as follows:

In thousands of euros	2016	2015
Inergy Automotive Systems Manufacturing (Beijing) Co. Ltd	3,773	3,987
Inergy Automotive Systems Manufacturing India Pvt Ltd	1,001	846
Plastic Omnium Systems GmbH	–	(10)
DSK Plastic Omnium Inergy	1,250	(215)
DSK Plastic Omnium BV	152	(141)
Total attributable to non-controlling interests	6,176	4,467

4.10. Basic earnings per share and diluted earnings per share

Net profit attributable to owners of the parent	2016	2015
Basic earnings per share (in euros)	2.11	1.75
Diluted earnings per share (in euros)	2.09	1.72
Weighted average number of ordinary shares outstanding	152,717,157	153,576,720
Treasury stock	(4,848,974)	(5,592,866)
Weighted average number of ordinary shares, undiluted	147,868,183	147,983,854
Impact of dilutive instruments (stock options)	1,350,717	2,534,828
Weighted average number of ordinary shares, diluted	149,218,900	150,518,682
Weighted average price of the Plastic Omnium share during the period		
Weighted average share price	29.06	25.06

5. Notes to the balance sheet

5.1. Assets

5.1.1. Goodwill

For 2016, the following assumptions were used for impairment tests (see Note 1.1.13) conducted on cash generating units (CGU) or groups of cash generating units (business segments):

- Automotive: a 1.5% perpetual growth rate and a 9.0% after-tax discount rate;
- Environment: a 1.5% perpetual growth rate and a 7.5% after-tax discount rate.

These assumptions are unchanged from 2015.

At December 31, 2016, the tests conducted did not lead to the recording of any impairment in respect of the Group's goodwill. A 0.5% increase in the discount rate or a reduction of 0.5% in the long-term growth rate or a reduction of 0.5% in the operating margin rate would not have any impact on the test results.

Concerning the Automotive and Environment CGUs, only unreasonable assumptions might jeopardize the test results. Unreasonable assumptions means a negative long-term growth rate combined with a discount rate increased by more than two points.

Notes to the Consolidated Financial Statements

Goodwill In thousands of euros	Cost	Impairment	Carrying amount
Value at January 1, 2015	284,570	-	284,570
Translation adjustment	2,926	-	2,926
Value at December 31, 2015	287,496	-	287,496
Goodwill on the acquisition of the Faurecia Group "Exterior Systems" business ⁽¹⁾	260,955	-	260,955
Derecognition of goodwill from the company "Signature Ltd" – sold company	(17,031)	-	(17,031)
Derecognition of goodwill from the company "Sulo Emballagen GmbH" – sold company	(3,501)	-	(3,501)
Reclassifications according to IFRS 5 ⁽²⁾	(255)	-	(255)
Translation adjustment	3,412	-	3,412
Value at December 31, 2016	531,077	-	531,077

(1) See Note 2.1.1 on the acquisition of the Faurecia Group "Exterior Systems" business.

(2) See Note 5.1.16 for the breakdown of components included in "Assets and Liabilities held for sale".

Hereafter, goodwill by reportable segment:

Goodwill by reportable segment In thousands of euros	Cost	Impairment	Carrying amount
Automotive	432,520	-	432,520
Environment	98,557	-	98,557
Value at December 31, 2016	531,077	-	531,077
Automotive	168,225	-	168,225
Environment	119,271	-	119,271
Value at December 31, 2015	287,496	-	287,496

5.1.2. Goodwill and intangible assets

In thousands of euros	Goodwill	Patents and licenses	Software	Development costs	Contractual customer relationships	Other	Total
Carrying amount at January 1, 2016	287,496	25,598	18,470	294,689	39,272	3,136	668,661
Increases	-	1,747	9,497	139,826	-	50	151,120
Disposals – net	-	-	(5)	(628)	-	-	(633)
Newly-consolidated companies ⁽¹⁾	260,955	416	1,603	22,342	40,000	-	325,316
Changes in scope of consolidation (derecognition) ⁽²⁾	(20,532)	(33)	(7)	(100)	-	(1,958)	(22,630)
Reclassifications according to IFRS 5 ⁽³⁾	(255)	(1)	(83)	(1,401)	(266)	-	(2,006)
Other reclassifications	-	205	4,670	(4,743)	277	(58)	351
Depreciation for the period	-	(2,077)	(10,526)	(75,053)	(21,238)	(223)	(109,117)
Impairments recognized and reversed	-	(50)	-	73	-	-	23
Translation adjustment	3,413	20	101	733	295	(249)	4,313
Carrying amount at December 31, 2016	531,077	25,825	23,720	375,738	58,340	698	1,015,398

(1) See Note 2.1.1.5 on the Opening balance sheet of Faurecia's Exterior Systems business.

(2) Derecognition of goodwill relating to divested companies: "Signature Ltd" (–€17,031 thousand) and "Sulo Emballagen GmbH" (–€3,501 thousand).

(3) See Note 5.1.16 for the breakdown of components included in "Assets and Liabilities held for sale".

In thousands of euros	Goodwill	Patents and licenses	Software	Development costs	Contractual customer relationships	Other	Total
Carrying amount at January 1, 2015	284,570	26,154	16,989	251,210	56,063	1,302	636,288
Increases	-	518	6,925	101,354	-	94	108,891
Disposals – net	-	(19)	(172)	(7,976)	-	-	(8,167)
Reclassifications	-	929	3,956	(7,506)	-	2,054	(567)
Depreciation for the period	-	(1,845)	(9,281)	(50,586)	(18,451)	(569)	(80,732)
Impairments recognized and reversed	-	(120)	-	-	-	-	(120)
Translation adjustment	2,926	(19)	53	8,193	1,660	254	13,067
Carrying amount at December 31, 2015	287,496	25,598	18,470	294,689	39,272	3,135	668,660

Notes to the Consolidated Financial Statements

The significant changes under the sub-section “Goodwill and intangible assets” correspond to the following impacts:

- in 2016: acquisition of the Faurecia Group “Exterior Systems” business;
- in 2015: mainly to the increase in Automotive business development costs.

In thousands of euros	Goodwill	Patents and licenses	Software	Development costs	Contractual customer relationships	Other	Total
Analysis of carrying amount at January 1, 2016							
Cost	287,496	41,081	113,972	613,288	135,655	6,794	1,198,286
Accumulated amortization	–	(14,998)	(95,502)	(318,287)	(96,383)	(3,659)	(528,829)
Accumulated impairment (losses)	–	(485)	–	(312)	–	–	(797)
Carrying amount at January 1, 2016	287,496	25,598	18,470	294,689	39,272	3,135	668,660
Analysis of carrying amount at December 31, 2016							
Cost	531,078	49,705	135,440	769,231	176,563	1,281	1,663,298
<i>excluding reclassifications according to IFRS 5⁽¹⁾</i>	255	83	603	17,626	2,579	–	21,146
Accumulated amortization	(1)	(23,345)	(111,720)	(393,421)	(118,223)	(583)	(647,293)
<i>excluding reclassifications according to IFRS 5⁽¹⁾</i>	–	(82)	(520)	(15,995)	(2,314)	–	(18,911)
Accumulated impairment (losses)	–	(535)	–	(72)	–	–	(607)
<i>excluding reclassifications according to IFRS 5⁽¹⁾</i>	–	–	–	(229)	–	–	(229)
Carrying amount at December 31, 2016	531,077	25,825	23,720	375,738	58,340	698	1,015,398

(1) See Note 5.1.16 for the breakdown of components included in “Assets and Liabilities held for sale”.

In thousands of euros	Goodwill	Patents and licenses	Software	Development costs	Contractual customer relationships	Other	Total
Analysis of carrying amount at January 1, 2015							
Cost	284,570	39,677	100,409	519,839	132,799	6,772	1,084,066
Accumulated amortization	–	(13,158)	(83,420)	(268,629)	(76,736)	(5,470)	(447,413)
Accumulated impairment (losses)	–	(365)	–	–	–	–	(365)
Carrying amount at January 1, 2015	284,570	26,154	16,989	251,210	56,063	1,302	636,288
Analysis of carrying amount at December 31, 2015							
Cost	287,496	41,081	113,972	613,288	135,655	6,794	1,198,286
Accumulated amortization	–	(14,998)	(95,502)	(318,287)	(96,383)	(3,659)	(528,829)
Accumulated impairment (losses)	–	(485)	–	(312)	–	–	(797)
Carrying amount at December 31, 2015	287,496	25,598	18,470	294,689	39,272	3,135	668,660

5.1.3. Property, plant and equipment excluding investment property

Property, plant and equipment owned or leased by the Group mainly pertain to plants and research and development centers.

These plants and research and development centers break down as follows by number and region:

Number of plants and research and development centers In units	December 31, 2016	December 31, 2015
Western Europe	59	53
Eastern Europe	17	16
North America	20	19
Asia	45	44
South America	9	7
Africa	2	2
Total	152	141
<i>of which total plants managed under joint ventures</i>	41	39

Notes to the Consolidated Financial Statements

Asset breakdowns over the two periods are such that no factory site represents a material portion of the total property, plant and equipment over each period.

In thousands of euros	Land	Buildings	Revalued buildings	Tech. eq. & tool.	Assets under construction	Other	Total
Carrying amount at January 1, 2016	82,292	398,690	-	358,053	186,029	124,151	1,149,215
Acquisitions ⁽¹⁾	221	21,411	-	50,539	124,876	23,665	220,712
Disposals	(47)	(709)	-	(1,688)	-	(3,485)	(5,929)
Entering the consolidation scope ⁽²⁾	4,316	57,386	-	87,106	19,708	21,197	189,713
Changes in consolidation scope (leaving)	(1,160)	(2,811)	-	(1,272)	(1)	(641)	(5,885)
Reclassifications according to IFRS 5 ⁽³⁾	(3,028)	(13,278)	-	(5,742)	(2,362)	(4,558)	(28,968)
Other reclassifications	5,097	8,528	-	111,328	(153,494)	28,190	(351) ⁽⁵⁾
Impairments recognized and reversed ⁽⁴⁾	-	(4,349)	-	(4,992)	-	34	(9,307)
Depreciation for the period	(1,463)	(26,781)	-	(91,150)	-	(42,055)	(161,449)
Translation adjustment	391	2,682	-	2,659	(1,188)	1,294	5,838
Carrying amount at December 31, 2016	86,619	440,769	-	504,841	173,568	147,792	1,353,589

In thousands of euros	Land	Buildings	Revalued buildings	Tech. eq. & tool.	Assets under construction	Other	Total
Carrying amount at January 1, 2015	77,117	330,476	14,736	324,383	154,178	107,580	1,008,470
Acquisitions ⁽¹⁾	1,079	40,056	-	45,275	145,051	30,912	262,373
Disposals	(13)	(14)	-	(1,891)	(1)	(3,396)	(5,315)
Reclassifications	3,303 ⁽⁶⁾	43,857	(14,736) ⁽⁷⁾	58,660	(121,125)	27,328	(2,713) ⁽⁵⁾
Impairments recognized and reversed ⁽⁴⁾	-	(2,874)	-	(7,064)	-	(2,099)	(12,037)
Depreciation for the period	(1,061)	(21,380)	-	(72,211)	-	(38,120)	(132,772)
Translation adjustment	1,866	8,569	-	10,901	7,926	1,947	31,209
Carrying amount at December 31, 2015	82,291	398,690	-	358,053	186,029	124,152	1,149,215

"Tech. eq. & tool.": technical equipment and tooling.

At December 31, 2016:

- (1) Property, plant and equipment reported in the "Statement of cash flows" corresponded to acquisitions of property, plant and equipment excluding investment property for €220,712 thousand, against €262,373 thousand at December 31, 2015.
- (2) See Note 2.1.1.5 on the Opening balance sheet of Faurecia's Exterior Systems business.
- (3) See Note 5.1.16 for the breakdown of components included in "Assets and Liabilities held for sale".
- (4) Practically all depreciation of buildings, technical equipment, tooling and other property, plant and equipment concerned the assets of the Automotive Division's Composites business in France and in China.
- (5) The net balance of -€351 thousand is due to intangible assets.

At December 31, 2015:

- (5) The net balance of -€2,713 thousand at December 31, 2015 is due to the following reclassifications:
 - -€5,780 thousand in "Assets held for sale" (see Note 5.1.16);
 - +€2,500 thousand in "Investment property" (see Note 5.1.5);
 - +€567 thousand in "Intangible assets".
- (6) Since 2015, the Group has used the Nanterre site, which was previously classified as "investment property" as the Environment Division's exhibition center, valued at €2,500 thousand. This land was reclassified as "Operating buildings".
- (7) After reclassifying the Nanterre land to "Operating buildings" in 2015, the entire Nanterre site was reclassified as an operating site.

Notes to the Consolidated Financial Statements

In thousands of euros	Land	Buildings	Tech. eq. & tool.	Assets under construction	Other	Total
Analysis of carrying amount at January 1, 2016						
Cost	90,727	635,223	1,331,284	186,029	436,425	2,679,688
Depreciation	(8,428)	(233,659)	(966,083)	–	(310,489)	(1,518,659)
Accumulated impairment (losses)	(8)	(2,874)	(7,148)	–	(1,784)	(11,814)
Carrying amount at January 1, 2016	82,291	398,690	358,053	186,029	124,152	1,149,215
Analysis of carrying amount at December 31, 2016						
Cost	95,990	703,016	1,622,703	173,568	495,659	3,090,936
<i>excluding reclassifications according to IFRS 5⁽¹⁾</i>	<i>(4,207)</i>	<i>(48,232)</i>	<i>(84,288)</i>	<i>(2,362)</i>	<i>(26,333)</i>	<i>(165,422)</i>
Depreciation	(9,364)	(256,310)	(1,113,700)	–	(347,519)	(1,726,893)
<i>excluding reclassifications according to IFRS 5⁽¹⁾</i>	<i>871</i>	<i>24,149</i>	<i>60,417</i>	<i>–</i>	<i>20,242</i>	<i>105,679</i>
Accumulated impairment (losses)	(7)	(5,937)	(4,162)	–	(348)	(10,454)
<i>excluding reclassifications according to IFRS 5⁽¹⁾</i>	<i>–</i>	<i>8,374</i>	<i>18,129</i>	<i>–</i>	<i>1,534</i>	<i>28,037</i>
Carrying amount at December 31, 2016	86,619	440,769	504,841	173,568	147,792	1,353,589

(1) See Note 5.1.16 for the breakdown of components included in "Assets and Liabilities held for sale".

In thousands of euros	Land	Buildings	Tech. eq. & tool.	Assets under construction	Other	Total
Analysis of carrying amount at January 1, 2015						
Cost	84,369	557,961	1,223,536	154,178	411,705	2,431,749
Depreciation	(7,245)	(212,749)	(899,065)	–	(304,102)	(1,423,161)
Accumulated impairment (losses)	(7)	–	(88)	–	(23)	(118)
Carrying amount at January 1, 2015	77,117	345,212	324,383	154,178	107,580	1,008,470
Analysis of carrying amount at December 31, 2015						
Cost	90,727	635,223	1,331,283	186,029	436,425	2,679,687
Depreciation	(8,428)	(233,659)	(966,082)	–	(310,489)	(1,518,658)
Accumulated impairment (losses)	(8)	(2,874)	(7,148)	–	(1,784)	(11,814)
Carrying amount at December 31, 2015	82,291	398,690	358,053	186,029	124,152	1,149,215

"Tech. eq. & tool.": technical equipment and tooling.

Property, plant and equipment leased under operating leases where the Group is lessor

In thousands of euros	December 31, 2016	December 31, 2015
Cost	58,233	60,742
Accumulated depreciation	(43,097)	(43,565)
Accumulated impairment	(158)	(5)
<i>of which depreciation for the year</i>	<i>(4,297)</i>	<i>(4,844)</i>
<i>of which provisions for the year</i>	<i>(153)</i>	<i>15</i>
Accumulated net depreciation and impairment	14,978	17,173

The above figures correspond to waste containers leased to customers by the Environment Division under contracts that qualify as simple leases.

Minimum lease payments receivable under non-cancelable operating leases and/or lease-maintenance contracts

In thousands of euros	December 31, 2016	December 31, 2015
Due within one year	49,229	44,847
Due in one to five years	93,896	93,674
Due beyond five years	33,651	42,895
Total	176,776	181,416

Notes to the Consolidated Financial Statements

Property, plant and equipment under finance leases where the Group is lessee

These assets, which are included in the tables above on property, plant and equipment, correspond to plants, research and development centers and production equipment.

Changes in capital assets under finance leases where the Group is lessee:

In thousands of euros	Land and buildings	Technical equipment and tooling	Total
Gross value at December 31, 2016	27,516	21,646	49,162
Accumulated depreciation, impairment and provisions at December 31, 2016	(21,154)	(4,062)	(25,216)
Net carrying amount as of December 31, 2016⁽¹⁾	6,362	17,584	23,946
Gross value at December 31, 2015	27,059	12,280	39,339
Accumulated depreciation, impairment and provisions at December 31, 2015	(20,302)	(4,799)	(25,101)
Net carrying amount at December 31, 2015⁽¹⁾	6,757	7,481	14,238

(1) See Note 3.3. "Property, plant and equipment (excluding investment property) by operating segment".

Changes in payments and discounted value relating to assets under finance leases where the Group is lessee

In thousands of euros	Minimum payments at December 31, 2016	Discounted value at December 31, 2016
Due within one year	3,458	2,821
Due in one to five years	11,281	10,242
Due in more than five years	4,071	3,996
Net carrying amount at December 31, 2016⁽¹⁾	18,810	17,059

In thousands of euros	Minimum payments at December 31, 2015	Discounted value at December 31, 2015
Due within one year	2,463	2,503
Due in one to five years	4,718	4,137
Net carrying amount at December 31, 2015⁽¹⁾	7,181	6,640

(1) See Note 5.2.7.6 "Reconciliation of gross and net debt".

5.1.4. Property, plant and equipment (excluding Investment property) by category

In thousands of euros	Cost	Depreciation	Impairment	Total
December 31, 2016				
Property, plant and equipment owned outright	3,152,272	(1,766,480)	(38,267)	1,347,525
Owned property, plant and equipment leased under operating leases where the Group is lessor ⁽¹⁾	54,924	(40,995)	(105)	13,824
Property, plant and equipment leased under finance leases where the Group is lessee ⁽²⁾	45,853	(22,995)	(66)	22,792
Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor ⁽¹⁾⁽²⁾	3,309	(2,102)	(53)	1,154
Total Property, plant and equipment (excluding Investment property) before IFRS 5 reclassification⁽³⁾	3,256,358	(1,832,572)	(38,491)	1,385,295
Reclassifications according to IFRS 5⁽³⁾	(165,422)	105,679	28,037	(31,706)
Total Property, plant and equipment (excluding Investment property) – Consolidated Balance Sheet	3,090,936	(1,726,893)	(10,454)	1,353,589

Notes to the Consolidated Financial Statements

In thousands of euros	Cost	Depreciation	Impairment	Total
December 31, 2015				
Property, plant and equipment owned outright	2,587,051	(1,454,270)	(11,808)	1,120,972
Owned property, plant and equipment leased under operating leases where the Group is lessor ⁽¹⁾	53,298	(39,289)	(5)	14,005
Property, plant and equipment leased under finance leases where the Group is lessee ⁽²⁾	31,895	(20,825)	–	11,070
Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor ⁽¹⁾⁽²⁾	7,444	(4,276)	–	3,168
Total Property, plant and equipment (excluding Investment property)	2,679,688	(1,518,660)	(11,813)	1,149,215

(1) The sum of "Property, plant and equipment owned outright and leased under operating leases where the Group is lessor" and "Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor" corresponds to the value of "Property, plant and equipment leased under operating leases where the Group is lessor".

(2) See sub-section "Property, plant and equipment leased under finance leases where the Group is lessee".

(3) See Note 5.1.16 for the breakdown of components included in "Assets and Liabilities held for sale".

5.1.5. Investment property

The item "Investment property" is unchanged since December 31, 2015:

In thousands of euros	Land	Buildings	Total
Fair value at December 31, 2015	12,700	80,563	93,263
Fair value at December 31, 2016	12,700	80,563	93,263

In thousands of euros	Land	Buildings	Total
Fair value at December 31, 2014	15,200	73,625	88,825
Buildings under construction in Lyon Gerland	–	6,938	6,938
Nanterre building – reclassification as operating building ⁽¹⁾	(2,500)	–	(2,500)
Fair value at December 31, 2015	12,700	80,563	93,263

(1) See reclassification of non-current assets in Note 5.1.3 "Property, plant and equipment excluding investment property".

These cumulative movements break down as follows:

In fiscal years 2015 and 2016

In thousands of euros	Land	Buildings	Total
Lyon Gerland complex	12,700	80,563	93,263
Fair value at December 31, 2016 and at December 31, 2015	12,700	80,563	93,263

At December 31, 2016, as at December 31, 2015, the balance of investment property covered:

- the Lyon Gerland complex: this is a 33,000 sq.m. office complex (including 3,000 sq.m. of service buildings) for which work was completed in 2015. A twelve-year lease was granted on April 1, 2015 (18,977 sq.m.) and an additional six-year fixed-term lease was taken out on October 1, 2015 by the same tenant (5,684 sq.m.), increasing the overall occupancy rate to 82%;

- the entire building complex is classified under investment property. The portion corresponding to the Group's own use (around 900 sq.m.), or 3%, is deemed immaterial.

Notes to the Consolidated Financial Statements

Investment property-related income and expenses are as follows:

In thousands of euros	December 31, 2016	December 31, 2015
Income from investment property rentals	6,565	3,752
Investment property direct operating expenses	(1,350)	(1,042)

5.1.6. Investments in associates and joint ventures

Investments in associates and joint ventures correspond to investments by the Group in the following companies:

In thousands of euros	% interest	December 31, 2016	December 31, 2015
JV HBPO GmbH and its subsidiaries and sub-subsidiaries	33.33%	37,108	33,100
JV Yanfeng Plastic Omnium and its subsidiaries	49.95%	122,748	105,121
B.P.O. AS	49.98%	16,925	20,983
JV Valeo Plastic Omnium SNC ⁽¹⁾	50.00%	–	(34)
Plastic Recycling SAS	50.00%	294	(97)
Ξ-POCellTech ⁽²⁾	20.00%	13,117	–
Total investments in associates and joint ventures		190,192	159,073

(1) JV Valeo Plastic Omnium SNC was dissolved in the last quarter of 2016.

(2) See Note 2.1.3 on Investment in the Israeli company Ξ-POCellTech.

Investments in these entities include goodwill by segment in the following amounts:

In thousands of euros	December 31, 2016	December 31, 2015
Goodwill in associates and joint ventures – Automotive segment ⁽¹⁾	31,077	21,333
Total goodwill in associates and joint ventures	31,077	21,333

(1) The change over the period mainly corresponds to the new provisional Goodwill relating to the investment in the Israeli company Ξ-POCellTech. See Note 2.1.3 in "Transactions in the period".

The tables below provide summary balance sheet and income statement data for all of the associates and joint ventures.

The associates Chengdu Faway Yanfeng Plastic Omnium, Dongfeng Plastic Omnium Automotive Exterior and Hicom HBPO are included in the YFPO and HBPO joint ventures respectively.

The following presentation covers 100% of the data from the consolidated balance sheet and income statement before elimination of internal operations:

In thousands of euros	December 31, 2016	December 31, 2015
Non-current assets	453,383	478,157
Current assets	1,332,808	1,200,402
Total assets	1,786,191	1,678,559
Shareholders' equity	537,653	515,202
Non-current liabilities	14,250	6,472
Current liabilities	1,234,288	1,156,886
Total equity and liabilities	1,786,191	1,678,560
Revenue	3,492,332	3,195,096

Notes to the Consolidated Financial Statements

5.1.7. Available-for-sale financial assets

5.1.7.1. Available for sale financial assets – Equity interests

The financial assets recognized in this item correspond to non-significant shell companies and dormant companies.

5.1.7.2. Other available for sale financial assets

Financial assets recognized under this item include amounts invested by the Group in the “FMEA 2” Tier 2 Automotive OEM Modernization Fund and to investments in shares in listed companies.

In thousands of euros	December 31, 2016	December 31, 2015
Contributions to the “FMEA 2” fund ⁽¹⁾	1,427	1,172
Financial investments in Listed companies ⁽¹⁾⁽²⁾	29,024	–
Other available-for-sale financial assets	30,451	1,172

(1) Contributions to the “FMEA 2” fund and investments in shares in listed companies are listed with long-term financial receivables in Note 5.2.7.6 “Reconciliation of gross and net debt”.

(2) The funds are invested by the Group’s captive reinsurance company (see Note 5.1.13.1).

5.1.8. Other non-current financial assets

In thousands of euros	December 31, 2016	December 31, 2015
Loans	–	220
Negotiable debt securities ⁽¹⁾	–	5,000
Deposits and bonds	25,786	22,775
Other receivables	30	48
Other non-current assets and financial receivables (see Note 5.2.7.6)	25,816	28,043
Finance receivables related to Environment finance leases (see Note 6.4.1)	1,637	2,620
Finance receivables related to Automotive contracts (see Note 6.4.1)	26,996	34,077
Non-current financial receivables (see Note 5.2.7.6)	28,633	36,697
Total	54,449	64,740

(1) See Note 5.2.7.4 “Loans, Negotiable debt securities and other financial assets”.

Deposits and bonds correspond mainly to guarantee deposits on leased offices and sold receivables sales programs.

“Finance receivables” mainly concern work in progress on Automotive projects for which the Group has received a firm commitment on the selling price of developments and/or tooling. These receivables are discounted.

5.1.9. Inventories and goods in process

In thousands of euros	December 31, 2016	December 31, 2015
Raw materials and supplies		
At cost	132,089	115,743
Net realizable value	122,445	107,481
Molds, tooling and engineering		
At cost	135,588	128,648
Net realizable value	135,431	128,583
Other work in progress		
At cost	70	63
Net realizable value	70	63
Maintenance inventories		
At cost	55,694	41,381
Net realizable value	45,536	33,617
Goods		
At cost	9,410	8,010
Net realizable value	8,406	7,072
Semi-finished products		
At cost	39,140	33,019
Net realizable value	36,859	31,008
Finished products		
At cost	45,323	42,758
Net realizable value	41,565	39,589
Total, net	390,312	347,413

5.1.10. Current financial receivables

In thousands of euros	December 31, 2016		December 31, 2015	
	Undiscounted values	Carrying amount	Undiscounted values	Carrying amount
Current financial receivables (see Note 5.2.7.6)	34,038	33,918	19,205	18,833
Of which Environment Division finance lease receivables	1,119	999	1,653	1,471
Of which Automotive Division finance receivables	32,919	32,919	17,552	17,362
Other current financial assets and financial receivables (see Note 5.2.7.6)	62,388	62,388	27,010	27,010
Of which "Current accounts"	1,337	1,337	1,852	1,852
Of which "Negotiable debt securities" ⁽¹⁾	24,016	24,016	19,030	19,030
Of which receivables attached to available for sale financial assets ⁽²⁾	30,179	30,179	-	-
Of which "Other"	6,856	6,856	6,128	6,128
Total current financial receivables	96,426	96,306	46,215	45,843

(1) See Note 5.2.7.4 "Loans, negotiable debt securities and other financial assets".

(2) This is a receivable attached to the part of the Faurecia Group's Exterior Systems activity from which the Plastic Omnium Group has withdrawn and which is currently being sold to FlexN|Gate.

5.1.11. Trade and other receivable**5.1.11.1. Sale of receivables**

Compagnie Plastic Omnium and some of its European and North American subsidiaries have set up several receivables sales programs with French banks. These programs are due within more than two years on average.

Nearly all of these non-recourse programs transfer substantially all the risks and rewards of ownership to the buyer, with only the non-material dilution risk retained by the Group, and the sold receivables are therefore derecognized.

Receivables sold under these programs, and which are therefore no longer included on the balance sheet, totaled €338 million at December 31, 2016, against €260 million at December 31, 2015. The change between these two periods can be explained mainly by the "Faurecia Exterior Systems" business.

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5.1.11.2. Trade receivables – Cost, impairment and carrying amounts

In thousands of euros	December 31, 2016			December 31, 2015		
	Cost	Impairment	Carrying amount	Cost	Impairment	Carrying amount
Trade receivables	813,753	(4,129)	809,624	582,264	(4,409)	577,855

The Group has not identified material customer risk that has not been given an accounting provision in the two periods.

5.1.11.3. Other receivables

In thousands of euros	December 31, 2016	December 31, 2015
Sundry receivables	91,568	54,293
Prepayments to suppliers of tooling and prepaid development costs	79,929	36,536
Prepaid and recoverable income taxes	78,759	61,591
Other prepaid and recoverable taxes	91,077	68,046
Employee advances	1,860	951
Prepayments to suppliers of non-current assets	3,967	4,272
Other receivables	347,160	225,689

5.1.11.4. Trade and other receivables by currency

In thousands of currency units		Receivables at December 31, 2016			Receivables at December 31, 2015		
		Local currency	Euro	%	Local currency	Euro	%
EUR	Euro	561,215	561,215	49%	395,988	395,988	49%
USD	US dollar	263,184	249,676	22%	200,324	184,003	23%
CNY	Chinese yuan	765,604	104,588	9%	568,412	80,502	10%
GBP	Pound sterling	70,505	82,348	7%	41,282	56,246	7%
Other	Other currencies		158,957	14%		86,805	11%
Total			1,156,784	100%		803,544	100%
Of which:							
• Trade receivables			809,624	70%		577,855	72%
• Other receivables			347,160	30%		225,689	28%

Sensitivity tests on exchange rate movements for “Trade and other receivables” give the following results:

In thousands of currency units		Sensitivity tests on receivables at December 31, 2016						Sensitivity tests on receivables at December 31, 2015					
		Base		Increase – all currencies		Decrease – all currencies		Base		Increase – all currencies		Decrease – all currencies	
				+10%	+20%	-10%	-20%			+10%	+20%	-10%	-20%
		Local currency	Conversion rate	%	%	%	%	Local currency	Conversion rate	%	%	%	%
EUR	Euro	561,215	1.00000	46%	44%	51%	54%	395,988	1.00000	47%	45%	52%	55%
USD	US dollar	263,184	0.94868	23%	23%	20%	19%	200,324	0.91853	24%	25%	22%	20%
CNY	Chinese yuan	765,604	0.13661	9%	10%	9%	8%	568,412	0.14163	10%	11%	9%	9%
GBP	Pound sterling	70,505	1.16798	7%	8%	7%	6%	41,282	1.36249	7%	8%	7%	6%
Other	Other currencies			15%	15%	13%	13%			12%	11%	10%	10%
Total in euros		1,156,784	1,216,341	1,275,903	1,097,237	1,037,670		803,544	844,300	885,056	762,788	722,033	
Of which:													
• Trade receivables		809,624	851,308	892,992	767,941	726,258		577,855	607,164	636,473	548,547	519,238	
• Other receivables		347,160	365,033	382,911	329,296	311,412		225,689	237,136	248,583	214,241	202,795	

Currency sensitivity tests on “Trade and other receivables” and “Trade payables and other operating liabilities” (see Note 5.2.9.3) give practically the same net exposure for the Group by currency as the exposure calculated based on actual data at December 31, 2016.

5.1.12. Deferred taxes

As explained in Note 1.1.27 to the accounting rules and methods above, deferred tax assets corresponding to tax loss carryforwards, deductible temporary differences and tax credits are measured based on the probability of sufficient taxable earnings being generated to permit their utilization. To this end, new estimates were made for the year end closing of the financial statements, leading to the recognition of assets based on probable use within a relatively short period. This reflects a prudent approach given the current economic context.

Recognized deferred taxes relate to the following items:

In thousands of euros	December 31, 2016	December 31, 2015
Property, plant and equipment	(56,752)	(46,150)
Post-employment benefit obligations	40,017	33,704
Provisions for liabilities and charges	105,646	42,916
Financial instruments	5,981	4,790
Tax loss carryforwards and tax credits	100,861	91,639
Other	(26,146)	(18,164)
Impairment of deferred tax assets	(107,895)	(81,129)
Total	61,712	27,606
Of which:		
<i>Deferred tax assets</i>	140,355	87,310
<i>Deferred tax liabilities</i>	78,643	59,704

Unrecognized deferred tax assets on tax loss carryforwards amounted to €59 million at December 31, 2016, against €55 million at December 31, 2015, as follows:

In thousands of euros	December 31, 2016	December 31, 2015
Evergreen tax loss carryforwards	49,818	45,743
Tax loss carryforwards available for more than 5 years	1,763	2,281
Tax loss carryforwards available for up to 5 years	2,337	3,165
Tax loss carryforwards available for up to 4 years	2,323	1,865
Tax loss carryforwards available for up to 3 years	1,341	1,115
Tax loss carryforwards available for less than 3 years	1,696	1,156
Total	59,278	55,325

The change during the year stems essentially from changes in France and Germany.

5.1.13. Cash and cash equivalents

5.1.13.1 Gross cash and cash equivalents

In thousands of euros	December 31, 2016	December 31, 2015
Cash at bank and in hand	222,307	212,968
Short-term deposits	111,882	450,188
Total cash and cash equivalents on the balance sheet	334,189	663,156

Group cash and cash equivalents break down as follows:

In thousands of euros	December 31, 2016	December 31, 2015
Cash and cash equivalents of the Group's captive reinsurance company ⁽¹⁾	26,729	51,189
Cash and cash equivalents in countries with exchange controls on remittances and transfers ⁽²⁾	88,441	70,100
Cash equivalents	219,019	541,867
Total cash and cash equivalents on the balance sheet	334,189	663,156

(1) The change over the period was placed under Available-for-sale financial assets (see Note 5.1.7).

(2) The "countries with exchange controls on remittances and transfers" include Brazil, China, India, Chile and Argentina.

The above amounts are presented in the balance sheet as current assets as they are not subject to any general restrictions.

5.1.13.2. Net cash and cash equivalents at end of period

In thousands of euros	December 31, 2016	December 31, 2015
Cash and cash equivalents	334,189	663,156
Short-term bank loans and overdrafts	(10,307)	(15,891)
Net cash and cash equivalents at end of period in the statement of cash flows	323,882	647,265

5.1.14. Statement of cash flows – Acquisitions and disposals of non-current financial assets, non-controlling interests and related investments

5.1.14.1. Acquisitions of shares in subsidiaries and associates and non-controlling interests and related investments

Financial acquisitions made by the Group are broken down into the following two categories:

Acquisitions of shares in subsidiaries and associates, investments leading to a change in control, equity investments in associates, joint ventures and related investments

These are recorded under “Cash flows from investments” in the Consolidated statement of cash flows.

At December 31, 2016, the €527,580 thousand under “Acquisitions of shares in subsidiaries and associates, takeovers”, relates to:

- the acquisition of the Faurecia Group “Exterior Systems” business (see Note 2.1.1) amounting to €511,030 thousand;
- the investment in the Israeli company “Ξ-POCellTech” (see Note 2.1.3) amounting to €16,000 thousand;
- the subscription to the capital increase in the “Plastic Recycling SAS” company consolidated using the equity method for an amount of €550 thousand.

At December 31, 2015, the amount which stands at €101 thousand corresponded to “Acquisitions of interest in non-consolidated companies”.

5.1.15. Consolidated funds from operations and proportionate share of funds from operations of associates and joint ventures, after taxes and interest paid, net of dividends paid

Consolidated funds from operations and proportionate share of funds from operations of associates and joint ventures, after taxes and interest paid, net of dividends paid, break down as follows:

Consolidated financial statements	2016	2015
Funds from operations	732,587	606,117
Tax paid	(97,271)	(65,262)
Interest paid	(52,703)	(49,840)
Funds from operations after payment of taxes and interest	582,613	491,015
Associates and joint ventures		
Share of funds from operations	73,892	58,408
Share of tax paid	(10,138)	(7,958)
Share of interest received/paid	1,549	1,255
Elimination of dividends paid	(31,409)	(24,887)
Share of funds from operations after payment of taxes and interest received, net of dividends paid	33,894	26,818
Total	616,507	517,833

Acquisitions of non-controlling interests

These are recorded under “Financing activities” in the consolidated statement of cash flows.

2016

Acquisition of non-controlling interests (30%) in the German company “RMS Rotherm Maschinenbau GmbH” (see Note 2.1.2).

2015

None.

5.1.14.2. Disposals of shares in subsidiaries and associates and non-controlling interests

Disposals of shares in subsidiaries and associates

Disposals of shares in subsidiaries and associates are recorded under “Cash flows from investments” in the statement of cash flows.

2016

In 2016, the Group sold “Signature Ltd” for €13,812 thousand and “Sulo Emballagen GmbH” for €1,820 thousand (see Notes 2.3.2 and 2.3.3 in “Transactions for the period”).

2015

In 2015, the Group had disposed of €4 thousand in non-Group securities belonging to Compania Plastic Omnium SA.

5.1.16. Transactions covered by IFRS 5 “Assets and liabilities held for sale”

In the notes that follow, transactions covered by IFRS 5 are first described in Note 5.1.16.1, then summarized in Note 5.1.16.2 and, lastly, shown in detail in Note 5.1.16.3.

These “Assets and liabilities held for sale” are measured as a best estimate of their realizable values. Differences between realizable values and net carrying amounts, where these are negative, resulted in recognition of an impairment for each asset (see Note 4.6 “Other operating income and expenses”).

5.1.16.1. Description of transactions covered by IFRS 5

All transactions covered by IFRS 5 are listed chronologically:

- **IFRS 5 – Notes 1 and 1 bis:** “Fuel systems” Division technical centers (Oise and Laval):

Following the opening of its new Research and Development Center for fuel systems, α-Alphatech, on September 1, 2014, the Group put its former technical center in the Oise region in France up for sale, as well as the one in Laval in the Mayenne department in France (see Note 2.1 “Investments in the Research and Development Center” in the Consolidated Financial Statements at December 31, 2014).

- **IFRS 5 – Note 2:** “Environment” Division’s Neustadt site in Germany:

At December 31, 2015 the Group put the assets at its Environment Division plant in Neustadt, Germany up for sale following the shutdown (since May 2015) and the transfer of operations to the Herford plant in Germany. The site was sold during the period. The effects of the transaction are given under the heading “Gains/(losses) on disposals of non-current assets” in Note 4.6 “Other operating income and expenses.”

- **IFRS 5 – Note 3:** Laval “Fuel Systems” division production site:

During the first half, the Group decided to put the site in Laval (Mayenne) up for sale (see Note 2.3.4 “Closure of the Laval fuel systems production site”). The assets have been reclassified in “Assets and liabilities held for sale”.

- **IFRS 5 – Note 4:** Sale of the “Sulo Emballagen GmbH” site in Herford in Germany:

In selling “Sulo Emballagen GmbH”, the Group also sold the administrative and industrial buildings of the company in Herford, Germany, owned by another Group company, which sold “Sulo Emballagen GmbH”. See Note 2.3.3 “Disposal of the German Environment Division company, “Sulo Emballagen GmbH”.

At December 31, 2015 and at June 30, 2016, the disposal of these assets was not highly likely and therefore, did not appear under “Assets and liabilities held for sale”.

The site was sold in January 2017. See Note 7.6 “Subsequent events”.

- **IFRS 5 – Note 5:** Faurecia Auto Exterior Division Exterior Systems business held for sale:

Securities in the entities holding the sites from which the Group is withdrawing in order to meet European Commission requirements are recognized under “Assets and Liabilities held for sale”. See Note 2.1.1 “Companies from the Faurecia Exterior Systems business companies held for sale”.

- **IFRS 5 – Note 6:** Auto Exterior Division truck business:

On November 18, 2016, the Group received a firm purchase offer from the German group “Mutares” which specializes in the acquisition of companies in turnaround. At December 31, 2016, this business was classified under “Assets and liabilities held for sale”, at its estimated realizable value, in the Group’s financial statements. See Note 2.3.1 “Disposal of Auto Exterior Division truck business”.

The figures for transactions in “Assets and liabilities held for sale” at December 31 are provided in the following two notes.

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5.1.16.2. Summary presentation of transactions classified in IFRS 5 "Assets and liabilities held for sale"

In thousands of euros	December 31, 2016 Totals	December 31, 2015 Totals
IFRS 5 - note 1 Compiègne technical center in the Oise department	846	846
<i>of which Land</i>	167	167
<i>of which Buildings, equipment, building improvements, fixtures and fittings</i>	679	679
IFRS 5 - note 1 bis Laval technical center in the Mayenne department	1,079	1,893
<i>of which Land</i>	178	178
<i>of which Buildings, equipment, building improvements, fixtures and fittings</i>	901	1,715
IFRS 5 - note 2 Environment Division's Neustadt site in Germany	-	3,041
<i>of which Land</i>	-	2,780
<i>of which Buildings, equipment, building improvements, fixtures and fittings</i>	-	261
IFRS 5 - note 2 Laval production site in Mayenne	871	-
<i>of which Plant</i>	871	-
IFRS 5 - note 4 "Sulo Emballagen GmbH" site building in Herford Germany	1,150	-
IFRS 5 - note 5 "Faurecia Exterior Systems"	162,000	-
IFRS 5 - note 6 Auto Exterior Division truck business	74,766	-
Assets held for sale	240,712	5,780
IFRS 5 - note 5 "Faurecia Exterior Systems" business discontinued operations	-	-
IFRS 5 - note 6 Auto Exterior Division "truck" business	79,368	-
Liabilities related to assets held for sale	79,368	-
Net assets held for sale	161,344	5,780

Notes to the Consolidated Financial Statements

5.1.16.3. Detail of assets and activities reclassified as “Assets and liabilities held for sale”

The transactions are grouped either by site or by activity.

In thousands of euros Assets	December 31, 2016						
	Total	Assets and Liabilities held for sale					
		Compiègne Technical Center	Laval site (technical center and plant)	Neustadt site	Sulo Emballagen GmbH site, Herford	“Faurecia Exterior Systems” business	Auto Exterior Division Truck business
IFRS 5 Note 1	IFRS 5 Notes 1 bis and 3	IFRS 5 Note 2	IFRS 5 Note 4	IFRS 5 Note 5	IFRS 5 Note 6		
Goodwill	255	–	–	–	–	255	
Other intangible assets	1,750	–	–	–	–	1,750	
Property, plant and equipment	31,705	846	1,950	–	1,150	27,759	
Available-for-sale financial assets	162,000	–	–	–	162,000	–	
Other non-current financial assets ⁽¹⁾	23	–	–	–	–	23	
Deferred tax assets	876	–	–	–	–	876	
Inventories	11,547	–	–	–	–	11,547	
Trade receivables ⁽¹⁾	25,231	–	–	–	–	25,231	
Other receivables	2,046	–	–	–	–	2,046	
Other financial assets and financial receivables ⁽¹⁾	(509)	–	–	–	–	(509)	
Cash and cash equivalents ⁽¹⁾	5,787	–	–	–	–	5,787	
Total Assets held for sale	240,712	846	1,950	–	1,150	162,000	74,765
Equity and liabilities							
Consolidated reserves	26	–	–	–	–	–	26
Provisions for pensions and similar post- employment benefits	9,990	–	–	–	–	–	9,990
Provisions	18,087	–	–	–	–	–	18,087
Government grants	165	–	–	–	–	–	165
Deferred tax liabilities	204	–	–	–	–	–	204
Bank overdrafts ⁽²⁾	31	–	–	–	–	–	31
Borrowings and financial debt ⁽²⁾	4,600	–	–	–	–	–	4,600
Trade payables ⁽²⁾	27,571	–	–	–	–	–	27,571
Other operating liabilities	18,694	–	–	–	–	–	18,694
Total liabilities directly related to assets held for sale	79,368	–	–	–	–	–	79,368

(1) Aggregates comprising Assets held for sale presented in Note 6.4.2 “Liquidity risks by maturity date”.

(2) Aggregates comprising Liabilities held for sale presented in Note 6.4.2 “Liquidity risks by maturity date”.

5.2. Equity and liabilities

5.2.1. Equity attributable to owners of the parent

5.2.1.1. Share capital of Compagnie Plastic Omnium

In euros	December 31, 2016	December 31, 2015
Share capital at January 1	9,214,603	9,214,603
Capital reduction during the year	(66,000)	–
Share capital at end of period, made up of ordinary shares with a par value of €0.06 each over the two periods	9,148,603	9,214,603
Treasury stock	253,588	331,350
Total share capital net of treasury stock	8,895,015	8,883,254

Shares registered in the name of the same holder for at least two years carry double voting rights.

Structure of capital at December 31, 2016

On February 24, 2016, the Board of Directors of Compagnie Plastic Omnium voted to cancel 1,100,000 treasury shares, or 0.72% of the share capital. This operation took effect on March 21, 2016.

The share capital of Compagnie Plastic Omnium went from 153,576,720 shares to 152,476,720 shares with par value of €0.06, representing a total value of €9,148,603.20.

At December 31, 2016, Compagnie Plastic Omnium held 4,226,467 treasury shares, i.e. 2.77% of the share capital, against 5,522,492 or 3.60% of share capital at December 31, 2015.

Structure of capital at December 31, 2015

At December 31, 2015, Compagnie Plastic Omnium held 5,522,492 treasury shares, i.e. 3.60% of the share capital, against 5,790,280 or 3.77% of share capital at December 31, 2014.

5.2.1.2. Details of “Other reserves and retained earnings” in the consolidated statement of changes in equity

In thousands of euros	Actuarial gains/(losses) recognized in equity	Cash flow hedges - interest rate instruments	Cash flow hedges - currency instruments	Fair value adjustments	Retained earnings and other reserves	Attributable to owners of the parent
December 31, 2014	(38,944)	(4,144)	(49)	18,156	836,052	811,071
Movements for 2015	(2,455)	2,484	–	–	173,520	173,549
At December 31, 2015	(41,399)	(1,660)	(49)	18,156	1,009,572	984,620
Movements for 2016	(8,449)	540	(123)	1,044	190,707	183,719
At December 31, 2016	(49,848)	(1,120)	(172)	19,200	1,200,279	1,168,339

5.2.1.3. Details of “Changes in scope of consolidation and reserves” in the consolidated statement of changes in equity

In thousands of euros	Shareholders' equity		Total equity
	Attributable to owners of the parent	Attributable to non-controlling interests	
Impact IFRIC 21 ⁽¹⁾	(435)	–	(435)
Partner's subscription to the capital increase	–	797	797
Other changes in scope of consolidation at December 31, 2015	(435)	797	362
Buyout of non-controlling interests in Plastic Omnium Systems GmbH	(1,812)	(1,488)	(3,300)
Other changes in scope of consolidation at December 31, 2016	(1,812)	(1,488)	(3,300)

(1) See Note 1.1 “Basis of preparation” on IFRIC 21 from the consolidated financial statements as of December 31, 2015.

5.2.2. Dividends voted and paid by Compagnie Plastic Omnium

In thousands of euros Dividend per share, in euros Number of shares, in units	December 31, 2016		December 31, 2015	
	Number of shares in 2015	Dividend	Number of shares in 2014	Dividend
Dividend per share (in euros)		0.41⁽¹⁾		0.37⁽¹⁾
Total number of shares outstanding at the end of the previous year	152,476,720		153,576,720	
Total number of shares held in treasury on the ex-dividend date	4,886,974 ⁽²⁾		5,379,571 ⁽²⁾	
Total number of shares held in treasury at the year end (for information)	5,522,492 ⁽²⁾		5,790,280 ⁽²⁾	
Dividends on ordinary shares		62,515		56,823
Dividends on treasury stock (unpaid)		(2,004) ⁽²⁾		(1,990) ⁽²⁾
Total net dividend		60,512		54,833

(1) In 2016, Compagnie Plastic Omnium paid a dividend of €0.41 per share on profits from 2015.

In 2015, Compagnie Plastic Omnium paid a dividend of €0.37 per share on profits from 2014.

(2) At December 31, 2016: the number of treasury shares taken into account at December 31, 2015 for the determination of the provisional total dividend was 5,522,492. On the ex-dividend date at December 31, 2016, there were only 4,886,974 shares in treasury, reducing the dividends attached to those shares from €2,264 thousand to €2,004 thousand.

At December 31, 2015: the number of treasury shares taken into account at December 31, 2014 for the determination of the provisional total dividend was 5,790,280. On the 2015 ex-dividend date, there were only 5,379,571 shares in treasury, reducing the dividends attached to those shares from €2,142 thousand to €1,990 thousand.

The recommended dividend in respect of 2016 to be proposed to the Combined Shareholders' Meeting of April 28, 2017 amounts to €0.49 per share, representing a total payout of €74,714 thousand based on the 152,476,720 shares outstanding at December 31, 2016 before deducting treasury stock.

5.2.3. Share-based payments

2016: no new stock option plans was launched in 2016.

2015: stock option plan allocated by the Board of Directors on July 21, 2015 (see the minutes of the Shareholders' Meeting of April 25, 2013) with effect from August 6, 2015 and exercisable as of August 7, 2019 for a three-year period with conditions (market and performance) for the exercise of stock options granted to corporate officers (see Note 7.3.1 "Compensation paid to Senior Executives and Corporate Officers").

Please refer to the Consolidated Financial Statements at December 31, 2015, for the valuation method and main assumptions used for the August 6, 2015 plan.

Outstanding stock option plans

Grant date	Options exercisable for	Grantees	Vesting conditions	Maximum number of options available under the plan	Multiplier following the division by three of the par value of the share on May 10, 2011	Maximum number of options available under the plan as adjusted for the stock split ⁽¹⁾	Multiplier following the division by three of the share par value on September 10, 2014	Maximum number of options available under the plan as adjusted for the stock split ⁽²⁾
July 22, 2008	Stock options	39	Employment contract in force on the option exercise date, except in the case of transfer by the employer, early retirement or retirement	350,000	3	1,050,000	3	3,150,000
April 1, 2010	Stock options	124		375,000	3	1,125,000	3	3,375,000
March 21, 2012	Stock options	208		N/A	N/A	889,500	3	2,668,500
August 7, 2013	Stock options	184		N/A	N/A	424,000	3	1,272,000
August 6, 2015	Stock options	172		N/A	N/A	N/A	N/A	1,253,000

(1) On April 28, 2011, the Extraordinary Shareholders' Meeting of Compagnie Plastic Omnium voted to divide the par value of its shares by three, with effect from May 10, 2011. The share price went from €0.50 to €0.17. Since all the plans outstanding at December 31, 2011 preceded that decision, the number of options granted to each employee in each plan as of that date was multiplied by three, and the exercise price, divided by three.

(2) On April 25, 2013, the Combined Shareholders' Meeting of Compagnie Plastic Omnium voted to divide the par value of its shares by three, with effect from September 10, 2013. The share price went from €0.17 to €0.06.

The number of stock options for every employee in every plan preceding that decision was multiplied by three, and the exercise price, divided by three.

Successive effects of the three-to-one split of the Plastic Omnium share	July 22, 2008 plan	April 1, 2010 plan	March 21, 2012 plan	August 7, 2013 plan
Effects of division by three of the par value of the share				
Voted by the Extraordinary Shareholders' Meeting of April 28, 2011:				
Effective as from May 10, 2011:				
Number of stock options at January 1, 2011 before division by three of the par value of the share	340,800	371,500	N/A	N/A
Number of stock options at May 10, 2011 after division by three of the par value of the share	1,022,400	1,114,500	N/A	N/A
Effects of division by three of the par value of the share				
Voted by the Shareholders' Meeting of April 25, 2013:				
Effective as from September 10, 2013 following the Meeting of the Board of Directors on July 23, 2013:				
Number of stock options before division by three of the par value of the share in 2013	773,422	1,030,500	842,000	424,000
Number of stock options at September 10, 2013 after three-to-one split of the par value of the share ⁽¹⁾	2,320,266	3,091,500	2,526,000	1,272,000

(1) The number of stock options was multiplied by three following the division by three of the par value of the Plastic Omnium share on September 10, 2013.

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Outstanding options at the year end and cost for the period related to the stock option plans

The vesting period for each plan is four years.

Outstanding options In euros In units for the number of options	Options outstanding at January 1, 2016	Revaluations/ adjustments	Increases Options granted during the period	Decreases			Cost for the period	Options outstanding at December 31, 2016	
				Options forfeited during the period	Options that expired during the period	Options exercised during the period		Total	Of which, options exercisable at December 31, 2016
April 1, 2010 plan									
Number of options	626,000					(508,000)		118,000	118,000
Share price at the grant date	3.2							3.2	
Exercise price	2.84							2.84	
Term	7 years							7 years	
Unrecognized cost at period-end	-							-	
Remaining life	1.5 years							0.5 year	

Outstanding options In euros In units for the number of options	Options outstanding at January 1, 2016	Revaluations/ adjustments	Increases Options granted during the period	Decreases			Cost for the period	Options outstanding at December 31, 2016	
				Options forfeited during the period	Options that expired during the period	Options exercised during the period		Total	Of which, options exercisable at December 31, 2016
March 21, 2012 plan									
Number of options	2,338,500					(1,371,463)		967,037	967,037
Share price at the grant date	7.3							7.3	
Exercise price	7.38							7.38	
Term	7 years							7 years	
Unrecognized cost at period-end	185,895					(185,895)		0	
Remaining life	3.25 years							2.25 years	

Outstanding options In euros In units for the number of options	Options outstanding at January 1, 2016	Revaluations/ adjustments	Increases Options granted during the period	Decreases			Cost for the period	Options outstanding at December 31, 2016	
				Options forfeited during the period	Options that expired during the period	Options exercised during the period		Total	Of which, options exercisable at December 31, 2016
August 7, 2013 plan									
Number of options	1,200,000			(24,000)				1,176,000	None
Share price at the grant date	17.71							17.71	
Exercise price	16.17							16.17	
Term	7 years							7 years	
Unrecognized cost at period-end	2,133,446			(153,032)		(1,239,028)		741,386	
Remaining life	4.6 years							3.6 years	

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Outstanding options In euros In units for the number of options	Options outstanding at January 1, 2016	Revaluations/ adjustments	Increases options granted during the period	Decreases			Cost for the period	Options outstanding at December 31, 2016	
				Options forfeited during the period	Options that expired during the period	Options exercised during the period		Total	Of which, options exercisable at December 31, 2016
August 6, 2015 plan									
Number of options	1,253,000			(24,000)				1,229,000	None
Share price at the grant date	26.33							26.33	
Exercise price	24.72							24.72	
Term	7 years							7 years	
Unrecognized cost at period-end	7,655,009			(208,320)			(2,072,615)	5,374,074	
Remaining life	6.6 years							5.6 years	
Total expense for the fiscal year							(3,497,538)	euros	

At December 31, 2016, shares intended for allocation but not yet allocated amounted to 226,587 shares, against 303,000 shares at December 31, 2015.

5.2.4. Government grants

In thousands of euros	December 31, 2016	December 31, 2015
Grants recognized in non-current liabilities	12,420	13,875
Grants recognized in current liabilities	–	281
Total grants recognized as liabilities	12,420	14,156

5.2.5. Provisions for liabilities and charges

In thousands of euros	December 31, 2015	Charges	Utilizations	Releases of surplus provisions	Reclassifications according to IFRS 5 ⁽⁵⁾	Other reclassifications	Actuarial gains/ (losses)	Changes in scope of consolidation (derecognition) ⁽⁶⁾	Translation adjustment	December 31, 2016
Customer warranties	17,296	9,853	(4,709)	(2,707)	–	–	–	326	(74)	19,985
Reorganization plans ⁽¹⁾	3,017	7,667	(9,148)	(45)	–	268	–	8,943	(47)	10,655
Taxes and tax risks	3,362	297	(3,361)	–	–	(481)	–	481	–	298
Contract risks ⁽²⁾	36,865	13,407	(21,655)	(6,825)	(17,239)	1,551	–	34,542	(169)	40,478
Claims and litigation	2,657	3,097	(654)	(551)	(848)	167	–	(2)	(23)	3,843
Other ⁽³⁾	6,321	2,081	(1,594)	(559)	–	(1,505)	–	6,679	596	12,019
Provisions for liabilities and charges	69,518	36,402	(41,121)	(10,687)	(18,087)	–	–	50,969	283	87,277
Provisions for pensions and other post-employment benefits ⁽⁴⁾	101,991	7,826	(4,932)	–	(9,990)	–	12,806	409	1,609	109,718
Total	171,509	44,228	(46,053)	(10,687)	(28,077)	–	12,806	51,378	1,892	196,995

(1) Regarding the ongoing reorganization at the Compiègne-Laval site in France.

(2) Regarding the impacts of loss-making contracts and losses on completion in the Automobile Division.

(3) The "Others" sub-section includes individually insignificant amounts.

(4) The actuarial difference corresponds to the decrease in rates in the Eurozone and United States.

(5) See Note 5.1.16 on the breakdown of the items included in "Assets and Liabilities held for sale".

(6) These are mainly impacts associated with Faurecia's Exterior Systems activities.

Notes to the Consolidated Financial Statements

In thousands of euros	December 31, 2014	Charges	Utilizations	Releases of surplus provisions	Reclassifications	Actuarial gains/ (losses)	Translation adjustment	December 31, 2015
Customer warranties	7,840	10,564	(4,755)	(383)	4,057	–	(27)	17,296
Reorganization plans ⁽¹⁾	17,153	644	(13,879)	(828)	46	–	(120)	3,017
Taxes and tax risks	6,117	222	(2,985)	–	–	–	7	3,362
Contract risks ⁽²⁾	33,241	23,208	(10,049)	(4,681)	(4,860)	–	6	36,865
Claims and litigation ⁽³⁾	4,708	592	(1,044)	(1,541)	–	–	(58)	2,657
Other ⁽⁴⁾	4,787	4,208	(2,908)	(530)	757	–	7	6,321
Provisions for liabilities and charges	73,846	39,438	(35,619)	(7,963)	–	–	(185)	69,517
Provisions for pensions and other post- employment benefits ⁽⁵⁾	93,165	7,010	(3,413)	–	–	1,751	3,478	101,991
Total	167,011	46,448	(39,032)	(7,963)	–	1,751	3,293	171,508

(1) See 2014 Note reference. This referred to the ongoing reorganization plans for the Compiègne-Laval and Saint-Désirat sites in France.

(2) These were impacts of onerous contracts and losses on completion of development contracts and various risks contracts in the Automotive Division recognized as of 2014.

(3) The charge/reversal for the period mainly concerned ongoing litigation in the Automotive Division.

(4) The sub-section "Other" was made up of non-material individual amounts.

(5) The actuarial gains/losses referred to higher rates in the Eurozone and the United States.

5.2.6. Provisions for pensions and other post-employment benefits

Post-employment benefit plans

The generic term "post-employment benefits" is used to refer to both pension benefits and other employee benefits.

Provisions for pensions

Provisions for pensions mainly cover:

- benefits payable to employees on retirement;
- supplementary pension plans;
- and plans for the payment of healthcare costs of retired employees.

In France, supplementary pension plans only concern executive corporate officers and consist of termination benefits. In other countries, any supplementary pension plans concern all employees.

Plans for the payment of healthcare costs of retired employees mainly concern the North America region (United States).

Other long-term benefit plans

Other long-term benefits concern other length-of-service awards.

Post-employment benefit plans are set up in accordance with the regulations applicable in each of the Group's host countries. Consequently, the costs recorded in the accounts are not a function of the number of employees in each country.

The regions identified and presented are those for which the regulations are consistent, allowing data to be aggregated. Where no such aggregation is possible, no reference actuarial rates are provided as the differences in parameters are too great to allow an average rate to be calculated. Similarly, sensitivity tests are performed on country data that can be reliably aggregated.

Notes to the Consolidated Financial Statements

5.2.6.1. Actuarial assumptions

The main actuarial assumptions used to measure post-employment and other long-term benefit obligations are as follows:

	December 31, 2016		December 31, 2015	
	France	United States	France	United States
	Managers and non-managers		Managers and non-managers	
Minimum age for receiving a full pension	60-62 years	65 years	60-62 years	65 years
Age from which no reduction applies	65-67 years	–	65-67 years	–
Discount rate – post-employment benefits	1.25%	4.25%	2.00%	4.50%
Discount rate – length-of-service awards	0.50%	–	1.50%	–
Inflation rate	1.70%	–	1.70%	–
Rate of future salary increases	1.70% to 4.70%	3.50%	1.70% to 4.70%	3.25%
Rate of growth in healthcare costs ⁽¹⁾	–	6.70%	–	7.50%
Expected long-term rate of return on pension plan assets	2.00%	4.25%	2.00%	4.50%

(1) In the United States, rates are expected to decline by 0.5% per year to reach 5% in 2019.

Discount rates – post-employment benefits

The Group uses as a reference the bond rates issued by good quality (AA) industrial and commercial companies with maturity equal to the estimated commitment.

Inflation rates

In France, benefits are indexed to inflation.

In the United States, the impact of inflation is not material.

Average rate of future salary increases

The average rates of future salary increases are weighted between “managers” and “other employees” and depending on employees’ ages.

Estimated long-term return on pension plan assets

These rates are based on long-term market forecasts and take account of each plan’s asset allocation.

For other foreign subsidiaries, rate differentials are determined based on local conditions.

Notes to the Consolidated Financial Statements

5.2.6.2. Changes in balance sheet commitments and benefit costs corresponding to the defined benefit plans

The amounts reported in the balance sheet for defined benefit plans are as follows:

In thousands of euros	Post-employment benefit plans			Other long-term benefits			Total		
	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2016	December 31, 2015	December 31, 2014
Projected benefit obligation at January 1	135,123	125,733	86,910	5,678	6,989	7,056	140,802	132,722	93,966
Service cost	8,929	8,300	6,212	658	371	316	9,587	8,671	6,529
Interest cost	3,881	4,068	3,700	94	99	169	3,975	4,167	3,869
Curtailments, settlements and other	(1,579)	(6,652)	(244)	(239)	(1,299)	(82)	(1,818)	(7,951)	(326)
Actuarial gains and losses	12,411	6,307	25,152	197	(20)	(205)	12,608	6,287	24,948
Of which, experience adjustments	705	1,676	221	(137)	(37)	(180)	568	1,639	41
Benefits paid from plan assets	(711)	(13)	8	5	17	6	(706)	4	14
Benefits paid by the Company	(2,050)	(9,529)	(2,903)	(436)	(574)	(342)	(2,486)	(10,103)	(3,246)
Change in scope	572			(163)			409		
Reclassifications according to IFRS 5 ⁽¹⁾	(9,057)			(933)			(9,990)		
Translation adjustment	2,654	6,910	6,898	15	95	71	2,669	7,005	6,968
Projected benefit obligation at December 31	150,173	135,123	125,733	4,876	5,678	6,989	155,049	140,802	132,722
Change in projected benefit obligation	15,050	9,390	38,823	(802)	(1,311)	(68)	14,247	8,080	38,756
Fair value of plan assets at January 1	38,811	39,557	28,619	-	-	-	38,811	39,557	28,619
Return on plan assets	1,328	1,663	1,440	-	-	-	1,328	1,663	1,440
Employer contributions	4,996	4,757	4,005	-	-	-	4,996	4,757	4,005
Actuarial gains and losses	(459)	4,556	2,406	-	-	-	(459)	4,556	2,406
Benefit payments funded by plan assets	(405)	(7,091)	77	-	-	-	(405)	(7,091)	77
Curtailments, settlements and other		(8,158)	(660)	-	-	-		(8,158)	(660)
Translation adjustment	1,060	3,527	3,670	-	-	-	1,060	3,527	3,670
Fair value of plan assets at December 31	45,331	38,811	39,557	-	-	-	45,331	38,811	39,557
Change in fair value of plan assets	6,520	(746)	10,937	-	-	-	6,520	(746)	10,937
Excess of projected benefit obligation over plan assets = net provision recorded in the balance sheet	104,842	96,312	86,176	4,876	5,679	6,989	109,718	101,991	93,165
• of which France	50,026	49,185	44,860	3,496	4,226	4,162	53,522	53,411	49,022
• of which Europe excluding France	10,947	11,105	9,998	880	916	445	11,827	12,021	10,442
• of which United States	34,842	28,142	26,742	500	537	383	35,342	28,679	27,125
• of which other regions	9,027	7,880	4,576			1,999	9,027	7,880	6,575

(1) See Note 5.1.16.3 for the breakdown of components reclassified in "Assets and liabilities held for sale".

The present value of partially funded obligations was €95,859 thousand at December 31, 2016, including €12,817 thousand for French plans and €66,641 thousand for US plans. The present value of partially funded obligations was €80,801 thousand at December 31, 2015, including €9,216 thousand for French plans and €54,942 thousand for US plans.

In 2016

The significant impacts are due to the decrease in discount rates in Europe and the United States.

In 2015

Material impacts involved the "United States" and "Europe" excluding France.

- Outsourcing of all entitlements of retirees and deferred retirees under the US retirement plan, *i.e.* persons who are no longer employed by the US company but have not yet reached the age for liquidating their entitlements (see Consolidated Financial Statements at December 31, 2015).
- Valuation of defined benefit contribution plans for which the employer's obligation does not end after the premiums have been paid (see Consolidated Financial Statements at December 31, 2015) and involving the plans operated by two Belgian subsidiaries.

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5.2.6.3. Breakdown of net obligations by region

The following table shows the net projected benefit obligation by country:

In thousands of euros	December 31, 2016				December 31, 2015			
	France	Europe excluding France	United States	Other	France	Europe excluding France	United States	Other
Post-employment benefit plans								
Length-of-service awards payable on retirement	45,857	691	–	9,027	47,217	354	–	7,880
Supplementary pension plans	4,169	10,256	31,093	–	1,968	10,751	24,576	–
Healthcare plans	–	–	3,749	–	–	–	3,566	–
Total post-employment benefit obligations	50,026	10,947	34,842	9,027	49,185	11,105	28,142	7,880
Other long-term benefits	3,496	880	500	–	4,226	916	537	–
Total other post-employment benefit obligations	3,496	880	500	–	4,226	916	537	–
Net obligations recognized in the balance sheet	53,522	11,827	35,342	9,027	53,411	12,021	28,679	7,880

	December 31, 2016		December 31, 2015	
	France	United States	France	United States
Average maturity of obligations (in years)	13	21	13	20
Amount of obligations (in thousands of euros)	57,920	66,641	57,200	54,942
of which:				
Pension obligations	–	2,140	–	1,677
Deferred obligations	–	2,094	–	200
Asset obligations	57,920	62,407	57,200	53,065

5.2.6.4. Sensitivity tests – retirement obligations

For retirement obligations, the results of sensitivity tests on the main external variable – discount rates – in 2016 and 2015 were as follows:

In thousands of euros	December 31, 2016					December 31, 2015				
	Basis	Increase		Decrease		Basis	Increase		Decrease	
		+0.25%	–0.25%	+0.25%	–0.25%		+0.25%	–0.25%		
	Amount	%	Amount	%	Amount	%	Montant	%		
France										
Effect on service cost and interest cost	4,629	4,678	1.06%	4,719	1.94%	4,616	4,597	–0.42%	4,634	0.39%
Effect on projected benefit obligation	57,920	56,300	–2.80%	59,851	3.33%	57,200	55,408	–3.12%	59,059	3.26%
United States										
Effect on service cost and interest cost	7,158	6,976	–2.54%	7,341	2.56%	6,302	6,137	–2.62%	6,469	2.65%
Effect on projected benefit obligation	66,641	60,134	–9.76%	63,388	–4.88%	54,942	52,317	–4.78%	57,705	5.03%

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5.2.6.5. Changes in net balance sheet amounts

Changes in net balance sheet amounts for defined benefit plans are as follows:

In thousands of euros	Post-employment benefit plans			Other long-term benefits			Total		
	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2016	December 31, 2015	December 31, 2014
Net projected benefit obligation at January 1	96,312	86,176	58,290	5,679	6,989	7,056	101,991	93,165	65,347
Expense/income for the year									
Service cost	8,929	8,300	6,210	658	371	317	9,587	8,671	6,527
Curtailments, settlements and other	(1,579)	1,504	420	(239)	(1,300)	(76)	(1,818)	204	344
Benefits paid by the Company	(2,050)	(9,529)	(2,904)	(436)	(574)	(342)	(2,486)	(10,103)	(3,246)
Actuarial gains and losses	(8)	–	–	269	(20)	(143)	261	(20)	(143)
Benefit payments funded by assets	(307)	7,078	(69)	5	17	–	(302)	7,096	(69)
Employer contributions	(4,996)	(4,757)	(4,005)	–	–	–	(4,996)	(4,757)	(4,005)
Net non-recurring post-employment benefit plan costs recorded in operating expenses⁽¹⁾	(11)	2,596	(347)	256	(1,505)	(245)	245	1,091	(593)
Interest cost	3,881	4,068	3,700	94	100	169	3,975	4,168	3,869
Expected return on plan assets	(1,328)	(1,663)	(1,440)	–	–	–	(1,328)	(1,663)	(1,440)
Interest costs of post-employment benefit obligations⁽²⁾	2,553	2,405	2,259	94	100	169	2,647	2,505	2,429
Balance sheet impact									
Change in scope	572	–	–	(163)	–	–	409	–	–
IFRS 5 reclassification ⁽³⁾	(9,057)	–	–	(933)	–	–	(9,990)	–	–
Actuarial gains and losses	12,878	1,751	22,746	(72)	–	(61)	12,806	1,751	22,685
Translation adjustment	1,594	3,383	3,227	15	95	71	1,609	3,478	3,297
Balance sheet impact	5,987	5,135	25,972	(1,153)	95	9	4,834	5,230	25,982
Net projected benefit obligation at December 31	104,842	96,312	86,176	4,876	5,679	6,989	109,718	101,991	93,165

(1) Including €1,847 thousand recorded as other operating income and expenses for 2016, versus –€293 thousand for 2015.

(2) See “Interest costs of post-employment benefit obligations in Note 4.7 on “Net Financial Income”.

(3) See Note 5.1.16.3 for the breakdown of components reclassified in “Assets and Liabilities held for sale”.

5.2.6.6. Healthcare cost sensitivity tests in the United States

The following table shows the impact of a 1-point change in the healthcare cost trend rate in the United States:

In thousands of euros	December 31, 2016		December 31, 2015	
	Increase	Decrease	Increase	Decrease
Effect on provisions for post-employment benefit obligations	536	(680)	520	(655)

5.2.6.7. Breakdown of plan assets by investment category

The funded plan assets at fair value – mainly in the United States – broke down as follows by investment category:

In thousands of euros	December 31, 2016	December 31, 2015
Equities	22,263	24,713
Bonds	13,050	4,998
Real estate	217	194
Other	9,801	8,905
Total	45,331	38,811

5.2.6.8. Contributions paid in respect of defined contribution plans

Contributions paid in respect of defined contribution plans amounted to €7,136 thousand in 2015, compared with €4,681 thousand in 2014. The change is essentially due to legislation changes in the England.

5.2.7. Non-current and current borrowings

5.2.7.1. Net debt indicator used by the Group

Net debt is an important indicator for day-to-day cash management purposes. It is used to determine the Group's debit or credit position outside of the operating cycle. Net debt is defined as:

- long-term borrowings:
 - drawdowns on lines of credit,
 - private placement notes,
- bonds;
- less loans, negotiable debt securities and other non-current financial assets (see Note 5.2.7.4 "Loans, negotiable debt securities and other financial assets");
- plus short-term debt;
- plus overdraft facilities;
- and less cash and cash equivalents.

5.2.7.2. Borrowings: private placement notes and bonds

In 2016

On June 17, 2016, the Group carried out a €300 million "Schuldschein" private placement notes issue mainly with foreign private investors (Asian, German, Dutch, Swiss, Luxembourg and Belgian) and with French investors. This placement had the following features:

Private placement – "Schuldschein"		Amount	Interest rate
Issue – fixed rate	in euros	300,000,000	1.478%
Maturity			June 17, 2023

On June 17 and 27, 2016, the Group made an early repayment of the variable portion of the "Schuldschein" private placement of 2012 totaling €119 million, divided into €45 million at a fixed rate and €74 million at a variable rate.

At December 31, 2016

The main characteristics of the bonds and private placements as at December 31, 2016 are summarized in the following table:

December 31, 2016		Private bond issue of 2012	"Schuldschein" private placement of 2012	Private bond issue of 2013	"Schuldschein" private placement of 2016
Issue – fixed rate	in euros	250,000,000	45,000,000	500,000,000	300,000,000
Annual interest rate/coupon		3.875%	3.720%	2.875%	1.478%
Features		French institutional investors	International (Asia, Germany, Canada, Belgium) and French investors	European investors	International (Asia, Germany, Netherlands, Switzerland, Luxembourg, Belgium) and French investors
		No covenant and rating		No covenant and rating	
Maturity		December 12, 2018	June 27, 2017	May 29, 2020	June 17, 2023

5.2.7.3. Medium-term borrowings: issuance of commercial paper

Besides, on the 2nd half-year 2016, the Group emitted commercial papers the Features of which are presented in the (board) below:

December 31, 2016		Commercial paper as of September 12, 2016	Commercial paper as of September 13, 2016
Issuance – Fixed Rate	in euros	2,000,000	10,000,000
Annual Rate/coupon		0.090%	0.090%
Features		European investors	
Maturity		March 13, 2017	

5.2.7.4. Loans, negotiable debt securities and other financial assets

Other financial assets comprise mainly loans, security deposits and surety bonds and negotiable debt securities. They are measured at amortized cost. Whenever there is any objective evidence of impairment – i.e. a negative difference between the carrying amount and the recoverable amount – an impairment provision is recognized through profit or loss. These provisions may be reversed if the recoverable amount subsequently increases.

Other financial assets also include short-term investment securities that do not meet the criteria to be classified as cash equivalents. They are measured at their fair value at the closing date, with changes in fair value recognized in net financial income.

In 2015, the Group subscribed to four negotiable medium-term bank notes with a credit institution.

Negotiable medium-term note	Current ⁽¹⁾			
	Subscription date	February 24, 2015	July 13, 2015 ⁽²⁾	July 13, 2015
Nominal (in euros)	5,000,000	10,000,000	4,000,000	5,000,000
Maturity	February 25, 2019	July 11, 2018	July 15, 2019	February 24, 2020
	<i>Not available for four quarters following the subscription date</i>		<i>Not available for eight quarters following the subscription date</i>	
Quarterly coupon:	Sets the first four quarters following the issue		Sets the first eight quarters following the issue	
• Fixed rate	3-month Euribor + spread as of the fifth quarter		3-month Euribor + spread as of the ninth quarter	
• Variable rate				

(1) See Note 5.1.10 “Current financial receivables”.

(2) On July 13, 2015, the Group subscribed, on a secondary market, to this investment for which the first issue date was July 11, 2014.

5.2.7.5. Utilization of medium-term credit lines

At December 31, 2016, as at December 31, 2015, the Plastic Omnium Group had access to several confirmed bank lines of credit in an amount that exceeded the Group’s requirements.

At December 31, 2016 these confirmed bank lines amounted to €1,303 million with an average maturity of more than four years, compared with €1,269 million at December 31, 2015.

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5.2.7.6. Reconciliation of gross and net debt

In thousands of euros	December 31, 2016			December 31, 2015		
	Total	Current portion	Non-current portion	Total	Current portion	Non-current portion
Finance lease liabilities	17,059	2,821	14,238	6,640	2,503	4,137
Bonds and bank loans	1,270,598	165,499	1,105,099	1,008,696	91,685	917,011
<i>of which the bond issue in 2013</i>	505,091	8,546	496,545	504,103	8,507	495,596
<i>of which the "EuroPP" bond issue</i>	249,390	531	248,859	248,811	504	248,307
<i>of which the "Schuldschein" private placement 2012</i>	45,000	45,000	-	119,000	-	119,000
<i>of which the "Schulschein" private placement 2016</i>	300,960	2,393	298,567	-	-	-
<i>of which commercial paper</i>	12,000	12,000	-	-	-	-
<i>of which bank lines of credit</i>	158,157	97,029	61,128	136,782	82,674	54,108
Non-current and current borrowings (+)	1,287,657	168,320	1,119,337	1,015,336	94,188	921,148
Other current debt (+)	5	5	-	4	4	-
Hedging instruments – liabilities (+) ⁽¹⁾	17,870	17,870	-	12,757	12,757	-
Total borrowings (B)	1,305,532	186,195	1,119,337	1,028,097	106,949	921,148
Available-for-sale financial assets (-) ⁽²⁾	(30,451)	-	(30,451)	(1,172)	-	(1,172)
Other financial assets (-)	(88,367)	(33,918)	(54,449)	(83,573)	(18,833)	(64,740)
<i>of which non-current financial receivables⁽³⁾</i>	(25,816)	-	(25,816)	(23,043)	-	(23,043)
<i>of which negotiable debt securities⁽³⁾</i>	-	-	-	(5,000)	-	(5,000)
<i>of which trade accounts receivable⁽³⁾⁽⁴⁾</i>	(62,551)	(33,918)	(28,633)	(55,530)	(18,833)	(36,697)
Other current financial assets and financial receivables (-) ⁽⁴⁾	(62,388)	(62,388)	-	(27,010)	(27,010)	-
<i>of which negotiable debt securities</i>	(24,016)	(24,016)	-	(19,030)	(19,030)	-
<i>of which receivables attached to available for sale financial asset</i>	(30,179)	(30,179)	-	-	-	-
Hedging instruments, assets (-) ⁽¹⁾	(499)	(499)	-	(1,558)	(1,558)	-
Total financial receivables (C)	(181,705)	(96,805)	(84,900)	(113,313)	(47,401)	(65,912)
Gross debt (D) = (B) + (C)	1,123,827	89,390	1,034,437	914,784	59,548	855,236
Cash and cash equivalents (-) ⁽⁵⁾	334,189	334,189	-	663,156	663,156	-
Short-term bank loans and overdrafts (+)	(10,307)	(10,307)	-	(15,891)	(15,891)	-
Net cash and cash equivalents as recorded in the statement of cash flows (A)⁽⁶⁾	(323,882)	(323,882)	-	(647,265)	(647,265)	-
Net debt (E) = (D) + (A)	799,945	(234,492)	1,034,437	267,519	(587,717)	855,236

(1) See Note 5.2.8 "Interest rate and foreign exchange hedges".

(2) See Note 5.1.7 "Available-for-sale financial assets".

(3) See Note 5.1.8 "Other non-current financial assets".

(4) See Note 5.1.10 "Current financial assets".

(5) See Note 5.1.13.1 "Cash and cash equivalents – gross".

(6) See Note 5.1.13.2 "Net cash and cash equivalents at close".

5.2.7.7. Analysis of gross debt by currency

The table below shows the gross financial debt after accounting for the swaps transactions whose purpose was to change euros into foreign currency.

As a % of total debt	December 31, 2016	December 31, 2015
Euro	63%	66%
US dollar	25%	22%
Chinese yuan	5%	5%
Pound sterling	5%	2%
Brazilian real	1%	1%
Russian ruble	0%	2%
Polish zloty	0%	1%
Other currencies ⁽¹⁾	1%	1%
Total	100%	100%

(1) "Other currencies" concerns various currencies, which, taken individually, account for less than 1% of total financial debt over the two periods.

5.2.7.8. Analysis of gross debt by type of interest rate

As a % of total debt	December 31, 2016	December 31, 2015
Hedged variable rates ⁽¹⁾	0%	8%
Unhedged variable rates	8%	2%
Fixed rates	92%	90%
Total	100%	100%

(1) Variable rate debt relates to the private placement "Schuldschein – 2012" of €74 million. It was repaid this year in advance. See Note 2.4.1 on repayment of the Schuldschein of 2012 in the chapter of "Significant events of the period".

5.2.8. Interest rate and currency hedges

In thousands of euros	December 31, 2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	–	(6,414)	–	(8,145)
Foreign exchange derivatives	499	(11,456)	1,558	(4,612)
Total balance sheet	499	(17,870)	1,558	(12,757)

5.2.8.1. Interest rate hedges

Interest rate hedges included swaps and caps. Their purpose is to hedge variable rate debt against increases in interest rates.

At December 31, 2016 as at December 31, 2015:

- the total notional amount of derivative instruments used to manage interest rate risks was €255 million;
- the nominal value of cash-flow hedges as per IAS 39 amounted to €60 million.

Non-hedging instruments nonetheless form part of the Group's interest rate hedging strategy, as it obtains financing at variable rates of interest, in particular under the framework of its sales of receivables.

The derivatives are recognized in the balance sheet at fair value under "Hedging instruments" in assets or in liabilities.

For derivatives that qualify for hedge accounting under IFRS:

- the effective portion of the gain or loss on the hedging instrument is recognized in equity (in "Other comprehensive income");
- it is reclassified to the income statement in the same period in which the hedged cash flows (i.e. interest payments) affect profit;
- the time value of options is excluded from the hedging relationship. Changes in the time value of options and the ineffective portion of the gain or loss on the hedging instrument are recognized in profit or loss.

Changes in fair value of instruments that do not qualify for hedge accounting are recognized directly in financial result.

5.2.8.1.1. Derivative portfolio

In thousands of euros	December 31, 2016			December 31, 2015		
	Fair value of hedging instruments	Recorded in assets	Recorded in liabilities	Fair value of hedging instruments	Recorded in assets	Recorded in liabilities
Interest rate derivatives (fair value)	(6,414)	–	(6,414)	(8,145)	–	(8,145)
Outstanding premiums	(350)	–	(350)	(1,035)	–	(1,035)
Total fair value and outstanding premiums		–	(6,764)		–	(9,180)

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Composition of interest rate derivatives portfolio:

In thousands of euros	December 31, 2016								
	Fair value	Recorded in assets	Recorded in liabilities	Effective portion included in OCI ⁽⁴⁾	Nominal	Maturity	Reference interest rate	Outstanding premiums ⁽²⁾	Nature of derivative
Caps	–	–	–	–	60,000	May 2017	Euribor 2M	(140)	CFH ⁽³⁾
Caps	–	–	–	–	90,000	June 2017	Euribor 1M	(210)	Not considered
Swaps	(6,414)	–	(6,414)	–	105,000	February 2019	Euribor 1M	N/A	Not considered
Total	(6,414)	–	(6,414)	–	255,000			(350)	

In thousands of euros	December 31, 2015								
	Fair value	Recorded in assets	Recorded in liabilities	Effective portion included in OCI ⁽⁴⁾	Nominal	Maturity	Reference interest rate	Outstanding premiums ⁽²⁾	Nature of derivative
Caps	–	–	–	–	60,000	May 2017	Euribor 2M	(424)	CFH ⁽³⁾
Caps	–	–	–	–	90,000	June 2017	Euribor 1M	(611)	Not considered
Swaps	(8,145)	–	(8,145)	–	105,000	February 2019	Euribor 1M	N/A	Not considered
Total	(8,145)	–	(8,145)	–	255,000			(1,035)	

(1) OCI: Other comprehensive income.

(2) Cap premiums are paid out in installments over the duration of the instruments. Outstanding premium amounts are classified under liabilities and shareholders' equity in the consolidated balance sheet under "Non-current borrowings" and "Current borrowings".

(3) CFH: Cash flow hedges.

5.2.8.1.2. Amounts recognized in equity under "Other comprehensive income"

The following amounts are expressed as gross values before tax.

In thousands of euros	Balance before tax recorded in OCI ⁽¹⁾ at December 31, 2015	Transactions in the period	Change in fair value of derivatives	Fair value adjustments reclassified in profit or loss	Balance before tax recorded in OCI ⁽¹⁾ at December 31, 2016
Effective portion of gains and losses on derivatives in the portfolio	–	–	–	–	–
Effect of August 2010 and February 2012 restructuring of the derivatives portfolio ⁽²⁾	2,627	–	–	(803)	1,824
Effect of June 2013 restructuring of the derivatives portfolio	(5,157)	–	–	1,627	(3,530)
Total	(2,530)	–	–	824	(1,706)

In thousands of euros	Balance before tax recorded in OCI ⁽¹⁾ at December 31, 2014	Transactions in the period	Change in fair value of derivatives	Fair value adjustments reclassified in profit or loss	Balance before tax recorded in OCI ⁽¹⁾ at December 31, 2015
Effective portion of gains and losses on derivatives in the portfolio	(1,414)	–	1,414	–	–
Effect of August 2010 and February 2012 restructuring of the derivatives portfolio ⁽²⁾	3,303	–	–	(676)	2,627
Effect of June 2013 restructuring of the derivatives portfolio	(8,453)	–	–	3,296	(5,157)
Total	(6,564)	–	1,414	2,620	(2,530)

(1) OCI: Other Comprehensive Income.

(2) Restructuring of derivatives portfolio so as to extend maturity of hedging instruments.

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5.2.8.1.3. Impact of hedging on the Income statement

In thousands of euros	December 31, 2016	December 31, 2015
Effective component of hedging instruments related to derivatives portfolio (hedging of interest rates accruing over the period)	(3,622)	(4,217)
Reclassification in profit or loss of accumulated gains and losses following past restructurings ⁽¹⁾	(824)	(2,620)
Time value of caps	686	674
Changes in fair value of instruments that do not qualify for hedge accounting	1,740	2,332
Total⁽²⁾	(2,020)	(3,831)

(1) See Note 5.2.8.1.2 "Reclassified in profit or loss".

(2) See "Gains or losses on interest rate and currency hedges" in Note 4.7 "Net financial income".

See also the impact of currency hedges in Note 5.2.8.2.

5.2.8.2. Currency hedges

The Group uses derivatives to hedge its exposure to currency risks.

In 2016, the Group implemented a policy of hedging the highly probable future transactions in foreign currencies of its various entities. Hedging instruments implemented within this framework include forward foreign currency purchases. The Group applied to these instruments the accounting treatment of cash flow hedges as required by IAS 39.89: the instruments are measured at fair

value, and changes in value are recognized in equity for the effective part. The amounts recognized in equity are transferred to profit or loss when the hedged cash flows affect the income.

At December 31, 2016, the fair value of instruments implemented and recognized was a negative €10,956 thousand, of which a negative €187 thousand recognized in equity.

Changes in the fair value of other currency hedging instruments are recognized in financial income.

5.2.8.2.1. Portfolio of currency hedges

	December 31, 2016				December 31, 2015			
	Fair value In thousands of euros	Notional amount In thousands of currency units	Medium- term exchange rate Currency/ euro	Exchange rate at December 31, 2016 Currency/ euro	Fair value In thousands of euros	Notional amount In thousands of currency units	Medium- term exchange rate Currency/ euro	Exchange rate at December 31, 2015 Currency/euro
Net sell position (net buy position if <0)								
USD – Forward exchange contract	(1,041)	(45,135)	1.0992	1.0541	+221	(31,891)	1.1024	1.0887
GBP – Forward exchange contract	+361	(7,436)	0.8223	0.8562	+510	(30,561)	0.728	0.7340
HUF – Forward exchange contract	–	–	–	–	+1	(59,396)	313.5869	315.9800
CNY – Forward exchange contract	–	–	–	–	+253	(48,000)	7.055	7.0608
MYR – Forward exchange contract	–	–	–	–	–	(1,060)	4.6942	4.6959
CLP – Forward exchange contract	(11)	(332,157)	–	707.8000	–	–	–	–
KRW – Forward exchange contract	+139	(9,090,523)	1,265.0800	1,369.3600	–	–	–	–
USD – Forward currency swap	(9,247)	(283,300)	1.0923	1.0541	(4,596)	(191,950)	1.1200	1.0887
GBP – Forward currency swap	(281)	(36,824)	0.8619	0.8562	(62)	(11,617)	0.7368	0.7340
CZK – Forward currency swap	–	–	–	–	–	+834	26.9350	27.0230
RUB – Forward currency swap	(263)	(109,000)	77.4600	64.3000	+619	(900,000)	76.7620	80.6736
CNY – Forward currency swap	(601)	(380,443)	7.4766	7.3202	–	–	–	–
SEK – Forward currency swap	+1	+642	9.7300	9.5525	–	–	–	–
JPY – Forward currency swap	(13)	+313,293	122.6700	123.4000	–	–	–	–
Total	(10,956)				(3,054)			

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5.2.8.2.2. Impact of unsettled foreign exchange hedges on income and equity

In thousands of euros	December 31, 2016	December 31, 2015
Impact of change in foreign exchange hedging portfolio on income (ineffective portion) ⁽¹⁾	(7,715)	1,329
Impact of change in foreign exchange hedging portfolio on equity (effective portion)	(187)	–
Total	(7,902)	1,329

(1) See "Gains or losses on interest rate and currency hedges" in Note 4.7 "Net financial income".
See also Note 5.2.8.1.3 "Impact of hedging on the income statement".

5.2.9. Operating and other liabilities

5.2.9.1. Trade payables and other operating liabilities

In thousands of euros	December 31, 2016	December 31, 2015
Trade payables	1,148,724	897,404
Due to suppliers of fixed assets	77,894	113,027
Total	1,226,618	1,010,431

5.2.9.2. Other operating liabilities

In thousands of euros	December 31, 2016	December 31, 2015
Accrued employee benefits expense	137,058	119,769
Accrued income taxes	31,837	30,877
Other accrued taxes	113,068	67,090
Other payables	200,638	141,497
Customer prepayments	200,698	144,744
Total	683,299	503,977

5.2.9.3. Trade payables and other operating liabilities by currency

In thousands of currency units		Liabilities at December 31, 2016			Liabilities at December 31, 2015		
		Local currency	Euro	%	Local currency	Euro	%
EUR	Euro	972,984	972,984	51%	689,143	689,143	46%
USD	US dollar	461,639	437,946	23%	426,623	391,865	26%
GBP	Pound sterling	123,321	144,036	8%	109,647	149,393	10%
CNY	Chinese yuan	918,505	125,475	7%	720,017	101,974	7%
BRL	Brazilian real	138,182	40,280	2%	62,169	14,419	1%
Other	Other currencies		189,196	9%		167,614	10%
Total			1,909,917	100%		1,514,408	100%
Of which:							
	Trade payables		1,226,618	64%		1,010,431	67%
	Other operating liabilities		683,299	36%		503,977	33%

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Sensitivity tests on exchange rate movements for “Trade payables and other liabilities” give the following results:

In thousands of currency units	Sensitivity tests on liabilities at December 31, 2016							Sensitivity tests on liabilities at December 31, 2015					
	Base		Increase – all currencies		Decrease – all currencies			Base		Increase – all currencies		Decrease – all currencies	
			+10%	+20%	-10%	-20%				+10%	+20%	-10%	-20%
	Local currency	Conversion rate	%	%	%	%		Local currency	Conversion rate	%	%	%	%
EUR	Euro	972,984	1.00000	49%	46%	54%	56%	689,143	1.00000	43%	41%	48%	51%
USD	US dollar	461,639	0.94868	24%	25%	22%	20%	426,623	0.91853	27%	28%	25%	23%
GBP	Pound sterling	123,321	1.16798	8%	8%	7%	7%	109,647	1.36249	10%	11%	9%	9%
CNY	Chinese yuan	918,505	0.13661	7%	7%	6%	6%	720,017	0.14163	7%	7%	6%	6%
BRL	Brazilian real	138,182	0.29150	2%	2%	2%	2%	62,169	0.23193	1%	1%	1%	1%
	Other currencies			10%	12%	9%	9%			12%	12%	11%	10%
Total in euros		1,909,916	2,003,609	2,097,302	1,816,223	1,722,529		1,514,408	1,596,935	1,679,462	1,431,882	1,349,355	
Of which:													
Trade payables		1,226,618	1,286,791	1,346,964	1,166,445	1,106,271		1,010,431	1,065,493	1,120,556	955,368	900,305	
Other operating liabilities		683,298	716,818	750,338	649,778	616,258		503,977	531,442	558,906	476,514	449,050	

Currency sensitivity tests on “Trade payables and other operating liabilities” and “Trade and other receivables” (see Note 5.1.11) give practically the same net exposure for the Group by currency as the exposure calculated based on actual data at December 31, 2016.

6. Capital and market risk management

Compagnie Plastic Omnium has set up a global cash management system with its subsidiary Plastic Omnium Finance, which manages liquidity, currency and interest rate risks on behalf of all subsidiaries. The market risks strategy, which may involve entering into balance sheet and off-balance sheet commitments, is approved every quarter by the Chairman and Chief Executive Officer.

6.1. Capital management

Plastic Omnium raises equity and debt capital on the markets to meet its objective of maintaining ready access to sufficient financial resources to carry out its business operations, fund the investments required to drive growth and respond to exceptional circumstances, if any.

It seeks funding from the capital markets, leading to capital and financial liabilities management.

Under its capital management, the Group pays dividends to its shareholders and may adjust its strategy in line with changes in economic conditions.

The capital structure may also be adjusted by paying ordinary or special dividends, buying back and canceling Company shares, returning a portion of the share capital to shareholders or issuing new shares and/or securities carrying rights to shares.

The Group uses the gearing ratio – corresponding to the ratio of consolidated net debt to equity – as an indicator of its financial condition. Net debt includes all of the Group’s interest-bearing financial liabilities (other than operating payables) less cash and cash equivalents and other financial assets (other than operating receivables), such as loans and marketable securities. At December 31, 2016 and December 31, 2015, the gearing ratio stands at:

In thousands of euros	December 31, 2016	December 31, 2015
Net debt ⁽¹⁾	799,945	267,519
Equity (including non-current government grants)	1,516,131	1,301,194
Gearing ratio	52.76%	20.56%

(1) See Note 5.2.7.6 “Reconciliation of gross and net debt”.

None of the Group's bank loans or financial liabilities contains acceleration clauses based on compliance with financial ratios.

As part of its capital management strategy, the liquidity account shows the following positions:

- at December 31, 2016:
 - 25,032 shares,
 - and €2,925,457 in cash;
- at December 31, 2015:
 - 15,712 shares,
 - and €2,902,327 in cash.

6.2. Commodities risk – Exposure to plastics risk

Plastic Omnium's operations use large quantities of plastic, steel, paint and other raw materials which are subject to price changes that could have an impact on its operating margin.

To limit the risks of price fluctuations, the Group has negotiated price indexation clauses with most of its automotive customers or, failing that, regularly renegotiates selling prices.

Ageing analysis of receivables

At December 31, 2016 In thousands of euros	Total outstanding	Not yet due	Due and past due	Less than 1 month	1-2 months	2-4 months	4-6 months	6-12 months	More than 12 months
Automotive	765,682	686,293	79,389	45,222	10,602	6,559	7,493	4,391	5,123
Environment	42,066	31,448	10,618	5,404	1,447	1,025	786	478	1,478
Unallocated items	1,876	1,847	29	29	-	-	-	-	-
Total	809,624	719,588	90,036	50,654	12,049	7,584	8,279	4,869	6,601
Reclassifications according to IFRS 5 ⁽¹⁾	25,231	22,759	2,472	1,966	198	4	18	125	161

(1) See Note 5.1.16 for detail of businesses reclassified as Assets and liabilities held for sale.

At December 31, 2015 In thousands of euros	Total outstanding	Not yet due	Due and past due	Less than 1 month	1-2 months	2-4 months	4-6 months	6-12 months	More than 12 months
Automotive	522,799	484,679	38,120	19,621	9,980	2,083	618	2,754	3,064
Environment	46,780	35,394	11,386	6,377	779	1,078	596	576	1,980
Unallocated items	8,276	8,261	15	-	-	-	-	-	15 ⁽¹⁾
Total	577,855	528,334	49,521	25,998	10,759	3,161	1,214	3,330	5,059

(1) This item corresponds to receivables regarding disposed entities and definitively recognized as receivables with regard to external third parties.

The Environment Division, as part of its proactive sustainability policy, manufactures its products using over 80% recycled plastic, which by nature is scarcely affected by price swings. For the remainder, the division negotiates annual price contracts with its suppliers. Lastly, inventories are managed to reduce the price impact as much as possible.

Taking these measures together, the Group considers that raw material price changes do not have a material impact on its operating margin.

6.3. Credit risk

Credit risk covers customer credit risk and bank counterparty risk.

6.3.1. Customer risk

At December 31, 2016, 11.1% of the Group's Trade receivables were past due, against 8.6% at December 31, 2015. Trade receivables break down as follows:

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The risk of non-recovery is low and involves only a non-material amount of receivables more than twelve months past due.

6.3.2. Bank counterparty risk

The Group invests its cash surplus with first class banks and/or in senior securities.

6.4. Liquidity risk

The Group needs access, at all times, to adequate financial resources not only to finance operations and the investments required to support its growth, but also to withstand the effects of any exceptional events.

This requirement is met primarily through medium-term bank lines of credit, but also through short-term bank facilities.

The cash position of each division and the Group position are reviewed on a daily basis and a cash report is submitted to the Chairman and Chief Executive Officer and the Chief Operating Officers every week.

6.4.1. Other non-current financial receivables – Carrying amounts and undiscounted values

Undiscounted values can be reconciled to the information listed in the table in Note 6.4.2 on “Liquidity risk by maturity”.

In thousands of euros	December 31, 2016		December 31, 2015	
	Undiscounted finance receivables	Carrying amount	Undiscounted finance receivables	Carrying amount
Due in one to five years	30,731	28,515	37,979	36,530
Other receivables (see Note 5.1.8)	29	29	48	48
Finance receivables related to Environment finance leases (see Note 5.1.8)	1,647	1,490	2,625	2,405
Finance receivables related to Automotive contracts (see Note 5.1.8)	29,055	26,996	35,306	34,077
Due beyond five years	149	147	249	215
Other receivables (see Note 5.1.8)	–	–	–	–
Finance receivables related to Environment finance leases (see Note 5.1.8)	149	147	249	215
Total	30,880	28,662	38,228	36,745

6.4.2. Liquidity risk by maturity

Liquidity risk by maturity is calculated on the basis of the undiscounted contractual cash flows of financial liabilities. An analysis of liquidity risk yields the following:

At December 31, 2016

In thousands of euros	December 31, 2016	Less than 1 year	1-5 years	More than 5 years
Financial assets				
Available-for-sale financial assets – Equity interests	394	–	394	–
Other available for sale financial assets	30,451	–	30,451	–
Other financial assets	25,816	–	25,816	–
Finance receivables ⁽¹⁾	64,889	34,038	30,702	149
Trade receivables ⁽²⁾	809,624	803,023	6,601	–
Other current financial assets and financial receivables	62,388	62,388	–	–
Hedging instruments	499	499	–	–
Cash and cash equivalents	334,189	334,189	–	–
Total financial assets	1,328,250	1,234,137	93,964	149
Reclassification of Financial Assets IFRS 5 ⁽³⁾	30,532	30,349	183	–
Financial liabilities				
Non-current borrowings ⁽⁴⁾	1,230,968	28,497	890,667	311,805
Bank overdrafts	10,307	10,307	–	–
Current borrowings ⁽⁵⁾	174,117	174,117	–	–
Other current debt	5	5	–	–
Hedging instruments	17,870	17,870	–	–
Trade payables	1,226,618	1,226,618	–	–
Total financial liabilities	2,659,885	1,457,414	890,667	311,805
Reclassification of Financial Liabilities IFRS 5 ⁽³⁾	32,202	32,202	–	–
Financial assets and financial liabilities – net⁽⁶⁾	(1,331,635)	(223,277)	(796,703)	(311,656)

At December 31, 2015

In thousands of euros	December 31, 2015	Less than 1 year	1-5 years	More than 5 years
Financial assets				
Available-for-sale financial assets – Equity interests	356	–	356	–
Other available for sale financial assets	1,172	–	1,172	–
Other financial assets	28,043	–	28,043	–
Finance receivables ⁽¹⁾	57,385	19,205	37,931	249
Trade receivables ⁽²⁾	577,855	572,796	5,059	–
Other current financial receivables	27,010	27,010	–	–
Hedging instruments	1,558	1,558	–	–
Cash and cash equivalents	663,156	663,156	–	–
Total Financial Assets	1,356,535	1,283,725	72,561	249
Financial liabilities				
Non-current borrowings ⁽⁴⁾	1,037,995	28,546	1,005,728	3,721
Bank overdrafts	15,891	15,891	–	–
Current borrowings ⁽⁵⁾	97,890	97,890	–	–
Other current debt	4	4	–	–
Hedging instruments	12,757	12,757	–	–
Trade payables	1,010,431	1,010,431	–	–
Total financial liabilities	2,174,969	1,165,520	1,005,728	3,721
Financial assets and financial liabilities – net⁽⁶⁾	(818,434)	118,205	(933,167)	(3,472)

(1) Undiscounted amounts (see Notes 5.1.10 “Current financial receivables” and 6.4.1 “Other long-term financial receivables”).

(2) “Trade receivables” includes €90,036 thousand past due at December 31, 2016, against €49,521 thousand at December 31, 2015. See Note 6.3.1 on “Customer credit risk”.

(3) See Note 5.1.16 for the breakdown of components included in “Assets and Liabilities held for sale”.

(4) “Non-current borrowings” includes the amounts reported in the balance sheet and interest payable over the remaining life of the debt.

(5) “Current borrowings” includes the amounts reported in the balance sheet and interest due within one year.

(6) See Note 5.2.7.5 on confirmed medium-term credit lines compared to uses in 2016 and 2015, the confirmed and unused bank lines largely cover the Group’s cumulated medium-term financing requirements.

6.5. Currency risk

Plastic Omnium's activities are based for the most part on local plants: by producing locally what is sold locally, the Group has little exposure to currency fluctuations, aside from currency translation adjustments for the financial statements.

The Company's policy is to minimize the currency risk on transactions involving a future inflow or outflow of funds. Nonetheless, if a transaction does give rise to a material currency risk, it is hedged by a forward currency contract. The subsidiary involved places this hedge with the central treasury or, with the latter's approval, locally.

6.6. Interest rate risk

Interest rate risk relates to the effect of possible increases in variable rates on variable rate debt, which would have a negative impact on net financial income. Interest rate risk on debt is managed by the Group with the prime objective of keeping debt financing costs relatively low so as not to threaten profits.

At December 31, 2016, as at December 31, 2015, most of the Group's financing was at fixed rates (see Note 5.2.7.8 "Analysis of debt by type of interest rate" and Note 5.2.8.1 "Interest rate hedges").

Financial transactions, particularly interest rate hedges, are carried out with a number of leading financial institutions. A competitive bidding process is used for all material transactions,

one of the selection criteria being satisfactory resource and counterparty diversification.

Sensitivity to interest rate changes

At December 31, 2016, an increase of 1% in the rate of interest charged on the variable-rate debt would result in a net decrease of €0.2 million in interest expense, after taking into account the impact of hedging instruments, compared with an increase of €0.3 million (in interest expense, after the impact of hedging instruments, for a 1% increase in the rate charged on variable-rate debt) at December 31, 2015.

At December 31, 2016, a 1% reduction in the interest rate charged on the variable-rate debt would result in a net increase of €0.6 million in interest expense, after taking into account the impact of hedging instruments, compared with a decrease of €0.1 million (in interest expense, after the impact of hedging instruments, for a 1% reduction in the rate charged on variable-rate debt) at December 31, 2015.

6.7. Additional information about financial assets and liabilities

Most of the derivatives are traded over-the-counter on which there are no listed prices. Accordingly, they are valued based on models commonly used by traders to evaluate financial instruments (future discounted cash flow models or option valuation models).

Financial assets and liabilities by category and fair value break down as follows:

In thousands of euros									
Assets	2016				Total carrying amount	Valued at cost	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
	At amortized cost	At fair value							
	Through the income statement	Through shareholders' equity (AFS) ⁽²⁾	Through shareholders' equity (CFH hedge) ⁽³⁾						
Available-for-sale financial assets – Equity interests	–	–	394	–	394	394	–	–	–
Available-for-sale financial assets	–	–	30,451	–	30,451	–	30,451	–	–
Other non-current financial assets	54,449	–	–	–	54,449	–	–	–	–
Finance receivables	33,918	–	–	–	33,918	–	–	–	–
Trade receivables	809,624	–	–	–	809,624	–	–	–	–
Other current financial receivables	62,388	–	–	–	62,388	–	–	–	–
Hedging instruments	–	499	–	–	499	–	–	499	–
Cash and cash equivalents	–	334,189	–	–	334,189	–	222,307	100,593	–

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In thousands of euros									
Liabilities	At amortized cost	At fair value			Total Carrying amount	Valued at cost	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
		Through the income statement	Through shareholders' equity (AFS) ⁽²⁾	Through shareholders' equity (CFH hedge) ⁽³⁾					
Non-current borrowings ⁽¹⁾	1,119,337	–	–	–	1,119,337	–	–	–	–
Bank overdrafts	10,307	–	–	–	10,307	–	–	–	–
Current borrowings	168,320	–	–	–	168,320	–	–	–	–
Other current debt	5	–	–	–	5	–	–	–	–
Hedging instruments	–	17,683	–	187	17,870	–	–	187	–
Trade payables	1,226,618	–	–	–	1,226,618	–	–	–	–

In thousands of euros									
Assets	At amortized cost	At fair value			Total Carrying amount	Valued at cost	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
		Through the income statement	Through shareholders' equity (AFS) ⁽²⁾	Through shareholders' equity (CFH hedge) ⁽³⁾					
Available-for-sale financial assets – Equity interests	–	–	356	–	356	356	–	–	–
Available-for-sale financial assets	–	–	1,172	–	1,172	1,172	–	–	–
Other non-current financial assets	64,740	–	–	–	64,740	–	–	–	–
Finance receivables – current portion	18,833	–	–	–	18,833	–	–	–	–
Trade receivables	577,855	–	–	–	577,855	–	–	–	–
Other current financial receivables	27,010	–	–	–	27,010	–	–	–	–
Hedging instruments	–	1,558	–	–	1,558	–	–	1,558	–
Cash and cash equivalents	–	663,156	–	–	663,156	–	444,614	218,542	–

In thousands of euros									
Liabilities	At amortized cost	At fair value			Total Carrying amount	Valued at cost	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
		Through the income statement	Through shareholders' equity (AFS) ⁽²⁾	Through shareholders' equity (CFH hedge) ⁽³⁾					
Non-current borrowings ⁽¹⁾	921,148	–	–	–	921,148	–	–	–	–
Bank overdrafts	15,891	–	–	–	15,891	–	–	–	–
Current borrowings	94,188	–	–	–	94,188	–	–	–	–
Other current debt	4	–	–	–	4	–	–	–	–
Hedging instruments	–	12,757	–	–	12,757	–	–	–	–
Trade payables	1,010,431	–	–	–	1,010,431	–	–	–	–

(1) See Note 5.2.7.6 "Reconciliation of gross and net debt". This includes "Finance lease liabilities" and "Bonds and bank loans".

(2) AFS: "Available for sale".

(3) CFH: "Cash Flow Hedge".

There were no transfers between fair value levels in 2016, as in 2015.

The fair value of financial assets and liabilities at amortized cost was close to the carrying amount, except for current and non-current borrowings.

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In thousands of euros	Balance sheet values at December 31, 2016			Fair value at December 31, 2016		
	Total	Current portion	Non-current portion	Total	Current portion	Non-current portion
Bonds and bank loans ⁽¹⁾	1,270,598	165,499	1,105,099	1,586,311	123,604	1,462,707

In thousands of euros	Balance sheet values at December 31, 2015			Fair value at December 31, 2015		
	Total	Current portion	Non-current portion	Total	Current portion	Non-current portion
Bonds and bank loans ⁽¹⁾	1,008,696	91,685	917,011	1,055,535	92,098	963,437

(1) See Note 5.2.7.6 "Reconciliation of gross and net debt".

Means of measuring fair value:

- The fair value of listed bonds is determined on the basis of listed prices (level 1). The fair value of other current debt is determined in each case by discounting future cash flows at a rate corresponding to the Euribor yield curve at year-end, corrected for the Group's credit risk (level 2).
 - The fair value of monetary and non-monetary UCITS (Undertakings for Collective Investment in Transferable Securities) is measured according to their last known liquidity value (level 1). The fair value of interest rate products (certificates of deposits, time-deposit accounts, negotiable medium term notes, etc.) is based on discounted future cash flows (nominal and interest) for the remaining duration of the product at year-end (level 2).
- The discount rate used is the market rate matching the product's maturity and characteristics.
- Other non-current financial assets and finance receivables: items consisting mainly of finance receivables recorded based on a discounted value when their maturity is more than one year.
 - Most of the derivatives are traded over-the-counter on which there are no listed prices. Accordingly, they are valued based on models commonly used by traders to evaluate financial instruments using future discounted cash flow models or option valuation models (level 2).

7. Additional information

7.1. Number of employees at year-end

	December 31, 2016			December 31, 2015			Changes/ Total
	Excluding temporary staff	Temporary staff	Total	Excluding temporary staff	Temporary staff	Total	
France	4,456	1,037	5,493	4,494	1,039	5,533	-1%
%	20.4%	22.4%	20.7%	27.0%	28.4%	27.3%	
Europe excluding France ⁽²⁾	9,617	1,975	11,592	5,495	1,238	6,733	72%
%	43.9%	42.7%	43.7%	33.0%	33.8%	33.2%	
North America	3,821	646	4,467	3,455	569	4,024	11%
%	17.5%	14.0%	16.8%	20.8%	15.5%	19.8%	
Asia and South America ⁽¹⁾⁽²⁾	4,000	970	4,970	3,184	815	3,999	24%
%	18.3%	21.0%	18.7%	19.1%	22.3%	19.7%	
Total	21,894	4,628	26,522	16,628	3,661	20,289	31%

(1) The "Asia and South America" region includes Turkey, South Africa and Morocco.

(2) The workforce integrated through the acquisition of Faurecia's Systems business represents a total of 4,662 employees.

7.2. Off-balance sheet commitments

7.2.1. Commitments given and received

At December 31, 2016

In thousands of euros	Total	Intangible assets	Property, plant and equipment	Financial assets and liabilities	Other non-financial current assets/liabilities
Surety bonds given	(15,642)	–	(1,448)	(282)	(13,912)
Commitments to purchase assets ⁽¹⁾	(54,858)	–	(54,858)	–	–
Debt collateral (mortgages)	(3,695)	–	–	(3,695)	–
Other off-balance sheet commitments ⁽²⁾	(4,291)	–	–	(3,946)	(345)
Total commitments given	(78,486)	–	(56,306)	(7,923)	(14,257)
Surety bonds received	422	–	72	–	350
Other commitments received	–	–	–	–	–
Total commitments received	422	–	72	–	350
Total commitments – net	(78,064)	–	(56,234)	(7,923)	(13,907)

At December 31, 2015

In thousands of euros	Total	Intangible assets	Property, plant and equipment	Financial assets and liabilities	Other non-financial current assets/liabilities
Surety bonds given	(14,719)	–	(810)	(1,788)	(12,121)
Commitments to purchase assets ⁽³⁾	(84,506)	–	(84,506)	–	–
Debt collateral (mortgages)	(4,151)	–	–	(4,151)	–
Other off-balance sheet commitments	(10,085)	–	–	(5,200)	(4,885)
Total commitments given	(113,461)	–	(85,316)	(11,139)	(17,006)
Surety bonds received	2,298	–	799	781	718
Other commitments received	–	–	–	–	–
Total commitments received	2,298	–	799	781	718
Total commitments – net	(111,163)	–	(84,517)	(10,358)	(16,288)

(1) At December 31, 2016, the change in commitments given on the acquisition of assets is mainly related to the investments made:

- the commissioning of the Warrington plant (€24 million in 2015), see Note 2.2.2 "Investments in Production Capacity: Warrington plant in the UK";
- the increase in investments carried out in the United States on the Adrian, Anderson and Troy sites (€9 million).

(2) The change in other off-balance sheet commitments given on assets and liabilities relates to a reduction in credit notes for SULO Umwelttechnik GmbH (€5 million).

(3) At December 31, 2015, the increase in commitments given on the acquisition of assets was mainly related to the investments made in Mexico on the Ramos, Puebla and León sites (€1.5 million).

7.2.2. Operating leases where the Group is lessee

In thousands of euros	December 31, 2016	December 31, 2015
Minimum lease payments under non cancelable operating leases		
Due within one year	47,658	37,151
Due in one to five years	104,786	83,135
Due beyond five years	31,764	32,076
Total	184,208	152,362

7.3. Related-party transactions

7.3.1. Compensation paid to Senior Executives and Corporate Officers

Senior executives are the “persons having authority and responsibility for planning, directing and controlling the activities” of Compagnie Plastic Omnium and its subsidiaries, as defined in IAS 24.

No Compagnie Plastic Omnium stock options were granted to Senior Executives and Corporate Officers in the year ending December 31, 2016.

The total amount of compensation paid to members of the Board of Directors and Senior executives is presented in the table below:

In thousands of euros	Paid or payable by...	2016	2015
Directors' fees	Paid by Compagnie Plastic Omnium	138	121
Directors' fees	Paid by companies controlled by Compagnie Plastic Omnium (excl. Compagnie Plastic Omnium) and by Burelle SA	381	395
Gross compensation	Payable by the Plastic Omnium Group	6,735	6,089
Supplementary pension plans	Payable by the Plastic Omnium Group	989	886
Cost of stock option plans	Payable by the Plastic Omnium Group	-	1,476
	<i>Cost spread over the vesting period</i>	-	884
	<i>Social contributions related to the new plan over the period⁽¹⁾</i>	-	592
Total compensation		8,243	8,966

(1) Analysis of the social contributions for the plan allocated on August 6, 2015 by Compagnie Plastic Omnium: the rate of social contributions for the stock option plan of August 6, 2015 is 30%. The Group did not grant any new stock option plans in 2016.

The share of contributions related to the stock options of Executive Corporate Officers is presented in the table below and concerns only 2015:

In thousands of euros In units for the number of options	2016 plan	August 6, 2015 plan
<i>Rate of contribution of payroll taxes on stock option plans</i>	-	30.00%
Total number of options forming part of the basis on which contributions are calculated	-	545,000
Total contributions subject to performance conditions (in thousands of euros)⁽¹⁾	-	1,076
Number of share options of Executive Corporate Officers	-	300,000
Social contributions on stock options of Executive Corporate Officers (in thousands of euros)	-	592

(1) All stock options granted to Senior Executives and Corporate Officers are subject to performance conditions. Contributions for all stock options subject to performance conditions amounted to €1,076 thousand, and €735 thousand for the others.

7.3.2. Transactions with Sofiparc SAS, Burelle SA and Burelle Participations SA

At December 31, 2016

In thousands of euros	Direct and indirect costs	Royalties and management fees	Financial income and expenses	Current accounts	Deposits	Trade payables	Trade receivables	Other receivables	Other debtors
Sofiparc SAS	(187)	(5,261)	14	-	1,185	7	14	-	-
Burelle SA	3	(8,529)	15	17	-	2,975	41	-	11
Burelle Participations SA	-	-	6	-	-	-	-	-	-

At December 31, 2015

In thousands of euros	Direct and indirect costs	Royalties and management fees	Financial income and expenses	Current accounts	Deposits	Trade payables	Trade receivables	Other receivables	Other debtors
Sofiparc SAS	(862)	(4,462)	10	1	1,059	25	2	-	-
Burelle SA	-	(8,206)	16	13	-	3,446	7	18	-
Burelle Participations SA	-	-	6	-	-	-	6	-	-

7.4. Fees paid to the Statutory Auditors

In thousands of euros	2016		
	Mazars	Ernst & Young	Total
Audit services	(1,879)	(1,831)	(3,710)
<i>of which:</i>			
<i>Compagnie Plastic Omnium</i>	(366)	(353)	(719)
<i>Subsidiaries</i>	(1,513)	(1,478)	(2,991)
Fees and services specific to the duties of the Statutory Auditor	(77)	(229)	(306)
<i>of which:</i>			
<i>Compagnie Plastic Omnium</i>	(59)	(77)	(136)
<i>Subsidiaries</i>	(18)	(152)	(170)
Total	(1,956)	(2,060)	(4,016)

In thousands of euros	2015		
	Mazars	Ernst & Young	Total
Audit services	(1,774)	(2,018)	(3,792)
<i>of which:</i>			
<i>Compagnie Plastic Omnium</i>	(384)	(357)	(741)
<i>Subsidiaries</i>	(1,390)	(1,661)	(3,051)
Fees and services specific to the duties of the Statutory Auditor	(177)	(35)	(212)
<i>of which:</i>			
<i>Compagnie Plastic Omnium</i>	(51)	12	(39)
<i>Subsidiaries</i>	(126)	(47)	(173)
Total	(1,951)	(2,053)	(4,004)

7.5. Consolidating entity

Burelle SA holds 58.63% of Compagnie Plastic Omnium after the impact of cancellation of Compagnie Plastic Omnium's treasury stock (57.01% prior to cancellation of treasury stock) and fully consolidates the Company.

Burelle SA – 19, boulevard Jules-Carteret
69342 Lyon Cedex 07

7.6. Subsequent events

Sale of the “Sulo Emballagen GmbH” site in Herford, Germany

In connection with the sale of “Sulo Emballagen GmbH” in 2016, the Group also sold on January 10, 2017 its building complex (administrative and industrial buildings) in Herford, Germany for €1,150 thousand.

The building complex belonged to a Group company other than the one that sold “Sulo Emballagen GmbH”. As at December 31, 2016, this building was classified as “Assets and liabilities held for sale” (see Note 5.1.16).

The transaction resulted in a net impact of €(4,398) thousand, already provisioned in the financial statements as of December 31, 2016. See Note 4.6 on the “Other operating income and expenses”.

No other event likely to have a material impact on the Group's business, financial position, earnings or assets and liabilities at December 31, 2016 has occurred since the closing date.

List of consolidated companies at December 31, 2016

Legal name	Reportable segments			At December 31, 2016			At December 31, 2015			Tax group
	Automotive	Environment	Not appropriated	Method of consolidation	% of control	% interest	Method of consolidation	% of control	% interest	
France										
COMPAGNIE PLASTIC OMNIUM SA			*	Parent company			Parent company			1 – a
PLASTIC OMNIUM SYSTÈMES URBAINS SAS		*		FC	100	100	FC	100	100	1 – b
METROPLAST SAS		*		FC	100	100	FC	100	100	1 – b
LA RÉUNION VILLES PROPRES SAS		*		FC	100	100	FC	100	100	1 – b
PLASTIC OMNIUM CARAÏBES SAS		*		FC	100	100	FC	100	100	1 – b
INERGY AUTOMOTIVE SYSTEMS FRANCE SAS		*		FC	100	100	FC	100	100	1 – a
PLASTIC RECYCLING SAS		*		EM_ IFRS_2014	50	50	EM_ IFRS_2014	50	50	
PLASTIC OMNIUM AUTO EXTÉRIEUR SA		*		FC	100	100	FC	100	100	1 – a
PLASTIC OMNIUM AUTO EXTÉRIEUR SERVICES SAS		*		FC	100	100	FC	100	100	1 – a
PLASTIC OMNIUM GESTION SNC			*	FC	100	100	FC	100	100	1 – a
PLASTIC OMNIUM FINANCE SNC			*	FC	100	100	FC	100	100	1 – a
LUDOPARC SAS		*		FC	100	100	FC	100	100	1 – b
PLASTIC OMNIUM ENVIRONNEMENT SAS	d2015	*		–	–	–	FC	100	100	1 – a
PLASTIC OMNIUM AUTO EXTERIORS SAS		*		FC	100	100	FC	100	100	1 – a
PLASTIC OMNIUM AUTO INERGY SAS		*		FC	100	100	FC	100	100	1 – a
PLASTIC OMNIUM AUTO INERGY MANAGEMENT SAS		*		FC	100	100	FC	100	100	1 – a
VALEO PLASTIC OMNIUM SNC	e2016	*		EM_ IFRS_2014	50	50	EM_ IFRS_2014	50	50	
BEAUVAIS DIFFUSION SAS		*		FC	100	100	FC	100	100	1 – b
PLASTIC OMNIUM VERNON SAS		*		FC	100	100	FC	100	100	1 – a
TECHNIQUES ET MATÉRIELS DE COLLECTE – “TEMACO” SAS		*		FC	100	100	FC	100	100	1 – b
PLASTIC OMNIUM COMPOSITES SA	h2016	*		FC	100	100	FC	100	100	1 – a
MIXT COMPOSITES ET RECYCLABLES – MCR SAS	g2016	*		FC	100	100	FC	100	100	1 – a
PLASTIC OMNIUM ENVIRONNEMENT HOLDING SAS			*	FC	100	100	FC	100	100	1 – b
SIGNALISATION FRANCE SA			*	FC	100	100	FC	100	100	1 – b
SULO FRANCE SAS			*	FC	100	100	FC	100	100	1 – b
PLASTIC OMNIUM AUTO EXTERIORS INDUSTRIES SAS	d2015	*		–	–	–	FC	100	100	
PLASTIC OMNIUM INTERNATIONAL SAS	d2015	*		–	–	–	FC	100	100	
INERGY AUTOMOTIVE SYSTEMS INDUSTRIES SAS	d2016	*		FC	100	100	FC	100	100	1 – a
PLASTIC OMNIUM AUTO INERGY SERVICES SAS	a2015	*		FC	100	100	FC	100	100	1 – a
PLASTIC OMNIUM AUTO INERGY FRANCE SAS	a2015	*		FC	100	100	FC	100	100	1 – a

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Legal name	Reportable segments			At December 31, 2016			At December 31, 2015			Tax group
	Automotive	Environment	Not appropriated	Method of consolidation	% of control	% interest	Method of consolidation	% of control	% interest	
South Africa										
PLASTIC OMNIUM AUTO INERGY SOUTH AFRICA (PROPRIETARY) LTD	*			FC	100	100	FC	100	100	
Germany										
PLASTIC OMNIUM GmbH			*	FC	100	100	FC	100	100	2 – b
PLASTIC OMNIUM AUTO COMPONENTS GmbH	*			FC	100	100	FC	100	100	2 – b
PLASTIC OMNIUM ENTSORGUNGSTECHNIK GmbH		*		FC	100	100	FC	100	100	2 – a
PLASTIC OMNIUM AUTO INERGY GERMANY GmbH	*			FC	100	100	FC	100	100	2 – b
HBPO BETEILIGUNGSGESELLSCHAFT GmbH	*			EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
HBPO RASTATT GmbH	*			EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
HBPO GERMANY GmbH	*			EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
HBPO GmbH	*			EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
PLASTIC OMNIUM ENVIRONNEMENT GmbH		*		FC	100	100	FC	100	100	2 – a
ENVICOMP SYSTEMLOGISTIK GmbH		*		FC	100	100	FC	100	100	2 – a
WESTFALIA INTRALOG GmbH		*		FC	100	100	FC	100	100	2 – a
SULO EISENWERK STREUBER & LOHMANN GmbH	d2016	*		FC	100	100	FC	100	100	2 – a
SULO UMWELTECHNIK GmbH		*		FC	100	100	FC	100	100	2 – a
SULO UMWELTECHNIK BETEILIGUNGS GmbH	e2016	*		FC	100	100	FC	100	100	
SULO EMBALLAGEN GmbH	a2015 – c2016	*		FC	100	100	FC	100	100	2 – a
PLASTIC OMNIUM URBAN SYSTEMS GmbH	d2016	*		FC	100	100	FC	100	100	2 – a
PLASTIC OMNIUM COMPOSITES GmbH	h2016	*		FC	100	100	FC	100	100	2 – b
PLASTIC OMNIUM SYSTEMS GmbH	f2016 x2016a	*		FC	100	100	FC	70	70	
HBPO INGOLSTADT GmbH		*		EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
HBPO REGENSBURG GmbH		*		EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
SULO EA GmbH		*		FC	100	100	FC	100	100	2 – b
PLASTIC OMNIUM AUTOMOTIVE EXTERIORS GmbH	b2016	*		FC	100	100	–	–	–	
Argentina										
PLASTIC OMNIUM AUTO INERGY ARGENTINA SA		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM SA		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTOMOTIVE ARGENTINA	b2016	*		FC	100	100	–	–	–	
Belgium										
PLASTIC OMNIUM AUTOMOTIVE NV	e2015	*		–	–	–	FC	100	100	
PLASTIC OMNIUM NV			*	FC	100	100	FC	100	100	
PLASTIC OMNIUM ADVANCED INNOVATION AND RESEARCH NV		*		FC	100	100	FC	100	100	

Notes to the Consolidated Financial Statements

Legal name	Reportable segments			At December 31, 2016			At December 31, 2015			Tax group
	Automotive	Environment	Not appropriated	Method of consolidation	% of control	% interest	Method of consolidation	% of control	% interest	
PLASTIC OMNIUM AUTO INERGY BELGIUM SA		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTOMOTIVE BELGIUM	b2016	*		FC	100	100	-	-	-	
Brazil										
PLASTIC OMNIUM AUTO INERGY DO BRAZIL Ltda		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM DO BRASIL Ltda		*		FC	100	100	FC	100	100	
HBPO BRASIL AUTOMOTIVE SERVICOS Ltda	a2016	*		EM_ IFRS_2014	33.33	33.33	-	-	-	
PLASTIC OMNIUM AUTOMOTIVE DO BRASIL Ltda	b2016 d2016	*		FC	100	100	-	-	-	
Canada										
HBPO CANADA INC.		*		EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
Chile										
PLASTIC OMNIUM SA		*		FC	100	100	FC	100	100	
China										
PLASTIC OMNIUM COMPOSITES (JIANGSU) Co. Ltd	g2016	*		FC	100	100	FC	100	100	
WUHAN PLASTIC OMNIUM AUTO INERGY Co. Ltd		*		FC	100	100	FC	100	100	
YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*		EM_ IFRS_2014	49.95	49.95	EM_ IFRS_2014	49.95	49.95	
PLASTIC OMNIUM INERGY (SHANGHAI) CONSULTING Co. Ltd		*		FC	100	100	FC	100	100	
INERGY AUTOMOTIVE SYSTEMS CONSULTING (BEIJING) Co. Ltd		*		FC	100	100	FC	100	100	
BEIJING PLASTIC OMNIUM AUTO INERGY Co. Ltd	x2016c	*		FC	60	60	FC	60	60	
CHONGQING YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR FAWAY Co. Ltd		*		EM_ IFRS_2014	49.95	25.47	EM_ IFRS_2014	49.95	25.47	
GUANGZHOU ZHONGXIN YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR TRIM Co. Ltd		*		EM_ IFRS_2014	49.95	25.47	EM_ IFRS_2014	49.95	25.47	
CHENGDU FAWAY YANFENG PLASTIC OMNIUM Co. Ltd		*		EM	24.48	24.48	EM	24.48	24.48	
HBPO CHINA Co. Ltd		*		EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
YANFENG PLASTIC OMNIUM (SHANGHAI) AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*		EM_ IFRS_2014	49.95	49.95	EM_ IFRS_2014	49.95	49.95	
DONGFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*		EM	24.98	24.98	EM	24.98	24.98	
GUANGZHOU PLASTIC OMNIUM AUTO INERGY Co. Ltd		*		FC	100	100	FC	100	100	
SHENYANG PLASTIC OMNIUM AUTO INERGY Co. Ltd		*		FC	100	100	FC	100	100	
YANFENG PLASTIC OMNIUM YIZHENG AUTOMOTIVE EXTERIOR SYSTEM Co. Ltd		*		EM_ IFRS_2014	49.95	49.95	EM_ IFRS_2014	49.95	49.95	
PLASTIC OMNIUM HOLDING (SHANGHAI) Co. Ltd			*	FC	100	100	FC	100	100	

Notes to the Consolidated Financial Statements

Legal name	Reportable segments			At December 31, 2016			At December 31, 2015			Tax group
	Automotive	Environment	Not appropriated	Method of consolidation	% of control	% interest	Method of consolidation	% of control	% interest	
YANFENG PLASTIC OMNIUM (SHENYANG) AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd	*			EM_ IFRS_2014	49.95	49.95	EM_ IFRS_2014	49.95	49.95	
YANFENG PLASTIC OMNIUM NINGBO AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd	*			EM_ IFRS_2014	49.95	49.95	EM_ IFRS_2014	49.95	49.95	
YANFENG PLASTIC OMNIUM WUHAN AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd	*			EM_ IFRS_2014	49.95	49.95	EM_ IFRS_2014	49.95	49.95	
NINGBO PLASTIC OMNIUM AUTO INERGY Co. Ltd	*			FC	100	100	FC	100	100	
HBPO CHINA BEIJING Co. Ltd	*			EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
YANFENG PLASTIC OMNIUM HARBIN AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd	a2015	*		EM_ IFRS_2014	49.95	49.95	EM_ IFRS_2014	49.95	49.95	
CHONGQING PLASTIC OMNIUM AUTO INERGY Co. Ltd	a2015	*		FC	100	100	FC	100	100	
South Korea										
SHB AUTOMOTIVE MODULES	*			EM_ IFRS_2014	16.67	16.67	EM_ IFRS_2014	16.67	16.67	
HBPO KOREA Ltd	*			EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
PLASTIC OMNIUM Co. Ltd	*			FC	100	100	FC	100	100	
HBPO PYEONGTAEK Ltd	*			EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
HBPO ASIA HQ Ltd	*			EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
Spain										
COMPANÍA PLASTIC OMNIUM SA			*	FC	100	100	FC	100	100	3
PLASTIC OMNIUM EQUIPAMIENTOS EXTERIORES SA	*			FC	100	100	FC	100	100	3
PLASTIC OMNIUM SISTEMAS URBANOS SA		*		FC	100	100	FC	100	100	3
PLASTIC OMNIUM AUTO INERGY SPAIN SA	*			FC	100	100	FC	100	100	3
PLASTIC OMNIUM COMPOSITES ESPAÑA SA	*			FC	100	100	FC	100	100	3
HBPO IBERIA SL	d2015	*		-	-	-	EM_ IFRS_2014	33.33	33.33	
SIGNATURE SEÑALIZACIÓN SA	e2016		*	FC	100	100	FC	100	100	3
HBPO AUTOMOTIVE SPAIN SL	*			EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
PLASTIC OMNIUM COMPONENTES EXTERIORES SL	*			FC	100	100	FC	100	100	3
PLASTIC OMNIUM AUTOMOTIVE ESPAÑA	b2016	*		FC	100	100	-	-	-	
United States										
PLASTIC OMNIUM AUTO EXTERIORS LLC	*			FC	100	100	FC	100	100	4
PLASTIC OMNIUM Inc.			*	FC	100	100	FC	100	100	4
PLASTIC OMNIUM INDUSTRIES Inc.			*	FC	100	100	FC	100	100	4
PLASTIC OMNIUM AUTO INERGY (USA) LLC	*			FC	100	100	FC	100	100	4

Notes to the Consolidated Financial Statements

Legal name	Reportable segments			At December 31, 2016			At December 31, 2015			Tax group
	Automotive	Environment	Not appropriated	Method of consolidation	% of control	% interest	Method of consolidation	% of control	% interest	
PLASTIC OMNIUM AUTOMOTIVE SERVICES Inc.	e2016	*		FC	100	100	FC	100	100	4
HBPO NORTH AMERICA Inc.		*		EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
PLASTIC OMNIUM AUTOMOTIVE EXTERIORS LLC	b2016	*		FC	100	100	-	-	-	4
Hungary										
HBPO MANUFACTURING HUNGARY Kft		*		EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
HBPO AUTOMOTIVE HUNGARIA Kft		*		EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
India										
PLASTIC OMNIUM AUTO EXTERIORS (INDIA) PVT Ltd		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY INDIA PVT Ltd		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY MANUFACTURING INDIA PVT Ltd		*		FC	55	55	FC	55	55	
Israel										
Ξ-POCellTech	b2016p	*		EM_ IFRS_2014	50	20	-	-	-	
Japan										
PLASTIC OMNIUM KK		*		FC	100	100	FC	100	100	
HBPO JAPAN KK		*		EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
Malaysia										
HICOM HBPO SDN BHD		*		EM	13.33	13.33	EM	13.33	13.33	
Morocco										
PLASTIC OMNIUM AUTO INERGY (MOROCCO) SARL		*		FC	100	100	FC	100	100	
Mexico										
PLASTIC OMNIUM AUTOMOVIL SA DE CV	d2016	*		FC	100	100	FC	100	100	
PLASTIC OMNIUM INDUSTRIAL AUTO EXTERIORS RAMOS ARIZPE SA DE CV		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM DEL BAJIO SA DE CV	d2016	*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY MEXICO SA DE CV		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY INDUSTRIAL MEXICO SA DE CV	d2016	*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO EXTERIORS SA DE CV	x2016b g2016	*		FC	100	100	FC	100	100	
INOPLASTIC OMNIUM INDUSTRIAL SA DE CV	d2016	*		FC	100	100	FC	100	100	
PLASTIC OMNIUM SISTEMAS URBANOS SA DE CV			*	FC	100	100	FC	100	100	
HBPO MEXICO SA DE CV		*		EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
PLASTIC OMNIUM MEDIO AMBIENTE SA DE CV			*	FC	100	100	FC	100	100	
PLASTIC OMNIUM TOLUCA SA DE CV	d2016	*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INDUSTRIAL SRL DE CV		*		FC	100	100	FC	100	100	

Notes to the Consolidated Financial Statements

Legal name	Reportable segments			At December 31, 2016			At December 31, 2015			Tax group
	Automotive	Environment	Not appropriated	Method of consolidation	% of control	% interest	Method of consolidation	% of control	% interest	
PLASTIC OMNIUM AUTO INERGY INDUSTRIAL SA DE CV	*			FC	100	100	FC	100	100	
HBPO SERVICES MEXICO SA DE CV	a2016	*		EM_ IFRS_2014	33.33	33.33	-	-	-	
HBPO MANAGEMENT SERVICES MEXICO SA DE CV	a2016	*		EM_ IFRS_2014	33.33	33.33	-	-	-	
Netherlands										
PLASTIC OMNIUM BV		*		FC	100	100	FC	100	100	5
PLASTIC OMNIUM ENVIRONMENT BV		*		FC	100	100	FC	100	100	5
DSK PLASTIC OMNIUM BV		*		FC	51	51	FC	51	51	
PLASTIC OMNIUM AUTO INERGY NETHERLANDS HOLDING BV	i2016	*		FC	100	100	-	-	-	
Poland										
PLASTIC OMNIUM AUTO INERGY POLAND Sp Z.O.O		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO EXTERIORS Sp Z.O.O		*		FC	100	100	FC	100	100	
SULO Sp Z.O.O		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO Sp Z.O.O		*		FC	100	100	FC	100	100	
Czech Republic										
HBPO CZECH S.R.O.		*		EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
SULO S.R.O.		*		FC	100	100	FC	100	100	
Romania										
PLASTIC OMNIUM AUTO INERGY ROMANIA SRL		*		FC	100	100	FC	100	100	
United Kingdom										
PLASTIC OMNIUM AUTOMOTIVE Ltd		*		FC	100	100	FC	100	100	6
PLASTIC OMNIUM URBAN SYSTEMS Ltd		*		FC	100	100	FC	100	100	6
SIGNATURE Ltd	c2016	*		FC	100	100	FC	100	100	6
SULO MGB Ltd		*		FC	100	100	FC	100	100	6
HBPO UK Ltd		*		EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
Russia										
OOO STRAVROVO AUTOMOTIVE SYSTEMS		*		FC	100	100	FC	100	100	
DSK PLASTIC OMNIUM INERGY		*		FC	51	51	FC	51	51	
Singapore										
SULO ENVIRONMENTAL SYSTEMS PTE Ltd		*		FC	100	100	FC	100	100	
Slovakia										
PLASTIC OMNIUM AUTO EXTERIORS S.R.O.		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY SLOVAKIA S.R.O.		*		FC	100	100	FC	100	100	
HBPO SLOVAKIA S.R.O.		*		EM_ IFRS_2014	33.33	33.33	EM_ IFRS_2014	33.33	33.33	
PLASTIC OMNIUM AUTOMOTIVE SLOVAKIA S.R.O	b2016	*		FC	100	100	-	-	-	
Sweden										
PLASTIC OMNIUM AB		*		FC	100	100	FC	100	100	

Notes to the Consolidated Financial Statements

Legal name	Reportable segments			At December 31, 2016			At December 31, 2015			Tax group
	Automotive	Environment	Not appropriated	Method of consolidation	% of control	% interest	Method of consolidation	% of control	% interest	
Switzerland										
PLASTIC OMNIUM AG		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM RE AG			*	FC	100	100	FC	100	100	
Thailand										
PLASTIC OMNIUM AUTO INERGY THAILAND Co. Ltd		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTOMOTIVE Co. Ltd		*		FC	100	100	FC	100	100	
Turkey										
BPO AS		*		EM_ IFRS_2014	50	49.98	EM_ IFRS_2014	50	49.98	

Consolidation method and notes:

FC: Fully consolidated.

EM: Entities that were already consolidated by the equity method before the application of the new consolidation standards on January 1, 2014.

EM_IFRS_2014: Companies consolidated by the equity method since the application of the new consolidation standards as of January 1, 2014.

Movements during the period:

Creation of entities:

a2015 Companies newly-formed and/or in start-up phase in 2015.

a2016 Companies newly-formed and/or in start-up phase in 2016.

Acquisition of companies:

b2016 Companies acquired in 2016.

b2016p Investments in 2016

Disposal of entities:

c2016 Companies divested in 2016.

Merging of entities:

d2015 Companies merged in 2015.

d2016 Companies merged in 2016.

Liquidation of entities:

e2015 Companies liquidated in 2015.

e2016 Companies liquidated in 2016.

Change in the percentage of Plastic Omnium ownership:

f2016 Buyout of the minority stake in the German company RMS Rotherm Maschinenbau GmbH. See "x2016a" for the change in corporate name.

Companies in the process of being sold:

g2016 Companies in the process of being sold in 2016 (and reclassified as "Assets and Liabilities held for sale"). New companies (Newco) are being created to host the business that will be sold during 2017.

Companies where some sites are in the process of being sold:

h2016 Companies whose truck business was in the process of being sold in 2016 (and reclassified as "Assets and Liabilities held for sale").

Activation of companies:

i2016 Companies activated during the fiscal year 2016.

Change in company name:

x2016 Companies whose name was changed in 2016

x2016a "Plastic Omnium Systems GmbH" is the new company name of "RMS Rotherm Maschinenbau GmbH".

x2016b "Plastic Omnium Auto Exteriores SA de CV" is the new company name of "Inoplast Composites SA de CV".

x2016c "Beijing Plastic Omnium Auto Inergy Co Ltd" is the new company name of "Inergy Automotive Systems Manufacturing (Beijing) Co. Ltd".

Tax group:

- 1 – a Plastic Omnium France;
- 1 – b Plastic Omnium France Environnement Holding;
- 2 – a Germany Systèmes Urbains;
- 2 – b Germany Plastic Omnium GmbH;
- 2 – c Germany Plastic Omnium Environnement;
- 3 Spain;
- 4 United States;
- 5 Netherlands;
- 6 United Kingdom.

5.7 Statutory Auditors' Report on the Consolidated Financial Statements

Year ended December 31, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Compagnie Plastic Omnium;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in the Notes 1.1 "Accounting policies" and 4.8 "Income tax" to the consolidated financial statements which describe the impact of the change in presentation of the Company Value Added Contribution (CVAE) in the consolidated income statement.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Goodwill has been submitted to impairment tests under rules described in Note 1.1.13 to the financial statements. These tests are based on medium-term plans of the Group. We reviewed implementation methods of these impairment tests, hypothesis used and cash flow forecast retained and checked appropriateness of the information given in the notes to the financial statements.
- Note 1.1.11 to the financial statements explains the accounting method of incurred costs at the demand of automotive manufacturers for the development of new car models equipment. These costs are accounted for depending on the financing terms with the customer and the profitability perspectives of the concerned projects. We assessed the adopted approach by the Company for the valuation of the profitability perspectives of these projects on the basis of evidence available to date.
- Note 1.2 to the financial statements specifies that deferred tax assets are comprised taking into consideration the likelihood of future deficits carried forward. We assessed the adopted approach by the Company for the valuation of the recoverable aspect of these fiscal deficits on the basis of the evidence available to date, and, we tested by sampling methods their correct application.
- Regarding risks, litigation and contingent liabilities, we examined the processes put in place by the Group in order to inventory them, evaluate them and enforce their accounting translation. We made sure the main litigation identified are described on an appropriate basis, especially in Note 5.2.5 to the financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-la Défense, February 22, 2017

The Statutory Auditors

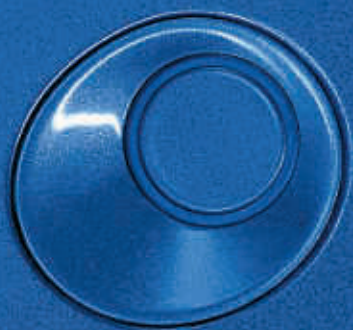
French original signed by

MAZARS

Jean-Luc Barlet

ERNST & YOUNG et AUTRES

Gilles Rabier



06 |
COMPANY
FINANCIAL
STATEMENTS

AS AT DECEMBER 31, 2016

6.1 Income Statement

In thousands of euros	Notes	2016	2015
Net sales⁽¹⁾		12,064	26,408
Production held as inventory		0	(13,829)
Provision reversals and expense transfers		113	6
Other operating revenue ⁽¹⁾		28,053	25,810
Total operating revenue	J	40,230	38,395
Purchases and other external charges	K	(40,138)	(36,982)
Taxes other than on income		(1,609)	(164)
Payroll taxes		(89)	(77)
Depreciation, amortization and provisions	L	(5,672)	(3,437)
Other expenses		(3,708)	(2,876)
Total operating expenses		(51,216)	(43,536)
Net operating income (loss)		(10,986)	(5,141)
Net financial income	M	57,470	220,846
Income before non-operating items		46,484	215,705
Non-operating items	N	(3,186)	(165)
Income before tax		43,298	215,540
Corporate income tax	O	3,372	7,353
Net income		46,670	222,893
(1) Net sales and other operating revenue		40,117	52,218

6.2 Balance Sheet

Assets

In thousands of euros	Notes	2016			2015
		Gross	Depreciation, amortization and provisions	Totals	Totals
Non-current assets					
Intangible assets	A	8,857	918	7,939	7,952
Property, plant and equipment	B	95,297	10,133	85,164	88,742
Investments	C	2,016,683	141,969	1,874,714	1,683,161
Total non-current assets		2,120,837	153,020	1,967,817	1,779,855
Current assets					
Inventories and goods in process		0	0	0	0
Prepayments to suppliers	D	0	0	0	1,680
Trade receivables	D	7,524	0	7,524	7,566
Other	D	232,304	5,796	226,508	55,907
Cash and cash equivalents	E	221,759	0	221,759	532,874
Total current assets		461,587	5,796	455,791	598,027
Prepaid expenses	F	1,063	0	1,063	846
Deferred charges (debt issuance costs)	F	3,438	0	3,438	2,671
Bond redemption premiums	F	2,591	0	2,591	3,425
Translation loss on FX payables and receivables	F	993	0	993	1,213
Total		2,590,509	158,816	2,431,693	2,386,037

Liabilities and Shareholders' Equity

In thousands of euros	Notes	2016	2015
Shareholders' equity			
Share capital	G	9,149	9,215
Additional paid-in capital	G	17,389	38,637
Other reserves	G	1,130,658	979,608
Net income for the year		46,670	222,893
Tax-regulated provisions	G	649	605
Total equity		1,204,515	1,250,958
Provisions for contingencies and charges	H	46,473	38,259
Liabilities			
Bonds		1,061,470	759,011
Bank borrowings	I	41,907	33,409
Other borrowings	I	24,789	243,585
Customer prepayments	I	0	0
Trade payables	I	11,142	14,548
Accrued taxes and payroll costs	I	4,665	4,781
Other liabilities	I	31,375	36,337
Total liabilities	I	1,175,348	1,091,671
Prepaid expenses and accrued income-liabilities		5,357	5,149
Total		2,431,693	2,386,037

Note: Net debt of Compagnie Plastic Omnium of €(13.8) million in 2016 (including medium- and long-term loans), versus €150.4 million of net cash and cash equivalents in 2015.

6.3 Notes to the Company Financial Statements

In thousands of euros	2016	2015
Financial position		
Capital	9,149	9,215
Shareholders' equity	1,204,515	1,250,958
Net financial liabilities	(13,811)	150,422
Net non-current assets	1,967,817	1,779,855
Total assets	2,431,693	2,386,037
Results of operations		
Operating revenue	40,230	38,395
Net operating income (loss)	(10,986)	(5,141)
Income before non-operating items	46,484	215,705
Non-operating items	(3,186)	(165)
Net income	46,670	222,893
Earnings per share (in euros)	0.3	1.5

Significant events of the year

On July 29, 2016, the Compagnie Plastic Omnium Group acquired all the shares of entities of Faurecia's "Exterior Systems" business. This acquisition was subject to a commitment, imposed by the European Commission, to divest itself of four sites in France, one in Spain, and two front-end module assembly sites in Germany.

On December 23, 2016, Compagnie Plastic Omnium received a firm offer from the American company Flex|N|Gate to buy the sites concerned by the European Commission decision. The planned disposal must first be reviewed by personnel representative bodies in the countries concerned and then submitted for clearance to the European Commission and the competent anti-trust authorities. It should be finalized in 2017.

Compagnie Plastic Omnium owns the shares of companies operating the sites concerned by the divestiture commitment, with the exception of the Spanish site. These shares should therefore be disposed of in 2017.

Financial structure trend

On June 17, 2016, Compagnie Plastic Omnium established a new financing scheme, in the form of a private placement "Schuldschein" of €300 million.

The main characteristics of this scheme are described in Note I.

During the year, Compagnie Plastic Omnium granted to subsidiaries that needed, funding for loans, a total amount of €50.4 million, of which €30.2 million was granted to companies operating the sites concerned by the divestiture commitment, owned by Compagnie Plastic Omnium.

Organizational chart

Compagnie Plastic Omnium has contributed €550,000 to the capital increase of its subsidiary Plastic Recycling.

Reduction of capital

In accordance with the authorization conferred by the Combined Shareholders' Meeting of April 30, 2014, at its meeting of February 24, 2016, the Board of Directors decided to carry out a capital reduction on March 21, 2016 amounting to €66,000 corresponding to the cancellation of 1,100,000 shares with a nominal value of €0.06. The capital is reduced to €9,148,603.20 and is divided into 152,476,720 shares with a par value of €0.06.

Accounting policies

The financial statements of Compagnie Plastic Omnium have been prepared in accordance with the provisions of the French Commercial Code and the French Chart of Accounts (ANC Regulation No. 2015-06 of November 23, 2015).

The accounting conventions for preparing and presenting the Company Statutory accounts have been applied in compliance with the following basic assumptions:

- going-concern;
- consistency of accounting principles;
- separation of accounting periods.

The basic method used for the items presented in the accounts is the historical cost method.

The accounting policies used to prepare the 2016 financial statements are the same as those used in the previous year. The significant accounting policies applied are described below:

Intangible assets

Intangible assets mainly comprise trademarks that are not amortized.

However, patent filing fees are recognized as costs in the income statement as incurred.

Property, plant and equipment

Nanterre office complex

Compagnie Plastic Omnium owns a multipurpose office complex in Nanterre, France that it rents out to Group companies.

Property, plant and equipment are initially recognized at cost and depreciated on a straight-line basis over their estimated useful lives, as follows:

- Buildings 20 to 40 years
- Fixtures and fittings 10 years
- Office equipment and furniture 5 to 10 years

Lyon Gerland office complex

The office complex accepted on March 30, 2015 is mostly rented out to non-Group companies.

Property, plant and equipment are initially recognized at cost and depreciated on a straight-line basis over their estimated useful lives, as follows:

- Buildings 20 to 40 years
- Fixtures and fittings 10 years
- Office equipment and furniture 5 to 10 years

When the component approach is applied, the Company uses different depreciation periods for each significant part of the same fixed assets when one of these components has a different useful life from the main asset of which it is a component.

Equity investments and related receivables

Investments in subsidiaries and affiliates are initially recognized at cost or transfer value. If applicable, a provision for impairment will be booked when the value in use or the probable realization value is lower than the gross value.

Value in use is based on a proportional share of equity and profit outlook in view of current market conditions as set out in the subsidiaries' medium-term business plans.

Related receivables are valued at their par value. Depreciation is recorded where the inventory value is less than the carrying amount. Related receivables are impaired through a provision by taking into account the overall situation and the likelihood of non-recovery.

Treasury stock

The Company has been authorized by shareholders to purchase its own shares to (i) maintain a liquid market for its shares under a liquidity contract with an investment firm, (ii) reduce the share capital by canceling shares, (iii) cover current or future stock option or stock grant plans for employees and officers of the Group, or (iv) hold in treasury for subsequent delivery in exchange or payment for acquisitions.

The accounting classification of treasury stock depends on its final purpose:

- treasury shares held to pay for external growth acquisitions, reduce share capital or maintain stock liquidity are classified as investments;
- treasury shares held for the exercising of current stock option plans or for future plans still pending allocation are classified as short-term investment securities.

Treasury shares are measured in line with their accounting classification (investments, stock option plans, acquired under liquidity contract) using a FIFO (first in, first out) method.

They are initially recognized at cost and impairment is recorded where the carrying amount is higher than the market value. For shares allocated to covering stock option plans, market value is the lower of the exercise price of the options granted and the stock market price.

For shares otherwise classified, market value is determined on the basis of the average quoted stock market price during the month before the balance sheet date.

Receivables

Receivables are valued at their nominal value. Depreciation is recorded where the inventory value is less than the carrying amount. Receivables are depreciated through provisions that take into account possible recovery problems.

Short-term investment securities

The short-term investment securities are valued by securities category (shares held to maintain stock liquidity, unallocated treasury stock, other short-term investment securities), using a FIFO (first in, first out) method.

When necessary, they are impaired, calculated for each line of similar securities.

For securities that represent listed securities, the impairment is booked to bring their value to the closing price.

Cash and cash equivalents

These include cash, and other items with a similar nature to cash, on hand and at the bank, as well as warrants that may be redeemed at any time after they have been subscribed.

Cash and cash equivalents are valued at their nominal value.

Foreign currency transactions

Liabilities and receivables in foreign currency are recognized at the exchange rate of the day of the transaction. They are revalued at the current exchange rate on the balance sheet date.

Notes to the Company Financial Statements

Resulting gains and losses are recognized as translation losses/gains on FX payables and receivables. Provisions are recorded for unrealized translation losses.

Financial instruments and hedging instruments

The Company has early adopted ANC Regulation No. 2015-05 on forward hedge instruments and hedging transactions.

Hedge accounting principles must be applied when a hedging relationship is identified in management and documented.

The effects of financial instruments in hedging and managing currency and interest rate risks are recognized in the income statement to match those of the hedged item.

To achieve symmetry, the hedging profit is presented under the same heading of the income statement as that of the hedged item.

Swaps are spread in the income statement under financial income/expense over the hedging term.

As at December 31, 2016, the Company does not have any derivative instrument that does not qualify for hedging.

Provisions for contingencies and charges

Provisions for contingencies are recognized when:

- the Company is bound by a legal or implicit obligation resulting from past events;
- a likely outflow of resources, without any equivalent benefit, is required to extinguish the obligation;
- the amount of the provision can be reliably measured.

Changes in method

There was no change in method during the year. Consequently, the fiscal years are comparable without the need for restatement.

Notes to the balance sheet

A – Intangible assets

In thousands of euros	2015	+	-	2016
Patents, trademarks and licenses	8,857			8,857
Total, gross	8,857	0	0	8,857
Accumulated amortization	905	13		918
Total, net	7,952	(13)	0	7,939

B – Property, plant and equipment

In thousands of euros	2015	+	-	2016
Land	2,287			2,287
Buildings	85,732			85,732
Fixtures and fittings	3,815	34	4	3,845
Office equipment and furniture	3,287	166	20	3,433
Property, plant and equipment in progress	6		6	0
Prepayments to suppliers of non-current assets	0			0
Total, gross	95,127	200	30	95,297
Accumulated amortization	6,385	3,752	4	10,133
Total, net	88,742	(3,552)	(26)	85,164

Non-current and current borrowings

Debts are recognized at their nominal reimbursement value. They are not discounted.

Issuance costs and redemption premiums incurred at the time of borrowing are recognized as assets and spread over the life of the bond using the compound interest rate method.

Revenue

Revenue is booked to profit (loss) if it is:

- realized, i.e. if the principle and amount are certain;
- and it was acquired during the year.

Corporate income tax

The Company is the parent company of the tax consolidation group that it constitutes with its subsidiaries.

The subsidiaries of the tax consolidation scope contribute the amount that they would have had to pay if there was no consolidation to the Group's tax consolidation tax expense.

The additional tax savings or expense resulting from the difference between the tax owed by consolidated subsidiaries and the tax resulting from the determination of the overall profit/loss is recorded by the parent company.

Non-operating items

Non-operating income and expenses include exceptional items, as well as items qualified as exceptional in their nature under accounting law, primarily income from non-current asset disposals.

C – Investments

In thousands of euros	2015	+	-	2016
Shares in subsidiaries and affiliates	1,016,375	272,790		1,289,165
Other long-term investments	30,268		14,092	16,176
Loans	656,554	87,823	33,035	711,342
Total, gross	1,703,197	360,613	47,127	2,016,683
Provisions for impairment	20,036	122,040	107	141,969
Total, net	1,683,161	238,573	47,020	1,874,714

Changes in shares in subsidiaries and affiliates correspond to the acquisition of the “Exterior Systems” business of the Faurecia group, mentioned in the section “Significant events of the year”.

The list of subsidiaries and affiliates is presented as follows:

Subsidiaries	Share capital and currency	% interest
PLASTIC OMNIUM AUTO EXTERIORS SA – 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 65,367,000	100.0%
PLASTIC OMNIUM VERNON SAS – 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 150,000	100.0%
PLASTIC OMNIUM AUTO INERGY SAS – 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 119,796,330	100.0%
PLASTIC OMNIUM GESTION SNC – 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 2,011,500	100.0%
PLASTIC OMNIUM FINANCE SNC – 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 247,500	100.0%
PLASTIC OMNIUM MANAGEMENT 4 SAS – 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 37,500	100.0%
AUTOMOTIVE EXTERIORS EUROPE SASU – 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 10,000,000	100.0%
AUTOMOTIVE EXTERIORS MARLES SASU – 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 5,008,000	100.0%
AUTOMOTIVE EXTERIORS EUROPE GMBH – Walter-Gropius-Str. 17 – 80807 Munich – Germany	EUR 1,023,000	100.0%
PLASTIC OMNIUM ENVIRONMENT BV – Beneluxstraat 4 – 6014 CC Ittervoort – Netherlands	EUR 26,415,200	100.0%
PLASTIC OMNIUM GmbH – Romanstrasse 35 – 80639 Munich – Germany	EUR 13,500,000	100.0%
COMPANIA PLASTIC OMNIUM SA Calle Pouet de Nasio – Parcela No. 5 – Ribarroja del Turia – Valencia – Spain	EUR 30,350,500	100.0%
PLASTIC OMNIUM RE AG – Schochenmühlestrasse 2 – 6340 Baar – Switzerland	CHF 16,167,000	100.0%
PLASTIC OMNIUM INC – 1209 Orange Street, Wilmington, Delaware 19801 – United States	USD 60,100	100.0%
PLASTIC OMNIUM INERGY (SHANGHAI) CONSULTING CO. LTD Room 2802, Tower B – New Cao He Jing International Business Building No. 391 Guiping Road – Xuhui District – 200233 Shanghai – PR China	EUR 250,000	100.0%
PLASTIC OMNIUM HOLDING (Shanghai) CO. LTD RM 3501, F35 Building 2 No. 391 Guiping Road Shanghai – PR China	EUR 50,000,000	100.0%
Affiliates		
BPO AS – Y. Yalova Yolu 8 km, Panayir – Bursa – Turkey	TRL 5,000,000	50.0%
PLASTIC RECYCLING SAS – ZA du Monay – Saint-Eusèbe – 71210 Montchanin – France	EUR 123,000	50.0%

Other long-term investments include 461,843 treasury shares carried at €12,104,000 allocated to external growth acquisitions and €756,000 allocated to market making.

Loans concern long- and medium-term financing granted to companies of the Plastic Omnium group including loans granted to companies acquired from the Faurecia group, operating the sites concerned by the disposal commitment.

As at December 31, 2016, provisions for impairment of investments amounted to €141.9 million, primarily comprising the provision for impairment of shares in companies acquired from the Faurecia group, operating the sites concerned by the disposal commitment.

D – Receivables

In thousands of euros	2016	Maturity date - 1 year	Maturity date + 1 year
Prepayments to suppliers	0	0	0
Trade receivables	7,524	7,524	0
Tax receivables	36,667	14,764	21,903
Short-term loans – Current accounts	178,473	178,473	0
Other	11,368	11,368	0
Total, net	234,032	212,129	21,903

Trade receivables mainly consisted of €6.2 million accrued income, including €4.6 million in royalties and €1.2 million for the re-invoicing of patent protection costs.

Tax receivables included €30.6 million in research tax credits, €4.9 million in deductible VAT and €0.9 million in deductible withholding tax.

Other receivables represent:

- an additional payment of €6 million following the disposal of the 3P – Performance Plastic Products business in 2008;
- tax current accounts totaling €5.4 million owed by various companies belonging to the tax group headed by Compagnie Plastic Omnium.

E – Cash and cash equivalents

In thousands of euros	2015	+	-	2016
Short-term investment securities	25,681	30,512	7,861	48,332
Other short-term investment securities	468,611	16	344,017	124,610
Bank accounts	38,582	10,235		48,817
Total, gross	532,874	40,763	351,878	221,759
Impairment provisions	0			0
Total, net	532,874	40,763	351,878	221,759

“Short-term investment securities” include 3,764,624 treasury shares allocated to various stock option plans or intended to cover future plans but not yet allocated. These two categories are valued at €41,888,000 and €6,444,000 respectively.

As at December 31, 2016, Compagnie Plastic Omnium granted the following stock options:

- 118,000 stock options voted by the Board of Directors on March 16, 2010 acting on authorization granted at the Extraordinary Shareholders’ Meeting of April 28, 2009;
- 967,037 stock options voted by the Board of Directors on March 6, 2012 acting on authorization granted at the Extraordinary Shareholders’ Meeting of April 28, 2011;

- 1,176,000 stock options voted by the Board of Directors on July 23, 2013 acting on authorization granted at the Extraordinary Shareholders’ Meeting of April 25, 2013;
- 1,229,000 stock options voted by the Board of Directors on July 21, 2015 acting on authorization granted at the Extraordinary Shareholders’ Meeting of April 25, 2013.

The item “Other short-term investment securities” totaling €124.6 million consists of €65.5 million in money market funds, €35 million in negotiable medium-term notes and €24 million in short-term investments.

F – Prepaid expenses and accrued income

In thousands of euros	2015	2016
Prepaid expenses	846	1,063
Deferred charges (debt issuance costs)	2,671	3,438
Bond redemption premiums	3,425	2,591
Translation loss on FX payables and receivables	1,213	993
Total, net	8,155	8,085

Redemption premiums and issuance costs of the Euro Bond and Euro PP bonds are spread over the life of the bonds using the compound interest rate method.

Prepaid expenses relate to €0.9 million of operating expenses and €0.1 million of interest cost.

G – Change in Equity

In thousands of euros	2015	+	-	2016
Capital	9,215		66	9,149
Additional paid-in capital	38,637		21,248	17,389
Revaluation reserve	245			245
Legal reserve	1,501			1,501
Other reserves	41,166			41,166
Carried forward	936,696	222,893	71,843	1,087,746
Net income for the year	222,893	46,670	222,893	46,670
Tax-regulated provisions	605	44		649
Total	1,250,958	269,607	316,050	1,204,515

As at December 31, 2016, share capital amounted to €9,148,603.20, consisting of 152,476,720 shares of €0.06 each.

The number of shares held as treasury shares totals 4,226,467 and represents 2.77% of the Company's capital.

Movements for the year concerning treasury shares were as follows:

In number of shares	Number as at 01/01/2016	Purchases	Sales	Transfer	Cancellation of shares	Number as at 12/31/2016
Treasury stock allocated to external growth	1,111,780	1,447,031		(1,022,000)	(1,100,000)	436,811
Treasury stock allocated to stock option plans	4,395,000	226,587	(1,878,963)	1,022,000		3,764,624
Treasury stock allocated to liquidity contracts	15,712	1,500,453	(1,491,133)			25,032
Total	5,522,492	3,174,071	(3,370,096)	0	(1,100,000)	4,226 467

In value In thousands of euros	Amount as at 01/01/2016	Purchases	Sales	Transfer	Cancellation of shares	Amount as at 12/31/2016
Treasury stock allocated to external growth	26,375	42,442		(24,067)	(32,645)	12,105
Treasury stock allocated to stock option plans	25,682	6,444	(7,861)	24,067		48,332
Treasury stock allocated to liquidity contracts	445	42,738	(42,427)			756
Total	52,502	91,624	(50,288)	0	(32,645)	61,193

H – Provisions for contingencies and charges

Provisions for contingencies and charges	2015	+	Utilized (-)	Surplus (-)	2016
Provisions for foreign exchange losses	1,213	993		1,213	993
Provisions for other contingencies	560			355	165
Provisions for taxes (see Note R)	36,486	8,829			45,315
Total	38,259	9,822	355	1,253	46,473

During the year, Compagnie Plastic Omnium recorded an €8.8 million provision for taxes to reflect use by the tax group of subsidiaries' tax losses that the subsidiaries themselves may

use in the future, taking the amount of this provision to €45.3 million as at December 31, 2016.

Notes to the Company Financial Statements

I – Liabilities

In thousands of euros	2016	Maturity date -1 year	Maturity date 1 and 5 years	Maturity date +5 years
Bonds	1,061,470	11,470	750,000	300,000
Bank borrowings	41,907	1,392	40,515	0
Other borrowings	24,789	23,170	1,619	0
Total net financial liabilities	1,128,166	36,032	792,134	300,000
Trade payables	11,142	11,142		
Accrued taxes and payroll costs	4,665	4,665		
Other liabilities	31,375	12,024	19,351	0
Total	1,175,348	63,863	811,485	300,000

Net financial liabilities

Bonds

The key features of bonds issued are as follows:

Bond issue of October 4, 2012

Private bond placement	Euro PP
Amount in euros	250,000,000
Maturity	December 12, 2018
Annual coupon – Fixed rate	3.875%
Listed	Euronext Paris

Bond issue of May 21, 2013

Bond issue	Euro Bond
Amount in euros	500,000,000
Maturity	May 29, 2020
Annual coupon – Fixed rate	2.875%
Listed	Euronext Paris

“Schuldschein” private placement of June 16, 2016

Private placement notes	“Schuldschein”
Amount in euros	300,000,000
Maturity	June 17, 2023
Annual coupon – Fixed rate	1.478%

The accrued interest payable on bonds totaled €11.4 million at December 31, 2016.

Bank borrowings

Bank borrowings mainly consisted of foreign currency loans of CNY 273 million (€37.3 million as at December 31, 2016).

Other borrowings mainly consisted of commercial paper.

Notes to the Company Financial Statements

Forward financial instruments and hedging transactions

The FX swaps portfolio, created to hedge foreign-currency loans granted to subsidiaries stood as follows as at December 31, 2016:

Currency In thousands of euros	Nominal	Fair value as at 12/31/2016
CNY/EUR	77,000	(325)
GBP/EUR	8,000	(367)
USD/EUR	173,300	(9,050)
Total		(9,742)

Trade payables, tax and other liabilities

Compagnie Plastic Omnium is the parent company of a tax consolidation group with a debt amounting to €4.2 million, representing all its accrued taxes and payroll costs.

Other liabilities related mainly to current accounts corresponding to tax with the other members of the tax group for €30.5 million (including €27.7 million relating to tax credits).

Accrued expenses

In thousands of euros	Amount
Bonds	11,470
Bank borrowings and liabilities	737
Net financial liabilities	0
Trade payables	6,851
Other liabilities	550
Total	19,608

Related companies

Balance sheet items In thousands of euros	Related parties
Assets	
Shares in subsidiaries and affiliates	1,147,794
Loans	711,122
Trade receivables	7,145
Short-term loans – Current accounts	178,473
Other	5,367
Liabilities	
Other borrowings – Current accounts	0
Trade payables	3,294
Other liabilities	30,893

Notes to the income statement

J – Net sales and other operating revenue

Total operating revenue excluding expense transfers and provision reversals breaks down as follows:

In thousands of euros	2015	2016
By business segment		
Rental payments and other expenses re-invoiced	26,408	12,064
Production held as inventory	(13,829)	—
License and service fees	25,810	28,007
Total	38,389	40,071
By region		
France	18,515	17,913
International	19,874	22,158
Total	38,389	40,071

The absence of production held as inventory during the year was due to the invoicing in 2015 of fittings invoiced to the third-party tenant of the Lyon Gerland office complex which was completed in the first quarter of 2015.

Other operating revenue for the year, excluding transferred expenses, breaks down as follows:

- fees from the licensing of Compagnie Plastic Omnium trademarks to operating subsidiaries and affiliates;
- fees from the provision of services.

K – Purchases and other external charges

In thousands of euros	2015	2016
General management services	1,853	1,919
Overheads and headquarters expenses	5,590	1,458
Professional fees	11,417	14,254
Advertising, print collateral and publication	1,564	2,639
Travel and entertainment	1,681	1,529
Bank charges	5,430	4,853
Other	9,447	13,486
Total	36,982	40,138

The increase in fees and purchases and external charges was largely due to services provided as part of the acquisition of the “Exterior Systems” business of Faurecia Group mentioned in the section “Significant events of the year”.

Changes in overheads and headquarters expenses were due to a reduction in tenant fittings relating to the Lyon Gerland building project paid in 2015.

L – Depreciation, amortization and impairment

Change in depreciation In thousands of euros	2015	+	–	2016
Trademarks, patents and software	905	13		918
Land development	169	226		395
Buildings	3,730	3,117		6,847
Fixtures and fittings	2,292	164		2,456
Office equipment and furniture	194	245	4	435
Total	7,290	3,765	4	11,051

Notes to the Company Financial Statements

Changes in provisions	2015	+	-	2016
On assets				
Investments	20,036	122,040	107	141,969
Other	4,668	1,128		5,796
Total	24,704	123,168	107	147,765
On liabilities				
Tax-regulated provisions	605	44		649
Provisions for contingencies and charges (see Note P)	38,259	8,829	615	46,473
Total	38,864	8,873	615	47,122

M – Net financial income

In thousands of euros	2015	2016
Dividend income	199,578	176,125
Other financial income and expenses	18,741	358
Interest income and expense	4,845	5,817
Net gain on disposal of short-term investment securities	344	104
Foreign exchange gains and losses	(209)	(2,280)
Provision charges and reversals	(2,453)	(122,654)
Total	220,846	57,470

Dividend income comprises €100 million in dividends from French subsidiaries and €76 million from international subsidiaries.

The net surplus of €18.7 million, relating to the universal transfer of assets and liabilities of Plastic Omnium Environment in 2015, explains the change in other income and expenses.

The increase in interest expense is related to the setting up of new loans in the year (see section C).

Provisions mainly concern shares of companies from the Faurecia group, relating to the sites concerned by the disposal commitment demanded by the European Commission. They were determined based on the firm acquisition offer received from the American group Flex|N|Gate.

The spreading of the deferred expenses on bond issuance costs and redemption premiums rounds off the “Provision charges and reversals” item (see section F).

N – Non-operating items

In thousands of euros	2016		
	Income	Expenses	Net
On revenue transactions	0	0	0
On capital transactions	4,575	(8,112)	(3,537)
Provision charges and reversals	395	(44)	351
Total	4,970	(8,156)	(3,186)

This total mainly resulted from the following transactions:

- a net gain of €4 million on the disposal of treasury shares;
- the settlement of a call option under the acquisition of Faurecia’s “Exterior Systems” business amounting to €(7.6) million.

Related companies

Income statement items In thousands of euros	Related parties
Income	
Net sales and other operating revenue	33,370
Financial income	211,516
Non-operating income	0
Expenses	
Operating expenses	(26,082)
Interest cost	(122,622)
Non-operating expenses	0

0 – Corporate income tax

In thousands of euros	2016 net income		
	Current portion	Non-operating items	Net
* Income before tax	40,112	3,186	43,298
* Tax adjustments	(38,278)	–	(38,278)
= Tax base	1,834	3,186	5,020
Theoretical tax (34.43%)	(631)	(1,097)	(1,728)
Income after tax at standard rate	39,481	2,089	41,570
Impact of Group relief			14,165
Addition to provisions for taxes			(8,829)
Other impacts			(1,964)
Total corporate income tax			3,372
Income after tax			46,670

Compagnie Plastic Omnium is the parent company of a tax consolidation group comprising 15 entities.

The tax savings for 2016 due to this tax consolidation group amounted to €14.2 million.

During the year, Compagnie Plastic Omnium recorded an €8.8 million provision for taxes to reflect the use by the tax group of subsidiaries' tax losses that the subsidiaries themselves may wish to use in the future if they return to profit.

The tax group has tax loss carryforwards totaling €29 million at end 2016, equivalent to future tax savings of €10 million.

In 2016, €3.3 million of tax loss carryforwards were used to offset the consolidated taxable profits for the fiscal year.

Unrecognized deferred tax assets and liabilities excluding tax loss carryforwards, calculated at a tax rate of 34.43%, broke down as follows at December 31, 2016:

In thousands of euros	
Translation gain on FX payables and receivables 2016	5,357
Translation loss on FX payables and receivables 2016	(993)
Net deferred tax asset	4,364

Other disclosures

Off-balance sheet commitments

Commitments given

In thousands of euros	2016
Guarantee ⁽¹⁾	346,878
Collateral	3,695
Total	350,573

(1) Guarantees given to banks on behalf of subsidiaries.

Information on payment deadlines

In accordance with the provisions of Article L. 441-6-1, paragraph 1 of the French Commercial Code, the balance of trade payables, by maturity, breaks down as follows:

Balance of trade payables In thousands of euros	at 30 days	at 60 days	at 90 days	at 120 days	Accrued invoices	Total
2015 fiscal year	4,855	443	0	656 ⁽¹⁾	8,594	14,548
2016 fiscal year	959	3,326	0	5 ⁽¹⁾	6,852	11,142

(1) Retention money for work in progress.

Loans and advances to senior executives

No loans or advances were made to senior managers as defined in Article L. 225-43 of the French Commercial Code.

Management compensation

The total compensation paid to the Board of Directors in 2016 amounted to €439,165.

Subsequent events

No significant events have occurred since December 31, 2016 that would be likely to have a material impact on the Company's business, financial position, results or assets.

Other

The financial statements of Compagnie Plastic Omnium are consolidated by its parent company: Burelle SA – 9, boulevard Jules Carteret – 69342 Lyon Cedex 07.

At December 31, 2016, Burelle SA held 57.01% of the capital of Compagnie Plastic Omnium (58.63% excluding treasury stock).

6.4 Five-Year Financial Summary

In thousands of euros	2012	2013	2014	2015	2016
1 – Capital at year end					
a) Share capital	8,782	9,299	9,215	9,215	9,149
b) Shares outstanding*	154,977,021	154,977,021	153,576,720	153,576,720	152,476,720
c) Convertible bonds outstanding	0	0	0	0	0
2 – Revenue and profit/(loss) for the year					
a) Total operating revenue	24,563	27,605	40,542	38,395	40,230
b) Profit before tax, depreciation, amortization and provisions	249,647	211,614	186,503	223,159	171,273
c) Corporate income tax before provisions	14,407	11,970	7,595	11,041	3,372
d) Net income	252,587	222,526	184,324	222,893	46,670
e) Dividends ⁽¹⁾	39,261	51,142	56,823	62,966	74 714
3 – Per share data*					
a) Profit after tax, before depreciation, amortization and provisions	1.70	1.44	1.26	1.33	1.15
b) Earnings per share	1.63	1.43	1.20	1.45	0.31
c) Dividend per share	0.25	0.33	0.37	0.41	0.49
4 – Employees					
a) Number of employees	0	0	0	0	0
b) Total payroll	0	0	0	0	0
c) Social Security and other employee benefits	0	0	0	0	0

* Restated for the three-for-one stock splits in 2013.

(1) Before deducting dividends in respect of shares held in treasury at the date of the Shareholders' Meeting, which do not carry dividend rights.

6.5 Subsidiaries and Affiliates

Subsidiaries	Share capital	% interest
PLASTIC OMNIUM AUTO EXTERIORS SA 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 65,367,000	100.0%
PLASTIC OMNIUM VERNON SAS 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 150,000	100.0%
PLASTIC OMNIUM AUTO INERGY SAS 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 119,796,330	100.0%
PLASTIC OMNIUM GESTION SNC 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 2,011,500	100.0%
PLASTIC OMNIUM FINANCE SNC 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 247,500	100.0%
PLASTIC OMNIUM MANAGEMENT 4 SAS 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 37,500	100.0%
AUTOMOTIVE EXTERIORS EUROPE SASU 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 10,000,000	100.0%
AUTOMOTIVE EXTERIORS MARLES SASU 19, boulevard Jules Carteret – 69007 Lyon – France	EUR 5,008,000	100.0%
AUTOMOTIVE EXTERIORS EUROPE GMBH Walter-Gropius-Str. 17 – 80807 Munich – Germany	EUR 1,023,000	100.0%
PLASTIC OMNIUM ENVIRONMENT BV Beneluxstraat 4 – 6014 CC Ittervoort – Netherlands	EUR 26,415,200	100.0%
PLASTIC OMNIUM GmbH Romanstrasse 35 – 80639 Munich – Germany	EUR 13,500,000	100.0%
COMPANÍA PLASTIC OMNIUM SA Calle Pouet de Nasio – Parcela No. 5 – Ribarroja del Turia – Valencia – Spain	EUR 30,350,500	100.0%
PLASTIC OMNIUM RE AG Schochenmühlestrasse 2 – 6340 Baar – Switzerland	CHF 16,167,000	100.0%
PLASTIC OMNIUM INC 1209 Orange Street, Wilmington, Delaware 19801 – United States	USD 60,100	100.0%
PLASTIC OMNIUM INERGY (SHANGHAI) CONSULTING CO. LTD Room 2802, Tower B – New Cao He Jing International Business Building No. 391 Guiping Road – Xuhui District – 200233 Shanghai – PR China	EUR 250,000	100.0%
PLASTIC OMNIUM HOLDING (Shanghai) CO. LTD RM 3501, F35 Building 2 No. 391 Guiping Road Shanghai – PR China	EUR 50,000,000	100.0%
Affiliates		
BPO AS Y. Yalova Yolu 8 km, Panayir – Bursa – Turkey	TRL 5,000,000	50.0%
PLASTIC RECYCLING SAS ZA du Monay – Saint-Eusèbe – 71210 Montchanin – France	EUR 123,000	50.0%
In thousands of euros	Subsidiaries	Affiliates
Carrying amount of shares held		
• Gross	1,281,631	7,533
• Net	1,143,013	4,780
Loans and advances granted	660,030	1,322
Dividends received	164,924	11,201

6.6 Statutory Auditors' Report on the Financial Statements

Year ended December 31, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of Compagnie Plastic Omnium;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Note "Accounting policies and methods" to the financial statements describes the accounting policies and methods used to measure shares in subsidiaries and affiliates, and stock options. We verified the appropriateness of the accounting methods applied and reviewed the assumptions used, as well as the resulting values.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Statutory Auditors' Report on the Financial Statements

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Paris-la Défense, February 22, 2017

The Statutory Auditors

French original signed by

ERNST & YOUNG et AUTRES

Gilles Rabier

MAZARS

Jean-Luc Barlet

6.7 Special Report of the Statutory Auditors on Related Party Agreements and Commitments

General Meeting of Shareholders to approve the financial statements for the year ended December 31, 2016

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with article R. 225-31 of the French Commercial Code (*Code de Commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with article R. 225-31 of the French Commercial Code (*Code de Commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the Shareholders' Meeting

In accordance with Article R. 225-31 of the French Commercial Code (*Code de Commerce*), we have been advised of certain related party agreements and commitments which received prior authorization from your Board of Directors.

Agreement entered into with Burelle SA concerning management services performed by the Group's senior management

Agreement amended in the second half of 2001 between Compagnie Plastic Omnium and Burelle SA, of which Mr. Jean Burelle is Chairman, Mr. Laurent Burelle and Mr. Paul Henry Lemarié are Chief Operating Officers, and Mrs. Éliane Lemarié is a director.

Burelle SA directly owns 57.01% of Compagnie Plastic Omnium's share capital.

Authorization: this agreement was reassessed by the Board of Directors on February 24, 2016, on July 26, 2016 and on October 26, 2016. The Board of Directors decided that the computation method of the remuneration paid by Burelle SA to Mr. Laurent Burelle, Mr. Jean Burelle and Mr. Paul Henry Lemarié and charged back to Compagnie Plastic Omnium, should be modified.

Purpose: this agreement corresponds to the management and coordination services performed by the Group's senior management at Compagnie Plastic Omnium's level.

Practical implementation: Burelle SA invoices Compagnie Plastic Omnium for management services, according to re-invoicing criteria. As in prior years, the computation of the remuneration due to Mr. Laurent Burelle, Mr. Jean Burelle and Mr. Paul Henry Lemarié is based on the audited and certified operating cash-flow, which includes interests and tax paid and the share in joint ventures' operating cash flows, including interest, tax and dividend payments.

However, pursuant to the Chairman's proposal and to the favorable opinion of the Compensation Committee, the Board of Directors opted for a new computation method on October 26, 2016, aimed at dramatically reducing the impact of the increasing operating cash-flows on the remuneration paid by Burelle SA. This decision results in significantly decreasing the gradual impact of the remuneration, and in practically capping amounts paid to each beneficiary.

At December 31, 2016, Compagnie Plastic Omnium recorded an expense in the amount of €1,729,376 for Group general management services.

Agreements and commitments already approved by the Shareholders' Meeting

In accordance with article R. 225-30 of the French Commercial Code (*Code de Commerce*), we have been advised that the implementation of the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years continued during the year.

Payments for assignment of trademarks Compagnie Plastic Omnium

Agreement concluded on April 11, 2007 between Compagnie Plastic Omnium and Yanfeng Plastic Omnium Automotive Systems Co. Ltd, of which Jean-Michel Szczerba is also a director.

Compagnie Plastic Omnium indirectly holds 49.95% of the share capital of Yanfeng Plastic Omnium Automotive Systems Co. Ltd.

Authorization: This agreement was authorized by the Board of Directors on February 26, 2013 and ratified by the Shareholders' Meeting of April 25, 2013.

Purpose: the agreement covers the use of brands belonging to Compagnie Plastic Omnium.

Practical implementation: 0.25% of the beneficiary company's revenue.

Term: the agreement runs for thirty years.

At December 31, 2016, Compagnie Plastic Omnium invoiced €1,573,177 to Yanfeng Plastic Omnium Automotive Systems Co. Ltd.

Payments for assignment of trademarks Plastic Omnium Auto Inergy SAS

Agreement concluded on September 10, 2010 between Compagnie Plastic Omnium and Plastic Omnium Auto Inergy SAS, of which Mr. Laurent Burelle is also Chairman.

Compagnie Plastic Omnium directly owns all the share capital of Plastic Omnium Auto Inergy SAS.

Authorization: This agreement was authorized by the Board of Directors on March 15, 2011 and ratified by the Shareholders' Meeting of April 28, 2011.

Purpose: Compagnie Plastic Omnium declared its interest in having the portfolio of trademarks owned by Plastic Omnium Auto Inergy SAS and meanwhile, requested to be able to benefit from an assignment, in its favor, of a license for operating the trademarks for manufacturing or having manufactured, and/or selling and having sold products covered by all the trademarks.

Practical implementation: 0.1% of the revenue of all Inergy Division entities.

Term: the agreement came into effect on September 1, 2010, and ended on December 31, 2012 at the latest. Unless otherwise requested by the parties, this agreement is renewable automatically every year.

At December 31, 2016, Plastic Omnium Auto Inergy invoiced €2,541,701 to Compagnie Plastic Omnium.

License royalties and technical assistance fees

Agreement concluded on December 21, 2001, between Compagnie Plastic Omnium and BPO-B.Plas-Plastic Omnium Otomotiv Plastik Yan Sanayi AS, of which Jean-Michel Szczerba is also a director.

Compagnie Plastic Omnium holds 50% of the voting rights in B.Plas-Plastic Omnium Otomotiv Plastik.

Authorization: this agreement was authorized by the Board of Directors on February 26, 2013 and ratified by the Shareholders' Meeting on April 25, 2013.

Purpose: the agreement covers the use of Compagnie Plastic Omnium's designs, models, industrial processes, know-how and related technical assistance services.

Practical implementation: 1.5% of B.Plas-Plastic Omnium Otomotiv Plastik's net sales of licensed products.

Term: the agreement runs for a five-year period, and is renewable automatically from year to year.

At December 31, 2016 Compagnie Plastic Omnium invoiced €501,267 to B.Plas-Plastic Omnium Otomotiv Plastik.

Supplementary pension plans for Group senior management

Agreement concluded in 2003 between Compagnie Plastic Omnium and Burelle SA, of which Mr. Jean Burelle is Chairman and Mr. Laurent Burelle, Mr. Paul Henry Lemarié and Mrs. Éliane Lemarié are directors.

Burelle SA directly owns 57.01% of Compagnie Plastic Omnium's share capital.

Authorization: This agreement was authorized by the Board of Directors on December 11, 2003 and ratified by the Shareholders' Meeting of April 22, 2004.

Purpose-Practical implementation: The agreement covers a supplementary pension plan granting corporate officers who are employees of the Company pension benefits representing up to 10% of their current compensation. Part of the related cost paid by Burelle SA is theoretically allocated to Compagnie Plastic Omnium on the basis of the same ratio as that used to calculate its share of management fees.

Term: the agreement is renewable automatically every year.

At December 31, 2016 Compagnie Plastic Omnium booked a charge in the amount of €189,748 for its share of the retirement plan cost.

Courbevoie and Paris-la Défense, February 22, 2017

The Statutory Auditors
French original signed by

ERNST & YOUNG et AUTRES
Gilles Rabier

MAZARS
Jean-Luc Barlet

07 |

INFORMATION
ABOUT THE
COMPANY AND ITS
SHARE CAPITAL

7.1 Information About the Company

General information

Company name and registered office

The full company name is Compagnie Plastic Omnium. Its registered office is located at 19, boulevard Jules Carteret, 69007 Lyon, France and its administrative headquarters is at 1, allée Pierre Burelle, 92300 Levallois-Perret, France.

Registration particulars

The Company is registered with the Lyon Trade and Companies Registry under number 955 512 611.

Legal form and governing law

Created in April 1946, Compagnie Plastic Omnium, created in April 1946, is a public limited company under French law (*société anonyme*) with a Board of Directors. It is governed by the French Commercial Code (*Code de commerce*).

Term

The Company's term will run until April 24, 2112.

Fiscal year

The Company's accounting period runs for twelve months, from January 1 to December 31.

Corporate purpose (Article 3 of the bylaws)

"The Company's corporate purpose is to:

- process all forms of plastic, metal and other raw materials in order to manufacture all types of products and articles for all uses, particularly industrial;
- manage its property and capital assets;
- acquire, build, lease, develop, improve and exploit any land or buildings;
- acquire any equity or other interest in any company, enterprise or other entity, in France or abroad, irrespective of its corporate purpose in whatsoever form and in particular by acquiring or subscribing for any form of security, equity interest or other right in such entities;
- manage its investment portfolio of equity interests and securities;

- carry out all works and services relating to general administration and building maintenance (other than acting as a building manager); and
- in general, make any transaction (commercial, industrial, financial or related to property and capital assets) that is linked, directly or indirectly, to the Company's purpose; or that could be relevant to it; or that could make the purpose easier to achieve.

The Company may, both in France and abroad, create, acquire, use or grant licenses to use all trademarks, brands, commercial names, designs, models, patents and manufacturing processes related to the above purpose.

It may act directly or indirectly, on its own behalf or for a third party, in any country. It may do so either alone or with any other persons or companies in a partnership, joint venture, consortium or company, and may make any transaction within the scope of its corporate purpose."

General management (Article 13 of the bylaws)

The Board of Directors shall elect one of its members as Chairman.

The Chairman organizes and directs the work of the Board of Directors and reports on said work to the Shareholders' Meeting. He oversees the proper running of the Company's decision-making bodies and, in particular, ensures that directors are able to carry out their duties.

Either the Chairman of the Board of Directors or another natural person appointed by the Board of Directors as Chief Executive Officer is responsible for running the Company.

The Board of Directors chooses in a free and majority vote one of the two modes of supervision and can at any moment by a majority vote modify its choice.

The Board of Directors may, in accordance with the law, appoint one or more natural persons as Chief Operating Officer to assist either the Chairman, if he assumes the office of Chief Executive Officer, or the Chief Executive Officer. There can be no more than five Chief Operating Officers.

The powers of the Chairman of the Board of Directors, if he is responsible for running the Company, and those of the Chief Executive Officer are set out by law.

His powers may be limited by the Board of Directors in accordance with the Company's decision-making structures.

The Board of Directors determines, in accordance with the law, the extent and duration of the powers conferred on the Chief Operating Officers. Chief Operating Officers have the same powers as the Chief Executive Officer with regard to third parties.

The age limit for the offices of Chairman, Chief Executive Officer and Chief Operating Officer is ninety years.

Consultation of documents relating to the Company

Documents that must be made available to the public (Company's bylaws, reports from the Statutory Auditors, reports from the Board of Directors and past financial information relating to Compagnie Plastic Omnium and its subsidiaries, including that included in this Financial Report) may be consulted, while they remain valid, at the registered office of Compagnie Plastic Omnium and also at its administrative registered office (1, allée Pierre Burelle, 92300 Levallois-Perret, France). Some of these documents may also be available in electronic format on www.plasticomnium.com.

This registration document and the Compagnie Plastic Omnium Activity Report are both available in English.

The role of Compagnie Plastic Omnium in relation to its subsidiaries

Compagnie Plastic Omnium is a holding company with the following role:

- to hold shares in the holding companies for each business line. These holding companies own, directly or indirectly, shares in the operating subsidiaries;
- to finance Group subsidiaries to provide them with optimal market conditions, either directly or via Plastic Omnium Finance (the Group's central corporate treasury); and
- to grant Group subsidiaries the right to use the brands it owns. This is subject to a license fee paid by the licensees (see the Statutory Auditors' report on related-party agreements).

Statutory Auditors

The financial statements of Compagnie Plastic Omnium are audited by two sets of Principal Statutory Auditors, in compliance with Article L. 225-228 of the "Code de Commerce".

Principal Statutory Auditors

Ernst & Young et autres

Represented by Gilles Rabier

Tour First

1, place des Saisons

92037 Paris-la Défense Cedex, France

Mazars

Represented by Jean-Luc Barlet

61, rue Henri Régnauld

92075 Paris-la Défense Cedex, France

Alternate Auditors

AUDITEX

Tour First – 1, place des Saisons, 92037 Paris-la Défense Cedex, France.

Gilles Rainaut

61, rue Henri Régnauld, 92075 Paris-La Défense Cedex, France

The term of the Principal and Alternate Statutory Auditors was renewed for a period of six years during the Shareholders' Meeting of April 28, 2016.

The Statutory Auditors are members of the Versailles Auditors' Association (*Compagnie régionale de Versailles*).

Agreements entered into by the Company which would change or end if control of the Company changed

The bonds issued in October 2012 and May 2013 are subject to a clause allowing the investor to demand redemption or re-purchase if the control of the Company changes. There is a similar clause in most other Group financing contracts.

Agreements which, if implemented, could either provoke a change of control of the Company, or could delay, postpone or prevent such a change

There is currently no bylaw, charter, regulation or provision that could delay, postpone or prevent a change of control.

Factors that could have an impact in the event of a public offer

None.

Material contracts

On July 29, 2016, Plastic Omnium signed an agreement with the Faurecia Group to acquire its "Exterior Systems" Division (bumpers and front-end modules) for an enterprise value of €665 million.

This acquisition has been authorized by the European Commission under the condition of sale of certain short-term assets. On December 23, 2016, Plastic Omnium received a firm offer from the US group Flex|N|Gate to acquire the plants affected by the European Commission decision (four in France, one in Spain, and two in Germany), on the basis of an enterprise value of €200 million.

In addition, on November 18, 2016, the Group received a binding offer from mutares, a German group, for its truck activity.

Information About the Company

There are no other material contracts apart from those agreed in the normal course of business.

The Company's material financial contracts are described in the Notes 2.1.1 et 2.3.1 to the consolidated financial statements.

Dependence

Compagnie Plastic Omnium is not currently dependent on any patents or manufacturing processes owned by third parties or on any special supplying contracts.

In the sector of the automotive industry in which Compagnie Plastic Omnium operates, sub-contractors do not generally define the specifications for sub-contracted parts. When, exceptionally, sub-contractors are able to do so, the Group's policy is to define contractually the arrangements for the sub-contractor to transfer the design work, in order to be able to be used with other services.

Shareholders' Meeting (Article 16 of the bylaws)

Notice of Meetings

The Shareholders' Meetings are convened, meet and deliberate under conditions set forth by law. The agenda of the Meetings is determined by the author of the notice; however, one or more shareholders may, under conditions set forth by law, require draft resolutions to be written into the agenda.

The Meeting takes place at the headquarters, or at any other place indicated in the notice.

The notice of meeting for the Shareholders' Meeting is published in the *Bulletin des Annonces Légales Obligatoires* (BALO) under conditions set forth by law and regulations.

Meetings are chaired by the Chairman of the Board of Directors, or in his absence, by a director who is specially authorized for such purpose by the Board of Directors. Otherwise, the Meeting shall itself elect its Chairman.

The duties of the tellers shall be performed by the two members of the Meeting who are present and accept such duty, and who have the greatest number of votes. The officers of the meeting shall appoint a Secretary, who may be chosen from outside of the shareholders.

There shall be an attendance list kept under conditions set forth by law. The minutes of the Shareholders' Meetings shall be drawn up, and copies thereof shall be delivered and certified under conditions set forth by law.

Participation in the Meetings

Every shareholder has the right to participate in the Meetings, provided that all payments due for such shares have been met.

The right to participate in the Meetings, or arrange to be represented, is subject to the accounting entry of the shares in the name of the shareholder by the 2nd business day preceding the Meeting at 0:00 hours, Paris time, either in registered share accounts kept by the Company, or in bearer share accounts kept by an authorized intermediary.

The Board of Directors may, if it deems it useful, arrange for the delivery to the shareholders of admission cards with their names, and require the presentation of the same in order to access the Shareholders' Meeting.

Timetable for financial communication

Publication of the annual results for 2016	February 23, 2017
Publication of revenue for the first quarter of 2017	April 25, 2017
Publication of the interim financial statements for 2017	July 21, 2017
Publication of revenue for the third quarter of 2017	October 24, 2017

Shareholders' timetable

Shareholders' Meeting	April 27, 2017
Dividend payment date	May 5, 2017

Registrar: BNP Paribas Securities Services (tel.: + 33 (0) 826 109 119).

0 800 777 889 Service & appel gratuits

7.2 Equity Capital

Share capital

Shares in Compagnie Plastic Omnium are listed on Eurolist of Euronext Paris (compartment A). Plastic Omnium shares are included in the SBF 120 and CAC Mid 60 indices.

At December 31, 2016, Plastic Omnium's share capital amounted to €9,148,603.20 divided into 152,476,720 fully paid-up shares with a par value of €0.06 each.

Voting rights

Shareholders have the right to vote and speak at Shareholders' Meetings. Each shareholder has one vote per fully paid-up share he or she holds.

In accordance with Article 16 of the bylaws, all fully paid-up shares held on a registered basis in the name of the same shareholder for at least two years are entitled to a double voting right with the shareholder having either bought or inherited the

shares under intestacy rules or being a spouse or a relative entitled to inherit the shares who received them as an inter vivos gift.

If the equity capital is increased by incorporating reserves, profits or share premiums, the double voting right is also attached to the registered bonus shares linked to the shares with double voting rights already held by the shareholder.

A double voting right shall cease for any share which has been the subject of a conversion to bearer form or a transfer.

It may also be canceled by decision of an Extraordinary Shareholders' Meeting.

As at December 31, 2016, excluding treasury shares, the Company had 148,250,253 shares with the same number of voting rights, including 89,260,982 shares with double voting rights.

Potential equity capital and securities giving rights to equity capital

As at December 31, 2016, there were no securities or rights giving direct or indirect access to the share capital of Compagnie Plastic Omnium.

No share subscription plan is outstanding as at December 2016.

Equity Capital

There were no stock option plans running as at December 31, 2016.

Current authorizations relating to capital and securities carrying rights to the allocation of debt securities – use of authorizations

The Company's shareholders have delegated the following powers and financial authorizations to the Board of Directors:

Authorizations and delegations given to the Board of Directors at the Combined Shareholders' Meeting on April 30, 2015

Resolution No.	Type of authorization and delegated power	Duration and expiry date	Maximum amount per authorization or delegated power	Use of the authorization or delegation of power
20	Delegation of authority to issue ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, with preferential subscription rights	26 months – through June 30, 2017	€100 million for shares – €50 million for debt securities	None
21	Delegation of authority to issue ordinary shares and/or equity securities providing access to other equity securities or entitling the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, without preferential subscription rights, through a public offer and/or as consideration for securities as part of a public offer	26 months – through June 30, 2017	€100 million for shares through a public offer – €50 million for debt securities	None
22	Delegation of authority to issue ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, without preferential subscription rights by way of an offer referred to in par. II of Article L. 411-2 of the French Monetary and Financial Code (<i>Code monétaire et financier</i>)	26 months – through June 30, 2017	€100 million for shares by way of an offer referred to in par. II of Article L. 411-2 of the French Monetary and Financial Code – €50 million for debt securities	None
23	Delegation of authority to increase the number of shares or securities to be issued when a share issue with or without preferential subscription rights is made under the 20 th to 22 nd resolutions up to a maximum of 15% of the initial issue	26 months – through June 30, 2017	€100 million for shares – €50 million for debt securities	None

Equity Capital

Authorizations and delegations given to the Board of Directors at the Combined Shareholders' Meeting on April 28, 2016

Resolution No.	Type of authorization and delegated power	Duration and expiry date	Maximum amount per authorization or delegated power	Use of the authorization or delegation of power
6	Buyback by the Company of its own shares	18 months – through October 27, 2017	Maximum purchase price: €60 – Maximum holding: 10% of share capital – Accumulated value of acquisitions: €921,460,320	As at December 31, 2016, Compagnie Plastic Omnium held 2.77% of its equity capital
17	Authorization to grant stock options to corporate officers and/or employees of the Company and/or Group companies	38 months – through June 27, 2019	Maximum holding: 1% of the equity capital, to be deducted from the 1% in the 18 th resolution approved at the Shareholders' Meeting on April 28, 2016	None
18	Authorization for free allocation of Company's shares to corporate officers and/or employees of the Company and/or Group companies	38 months – through June 27, 2019	Maximum holding: 1% of the equity capital, to be deducted from the 1% in the 17 th resolution approved at the Shareholders' Meeting on April 28, 2016	None
19	To reduce the equity capital by canceling treasury shares	26 months – through June 27, 2018	10% of the share capital per 24-month period	None

Authorizations relating to capital and securities carrying rights to the allocation of debt securities to be proposed to the Shareholders' Meeting on April 27, 2017

Resolution No.	Type of authorization and delegated power	Duration and expiry date	Maximum amount per authorization or delegated power
6	Buyback by the Company of its own shares	18 months – through October 26, 2018	Maximum purchase price: €60 – Maximum holding: 10% of share capital – Accumulated value of acquisitions: €914,860,320
16	Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, with preferential subscription rights	26 months – through June 26, 2019	€1 million for shares – €750 million for debt securities. Charged against the ceilings of the capital increases conducted in accordance with resolutions 17, 18 and 19.
17	Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities providing access to other equity securities or entitling the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, without preferential subscription rights, through a public offer and/or as consideration for securities as part of a public exchange offer during the delegation	26 months – through June 26, 2019	€1 million for shares by way of an offer referred to in par. II of Article L. 411-2 of the French Monetary and Financial Code – €750 million for debt securities. Charged against the ceilings of the capital increases conducted in accordance with resolutions 16, 18 and 19
18	Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, without preferential subscription rights by way of an offer referred to in par. II of Article L. 411-2 of the French Monetary and Financial Code	26 months – through June 26, 2019	€1 million for shares by way of an offer referred to in par. II of Article L. 411-2 of the French Monetary and Financial Code – €750 million for debt securities. Charged against the ceilings of the capital increases conducted in accordance with resolutions 16, 17 and 19
19	Delegation of authority to increase the number of shares or securities to be issued when a share issue with or without preferential subscription rights is made under the 16 th to 18 th resolutions resolutions up to a maximum of 15% of the initial issue	26 months – through June 26, 2019	15% of the initial issue, the maximum authorized amount of which are: €1 million for shares – €750 millions for transferable securities representative of debt.
20	Share capital increase reserved for Plastic Omnium employees savings plan (PEE)	26 months – through June 26, 2019	Maximum holding: 3% of the equity capital at the date of the Shareholders' Meeting (i.e. a maximum of 4,574,301 shares at December 31, 2016)

Equity Capital

Changes in the Company's equity capital over the last five years

Year and type of corporate transaction	Amount of capital increase/reduction		Share capital (in euros)	Number of shares comprising the equity capital	Par value of share (in euros)
	Nominal	Premium			
September 2012 Reduction in equity capital by canceling 924,790 treasury shares	157,214.30	17,055,373.45	8,782,031.19	51,659,007	0.17
September 2013 Capital increase resulting from the decision to round up the par value after the three-for-one share split reducing the par value from €0.17 to €0.06	516,590.07	–	9,298,621.26	154,977,021	0.06
October 2014 Reduction in equity capital by canceling 1,400,301 treasury shares	84,018.06	27,275,732.44	9,214,603.20	153,576,720	0.06
March 2016 Capital reduction by canceling 1,100,000 treasury shares	66,000	32,579,380.34	9,148,603.20	152,476,720	0.06

Buyback by the Company of its own shares

Percentage of equity capital held directly and indirectly by the Company as at December 31, 2016 including:	2.77%
• backing existing stock option plans	2.32%
• intended for cancellation	None
Number of shares canceled over the past 24 months	1,100,000
Number of securities in the portfolio	4,226,467
Carrying amount of portfolio on December 31, 2016	€61,192,780
Market value of portfolio on December 31, 2016	€128,188,744

Share buybacks during the 2016 fiscal year

	Aggregate gross movements		
	Purchases	Sales	Options exercised
Number of securities	3,174,071	1,491,133	1,878,963
Average transaction price	€28.87	€28.68	–
Average exercise price	–	–	€6.15
Totals	€91,623,991	€42,761,128	€11,562,697

Dealing fees of €97 thousand were incurred in buying back shares during the 2016 fiscal year.

The change in the number of outstanding shares between the opening date and the closing date of fiscal year 2016 is as follows:

	January 1, 2016	Movements for 2016*	December 31, 2016
Number of shares comprising the share capital	153,576,720	–1,100,000	152,476,720
Number of treasury shares	5,522,492	–1,296,025	4,226,467
Number of outstanding shares	148,054,228	196,025	148,250,253

* See purchase flows, sales flows, and options exercised, indicated above.

The sixth resolution of the Combined Shareholders' Meeting on April 28, 2016 authorized the Company to buyback in its own shares, subject to the following conditions:

Maximum purchase price:	€60 per share (excluding acquisition costs)
Maximum shares that may be held:	10% of the share capital on the date of the Combined Shareholders' Meeting on April 28, 2016
Maximum investment in the buyback program:	€921,460,320

A new liquidity agreement was made with Kepler Capital Markets SA on January 1, 2015. It has a term of one year, renewable automatically, in accordance with the Code of Ethics drawn up by AMAFI (*Association française des marchés financiers* – the representative body for professionals working in the securities industry and financial markets in France) had an initial value of €3 million. The primary purpose of the agreement is to reduce the volatility of the Compagnie Plastic Omnium share price, and thus the risk perceived by investors.

Information about share buybacks since April 29, 2016

Between April 29, 2016 and January 31, 2017, the Company bought back 1,574,588 of its own shares for a total amount of €44,819,849 (€28.46 per share) under the liquidity agreement, and 573,618 shares outside this contract. Over the same period, the Company sold 1,026,579 shares under the liquidity contract for a total amount of €29,459,599 (€28.70 per share).

Between April 29, 2016 and January 31, 2017, the Company did not buyback any of its own shares to cover its commitments to those benefiting from options, free shares and company savings schemes.

At January 31, 2017, Compagnie Plastic Omnium held 4,160,961 treasury shares (2.73% of share capital), broken down as follows:

30,276 shares	Liquidity agreement AMAFI
3,693,874 shares	Shares allocated to employees or corporate officers of the Company or of Group companies
None	Cancellation
436,811 shares	External growth

Description of the share buyback policy submitted for approval to the Combined Shareholders' Meeting on April 27, 2017

Under Articles 241-1 to 241-6 of the AMF General Regulations, this description defines the objectives of the Compagnie Plastic Omnium share buyback policy and how it will be implemented. The program will be submitted for approval to the Combined Shareholders' Meeting convened for April 27, 2017.

Objectives of the share buyback program

Compagnie Plastic Omnium intends to use the share buyback program to achieve the following objectives:

- to use an investment service provider to maintain the secondary market or the liquidity of Compagnie Plastic Omnium's shares, via a liquidity agreement complying with the AMAFI Code of Ethics accepted by the AMF;
- to potentially cancel the shares purchased, in accordance with the authorization conferred by the Shareholders' Meeting on April 28, 2016 in its nineteenth extraordinary resolution;
- to cover stock option plans and/or free share plans (or similar) for Group employees and/or corporate officers, as well as any allocations of shares for a company or group savings scheme (or similar), in respect of employee profit sharing and/or all other forms of allocation of shares to employees and/or corporate officers of Compagnie Plastic Omnium;
- to implement all market practices currently accepted or accepted in the future by the market authorities.

Practical implementation

The maximum proportion of the equity capital that may be acquired and the maximum amount payable by Compagnie Plastic Omnium

Compagnie Plastic Omnium is authorized to acquire up to 10% of its equity capital on February 28, 2017, 15,247,672 shares, each with a par value of €0.06.

Since the Company held 4,226,467 treasury shares as at December 31, 2016, the maximum number of its shares it could purchase under the share buyback program is 11,021,205. In the event that the treasury shares already held are canceled or used, the maximum that the Company can pay out to acquire the 15,247,672 shares is €914,860,320.

Thus, the total value of acquisitions (net of costs) may not exceed €914,860,320 based on the maximum purchase price of €60 provided in the sixth resolution to be proposed to the Combined Shareholders' Meeting on April 27, 2017.

The purchase, sale or transfer of these shares may be carried out by any means, on or off the stock market, including through the acquisition, sale or transfer of blocks of shares. These means include the use of any derivatives, traded on a regulated market or over the counter, and the setting up of option operations such as the purchase and sale of call and put options. Transactions may be made at any time.

Term of the buyback program

The buyback program may continue for a period of eighteen months from the approval of the sixth resolution to be voted by shareholders at the Combined Shareholders' Meeting on April 27, 2017, i.e. until October 26, 2018.

Bonds

Details of the bonds issued by the Company in circulation on December 31, 2016 are given below:

Issuer	Currency	Coupon	Initial issue date	Maturity date	Amount outstanding (in millions of euros)	Listing market
Plastic Omnium	EUR	3.875%	10/04/2012	12/12/2018	250	Paris
Plastic Omnium	EUR	2.875%	05/21/2013	05/29/2020	500	Paris

7.3 Information About Shareholders

The Plastic Omnium share

Fact sheet

ISIN code: FR0000124570

Par value: €0.06

Eligible for the Deferred Settlement Service (SRD)

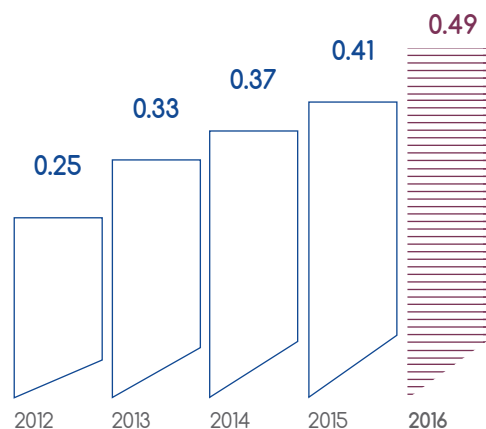
Trading data

Price as at December 31, 2016	€30.33
Average closing price of the last 30 trading sessions in 2016	€29.52
Highest price in 2016	€31.185 on March 4, 2016
Lowest price in 2016	€24.45 on June 27, 2016
Year on year increase as at December 31, 2016	
Plastic Omnium	+3.4%
SBF 120	+4.7%
CAC Mid 60	+6.7%
Market capitalization as at December 31, 2016	€4,624,619

Shareholder dividends

Dividend per share proposed to the Shareholders' Meeting of April 27, 2017: €0.49

Change in dividend per share (in euros) over five years:

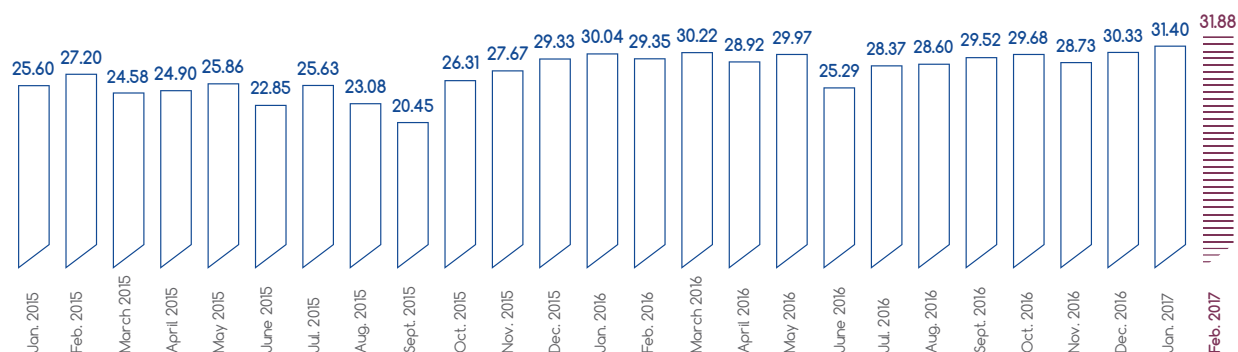


Dividends must be claimed within five years. Unclaimed dividends are paid back to the Caisse des Dépôts et Consignations.

Trends in the price and volume of transactions in Compagnie Plastic Omnium shares

	Highest price (in euros)			Lowest price (in euros)			Transaction volume (daily average)		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
January	21.005	25.605	30.605	18.71	21.580	27.830	355,925	240,114	324,906
February	25.095	27.205	30.055	18.66	25.055	25.880	371,267	211,298	306,916
March	27.21	27.380	31.185	24.415	24.540	28.925	311,719	258,106	255,508
April	27.91	26.960	30.370	24.025	24.830	28.475	268,292	245,568	193,075
May	24.915	26.645	29.970	22.38	24.180	27.965	286,540	198,070	162,434
June	25.40	25.830	30.820	22.93	22.855	24.450	179,514	235,133	248,444
July	23.04	26.380	28.555	19.955	22.220	25.135	261,310	271,674	216,069
August	21.225	26.455	28.750	18.28	22.490	27.530	309,526	199,236	112,144
September	21.095	26.875	29.530	18.825	20.100	27.580	197,293	288,633	215,978
October	19.005	26.510	30.200	16.32	21.220	29.480	369,563	266,072	184,416
November	21.01	27.710	28.945	18.42	25.455	27.675	203,965	172,779	180,723
December	22.615	29.500	30.485	20.035	25.250	28.175	211,235	200,810	175,949

Trends in the Compagnie Plastic Omnium share price relative to the SBF 120 index from January 1, 2015 to February 28, 2017



Compagnie Plastic Omnium shareholder structure

Equity holdings in Compagnie Plastic Omnium as at December 31, 2016 comprising 152,476,720 shares

	December 31, 2016		December 31, 2015		December 31, 2014	
	% equity capital	% voting rights	% equity capital	% voting rights	% equity capital	% voting rights
Burelle SA	57.01	71.91	56.6	73.4	56.6	73.60
Employee shareholders	1	1	1.1	1.1	1.2	1.2
Held by Company	2.77	–	3.6	–	3.8	–
Public	39.22	27.09	38.7	25.5	38.4	25.2
	100	100	100	100	100	100

As at December 31, 2016, Burelle SA held 57.01% of the equity capital of Compagnie Plastic Omnium. To the Company's knowledge, no other shareholder owns 5% or more of the share capital.

In France, at December 31, 2016, the 1,642 employee members of the Group stock ownership plan held 1,526,594 Compagnie Plastic Omnium shares purchased on the market, representing 1% of share capital.

Compagnie Plastic Omnium reviewed identifiable bearer securities at December 31, 2016 and concluded that 10,331,084 shares were held by individual investors.

The Company has not been informed of any shareholders' agreement.

Summary of transactions in 2016 by executive corporate officers involving Plastic Omnium shares

Name and position of officer	Transaction	Number of securities	Total amount
Laurent Burelle Chairman and CEO	Options exercised	610,000	3,366,800
Jean-Michel Szczerba Co-Chief Executive Officer and Chief Operating Officer	–	–	–
Paul Henry Lemarié Chief Operating Officer	Sale of stock from options exercised	280,000	1,203,800
	Options exercised	90,000	664,200

Stock option plans

Plastic Omnium stock option policy

For years Compagnie Plastic Omnium has put long-term incentive plans in place for the benefit of its employees and executive corporate officers in an international context.

These plans have a dual purpose:

- to motivate key staff members and give them a stake in the Group's future results;
- to strengthen teamwork and a sense of belonging among managers and thus encourage them to make their careers at the Company.

At the recommendation of the Compensation Committee, Plastic Omnium's Board of Directors grants stock options to managers and executive corporate officers who the Company wishes to recognize for their performance and their important role in business development and the Group's current and future projects, wherever they may be based.

Stock options are granted after publication of the financial statements for the previous year, in accordance with the AFEP-MEDEF recommendation. In any case, stock options are granted on the basis of the performance of the individual in question at the time the plan is put in place.

Employees and corporate officers who receive stock options thus have a stake along with shareholders in the Group's strong and consistent growth.

228 employees are beneficiaries of at least one stock option plan (including 45% in international subsidiaries).

Stock option beneficiaries must comply with the regulations in force relating to inside information. They must familiarize themselves and abide by the stock exchange code of ethics accompanying the rules governing stock option plans.

Compagnie Plastic Omnium stock option plans

Current Compagnie Plastic Omnium stock option plans

As at December 31, 2016, Compagnie Plastic Omnium had several stock option plans; key information about these plans is given below:

Date authorized by Shareholders' Meeting	04/28/2009	04/28/2011
Date of Board of Directors' meeting	03/16/2010	03/06/2012
Total number of recipients	124	208
Total number of shares offered for purchase	3,375,000	2,668,500
<i>Of which can be bought by executive directors:</i>		
• Laurent Burelle	450,000	360,000
• Jean-Michel Szczerba	270,000	240,000
• Paul Henry Lemarié	360,000	180,000
Start date for exercise of the options	04/01/2014	03/21/2016
Date of expiry	03/31/2017	03/20/2019
Purchase price (in euros)	2.84	7.37
Number of options exercised at 12/31/2016	1,393,000	1,371,463
Total number of stock options that have been cancelled or lapsed	1,864,000	330,000
Options outstanding at the year end	118,000	967,037
Date authorized by Shareholders' Meeting	04/25/2013	04/25/2013
Date of Board meeting	07/23/2013	07/21/2015
Total number of recipients	184	172
Total number of shares offered for purchase	1,272,000	1,253,000
<i>Of which can be subscribed for or bought by corporate officers:</i>		
• Laurent Burelle	180,000	150,000
• Paul Henry Lemarié	120,000	150,000
• Jean-Michel Szczerba	60,000	-
Start date for exercise of the options	08/07/2017	08/07/2019
Date of expiry	08/06/2020	08/06/2022
Purchase price (in euros)	16.17	24.72
Number of options exercised at 12/31/2016	-	-
Total number of stock options that have been cancelled or lapsed	96,000	24,000
Options outstanding at the year end	1,176,000	1,229,000

At December 31, 2016, the number of options outstanding awarded by the Board of Directors under the authorizations voted by the Shareholders' Meetings and not yet exercised was equivalent

to 3,490,037 stock options at an average purchase price of €16.29 per share (2.29% of the 152,476,720 shares making up the share capital at that date).

Stock options to purchase for shares granted to employees other than executive officers or stock options raised during the 2016 financial year

	Number of options awarded	Weighted average price (in euros)	Exercise date
Options awarded by Compagnie Plastic Omnium to the ten employees ⁽¹⁾ having received the highest number of options	None.	None.	No stock options were granted during the 2016 financial year.

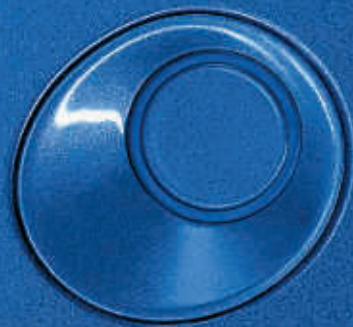
(1) Compagnie Plastic Omnium employees other than corporate officers included in the option allocation scope.

	Total number of shares purchased	Weighted average price (in euros)
Options to buy Compagnie Plastic Omnium shares exercised by the ten employees ⁽¹⁾ having purchased the highest number of shares		
• 03/16/2010 plan	201,000	2.84
• 03/06/2012 plan	228,000	7.38

(1) Plastic Omnium employees other than corporate officers included in the option allocation scope.



08 |
COMBINED
SHAREHOLDERS'
MEETING



8.1 Agenda

Ordinary resolutions

- First resolution: Approval of the Company financial statements for the year ended December 31, 2016
- Second resolution: Appropriation of net income and determination of the dividend
- Third resolution: Related-party agreements and commitments concluded during the year – Approval of the changes in an existing agreement with Burelle SA
- Fourth resolution: Statutory Auditors' report on related-party agreements and commitment – Previous agreements being continued during the year
- Fifth resolution: Approval of the consolidated financial statements for the year ended December 31, 2016
- Sixth resolution: Authorization to be granted to the Board of Directors to buyback the Company's shares pursuant to the provisions of Article L. 225-209 of the French Commercial Code, duration of the authorization, purposes, terms, ceiling
- Seventh resolution: Renewal of Mrs. Anne Asensio's directorship
- Eighth resolution: Renewal of Mr. Vincent Labruyère's directorship
- Ninth resolution: Appointment of a new Director (Mrs. Félicie Burelle)
- Tenth resolution: Appointment of a new Director (Mrs. Cécile Moutet)
- Eleventh resolution: Amount of attendance fees allocated to the members of the Board of Directors
- Twelfth resolution: Principles and criteria for fixing, distributing and awarding the fixed, variable and exceptional components of the total compensation and all kinds of benefits, that may be granted to executive corporate officers
- Thirteenth resolution: Key vote on the components of the compensation due or allocated to Mr. Laurent Burelle, Chairman and Chief Executive Officer, in respect of the year ended December 31, 2016
- Fourteenth resolution: Key vote on the components of the compensation due or allocated to Mr. Paul Henry Lemarié, Chief Operating Officer, in respect of the year ended December 31, 2016
- Fifteenth resolution: Key vote on the components of the compensation due or allocated to Mr. Jean-Michel Szczerba, Co-Chief Executive Officer and Chief Operating Officer, in respect of the year ended December 31, 2016

Extraordinary resolutions

- Sixteenth resolution: Delegation of authority to the Board of Directors in order to enable it to issue ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, with maintenance of the preferential subscription rights, duration of the delegation, maximum nominal amount of the capital increase, option of offering unsubscribed securities to the public
- Seventeenth resolution: Delegation of authority to the Board of Directors in order to enable it to issue ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, with cancellation of the shareholders' preferential subscription rights, through a public offering and/or in consideration for securities as part of a public exchange offer, duration of the delegation, maximum nominal amount of the capital increase, issue price, option of limiting to the subscription amount or distributing unsubscribed securities
- Eighteenth resolution: Delegation of authority to the Board of Directors in order to enable it to issue ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, with cancellation of the shareholders' preferential subscription rights, through an offering referred to in II of Article L. 411-2 of the *Code Monétaire et Financier*, duration of the delegation, maximum nominal amount of the capital increase, issue price, option of limiting to the subscription amount or distributing unsubscribed securities
- Nineteenth resolution: Delegation of authority to the Board of Directors in order to enable it to increase the number of shares to be issued when a share issue with maintenance or with cancellation of the shareholders' preferential subscription rights is made under the sixteenth to eighteenth resolutions up to a maximum of 15% of the initial issue
- Twentieth resolution: Delegation of authority to the Board of Directors in order to enable it to increase the capital by issuing ordinary shares and/or equity securities providing access to members of a company savings scheme to the capital with cancellation of the shareholders' preferential subscription rights, under Articles L. 3332-18 et seq. of the *Code du Travail*, duration of the delegation, maximum nominal amount of the capital increase, issue price, option of allocating free shares under Article L. 3332-21 of the *Code du Travail*
- Twenty-first resolution: Harmonization of Article 4 "Registered office" of the bylaws of the Company relating to the transfer of the registered office
- Twenty-second resolution: Modification of Article 16 "Shareholders' Meeting" of the bylaws to authorize electronic voting and signature
- Twenty-third resolution: Powers for the formalities

8.2 Text of the Resolutions Submitted for Approval by the Combined Shareholders' Meeting on April 27, 2017

Ordinary resolutions

First resolution: Approval of the Company financial statements for the year ended December 31, 2016

After having read the Company financial statements for the year ended December 31, 2016, the reports of the Board of Directors, the Chairman of the Board of Directors and the Statutory Auditors' report on the Company financial statements for the year ended December 31, 2016, and voting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the shareholders approve the Company financial statements for the year ended December 31, 2016 as presented, showing a net profit of €46,669,713, as well as the transactions reflected in the said financial statements or described in the said reports.

Second resolution: Appropriation of net income and determination of the dividend

Noting that the profit for the year ended December 31, 2016 shows a net balance of €46,669,713, that retained earnings totaled €1,087,745,900 and voting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the shareholders decide to allocate the net sum of €1,134,415,613 as proposed by the Board of Directors, namely:

	In euros
Total amount to be appropriated	1,134,415,613
Appropriation:	
Net dividend distributed for the 2016 fiscal year	74,713,593
Carried forward	1,059,702,020
Total appropriated	1,134,415,613

Consequently, the Shareholders' Meeting sets the dividend for 2016 at €0.49 per share. Individual shareholders resident in France for tax purposes will qualify for the 40% tax relief provided for in Article 158-3-2° of the *Code général des impôts* on the total dividend.

The ex-dividend date will be May 3, 2017.

The dividend will be paid on the date set by the Board of Directors, i.e. May 5, 2017

Compagnie Plastic Omnium shares held in treasury on the dividend payment date will be stripped of dividend rights and the related dividends will be credited to retained earnings.

In accordance with the law, the Shareholders' Meeting notes that, after deducting dividends not paid on treasury stock, dividends for the last three years were as shown in the table below. The information provided below takes account of the three-for-one stock split occurring on September 10, 2013.

Year	Number of shares with dividend rights	Total dividend (in euros)	Net dividend (in euros)
2013*	147,714,484 shares with dividend rights	48,745,780	0.33
2014*	148,197,149 shares with dividend rights	54,832,945	0.37
2015*	147,589,746 shares with dividend rights	60,511,796	0.41

* The dividends in respect of the years ended December 31, 2013, December 31, 2014 and December 31, 2015 were eligible for the 40% tax relief for individual shareholders resident in France for tax purposes, as provided for in Article 158-3-2° of the French General Tax Code.

Third resolution: Related-party agreements and commitments concluded during the year – Approval of the changes in an existing agreement with Burelle SA

Having considered the Statutory Auditors' special report on related-party agreements and commitments submitted to it, the Shareholders' Meeting approves the changes made in the service Provision agreement of the Group's General Management concluded with Burelle SA decided during the year ended December 31, 2016, in accordance with Articles L. 225-38 et seq. of the *Code de Commerce*.

Fourth resolution: Statutory Auditors' report on related-party agreements – Previous agreement being continued during the year

After having read the special report of the Statutory Auditors on related-party agreements referred to in Article L. 225-38 of the *Code de Commerce*, the Shareholders' Meeting notes the information mentioned in this report regarding the continuation, during the current year, of agreements signed in the course of previous years.

Fifth resolution: Approval of the consolidated financial statements for the year ended December 31, 2016

After having read the reports of the Board of Directors, the Chairman of the Board of Directors and the Statutory Auditors' report on the consolidated financial statements, and voting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the shareholders approve the consolidated financial statements for the year ended December 31, 2016 as presented, as well as the transactions reflected in the financial statements or summarized in these reports and from which a net Group share profit of €312,112 thousand resulted.

Sixth resolution: Authorization to be granted to the Board of Directors to buyback the Company's shares pursuant to the provisions of Article L. 225-209 of the French Commercial Code, duration of the authorization, purposes, terms, ceiling

After having read the Board of Directors' report, and voting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting authorizes the Board of Directors to purchase Company's shares under the terms and conditions set forth in the provisions of Article L. 225-209 et seq. of the *Code de commerce* in order:

- to use an investment service provider to maintain the secondary market or the liquidity of Plastic Omnium's shares, via a liquidity agreement complying with the AMAFI Code of Ethics accepted by the AMF;
- to cover stock option and/or bonus share (or similar) plans awarded to Group employees and/or corporate officers and all allocations of shares as part of a Company or Group savings (or similar) plan, or for purposes of Company profit-sharing and/or any other form of allocation of shares to Group employees and/or corporate officers;
- to retain the shares acquired and use them later on for exchange or in payment for any external growth transactions, with the understanding that shares purchased for this purpose may not exceed 5% of the Company's capital;
- to potentially cancel the shares purchased, in accordance with the authorization conferred by the Shareholders' Meeting on April 28, 2016 in its nineteenth extraordinary resolution;
- to implement all market practices currently accepted or accepted in the future by the market authorities;

and as per the following terms:

- the maximum number of shares that may be purchased by the Company cannot exceed 10% of the Company's share capital on

the date of this decision, i.e. a maximum of 15,247,672 shares as of this date;

- the shares may not be repurchased at a price of more than €60 per share. In the event of a transaction affecting capital, in particular, stock splits or reverse stock splits or free share allocations, the aforementioned amount will be adjusted in the same proportion (coefficient of the ratio between the number of shares comprising the equity capital before the transaction and the number of shares after the transaction).

As of December 31, 2016, the Company held 4,226,467 treasury shares. If these shares were canceled or used, the maximum amount that the Company would be allowed invest in the buyback program would be €914,860,320 for the acquisition of 15,247,672 shares.

Shares may be purchased, sold or transferred using any method, including by purchasing blocks of shares, on the stock market or over the counter. Transactions may be made at any time, except during a public offer period concerning the Company.

This authorization takes effect at the end of this Shareholders' Meeting and is valid for a period of eighteen months from today. It cancels and supersedes the authorization granted by the Combined Shareholders' Meeting of April 28, 2016 in its sixth resolution for the unused portion.

Unless it takes this action itself, the Shareholders' Meeting authorizes the Board of Directors to adjust the aforementioned maximum number of shares and maximum purchase price as necessary to take into account the impact on the share price of any change in the par value of the shares or any capital increase by incorporation of reserves and bonus share issue, any stock split or reverse stock split, any return of capital or any other capital transaction, within the aforementioned limits of 10% of equity capital and €914,860,320.

The shareholders grant full powers to the Board of Directors to use this authorization, to conclude any agreements, carry out any filing and other formalities, notably with the *Autorité des Marchés Financiers* or any other authority that may replace it, and, more generally, take all necessary action.

Seventh resolution: Renewal of Mrs. Anne Asensio's directorship

After having read the Board of Directors' report, and voting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting renews the directorship of Mrs. Anne Asensio for a three-year term. Her term will expire at the close of the Shareholders' Meeting to be held in 2020 to approve the 2019 financial statements.

Eighth resolution: Renewal of Mr. Vincent Labruyère's directorship

After having read the Board of Directors' report, and voting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting renews the directorship of Mr. Vincent Labruyère for a three-year term. Her term will expire at the close of the Shareholders' Meeting to be held in 2020 to approve the 2019 financial statements.

Ninth resolution: Appointment of a new Director (Mrs. Félicie Burelle)

Voting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting decides to appoint Mrs. Félicie Burelle in addition to the members currently in office, as director for a period of three years, with the term of office ending at the end of the Meeting held in 2020 called to approve the 2019 financial statements.

Tenth resolution: Appointment of a new Director (Mrs. Cécile Moutet)

Voting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting decides to appoint Mrs. Cécile Moutet in addition to the members currently in office, as director for a period of three years, with the term of office ending at the end of the Meeting held in 2020 called to approve the 2019 financial statements.

Eleventh resolution: Amount of attendance fees allocated to the members of the Board of Directors

Voting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting decides to increase the total annual amount of attendance fees to be allocated to the Board of Directors from €460,000 to €580,000.

This decision applies from the current year until a new amount is set.

Twelfth resolution: Principles and criteria for fixing, distributing and awarding the fixed, variable and exceptional components of the total compensation and all kinds of benefits, that may be granted to Executive Directors

Voting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, pursuant to Article L. 225-37-2 of the *Code de Commerce*, the Shareholders' Meeting approves the principles and criteria for fixing, distributing and awarding the fixed salary, bonus and exceptional components of the total

compensation and benefits of any kind attributable, for their terms as Executive Directors, as described in detail in the report attached to the report referred to in Articles L. 225-100 and L. 225-102 of the *Code de Commerce*, presented in the Registration Document.

Thirteenth resolution: Key vote on the components of the compensation due or allocated to Mr. Laurent Burelle, Chairman and Chief Executive Officer, in respect of the year ended December 31, 2016

Pursuant to the recommendation in § 26 of the AFEP-MEDEF Corporate Governance Code dated November 2016, which serves as the code of reference for Compagnie Plastic Omnium in accordance with Article L. 225-37 of the *Code de commerce*, the Shareholders' Meeting issues a favorable vote on the components of compensation due or allocated to Mr. Laurent Burelle, Chairman and Chief Executive Officer, for the year ended December 31, 2016, as presented in the Registration Document.

Fourteenth resolution: Key vote on the components of the compensation due or allocated to Mr. Paul Henry Lemarié, Chief Operating Officer, in respect of the year ended December 31, 2016

Pursuant to the recommendation in § 26 of the AFEP-MEDEF Corporate Governance Code dated November 2016, which serves as the code of reference for Compagnie Plastic Omnium in accordance with Article L. 225-37 of the French Commercial Code (*Code de commerce*), the Shareholders' Meeting issues a favorable vote on the components of compensation due or allocated to Mr. Paul Henry Lemarié, Chief Operating Officer, for the year ended December 31, 2016, as presented in the Registration Document.

Fifteenth resolution: Key vote on the components of the compensation due or allocated to Mr. Jean-Michel Szczerba, Co-Chief Executive Officer and Chief Operating Officer, in respect of the year ended December 31, 2016

Pursuant to the recommendation in § 26 of the AFEP-MEDEF Corporate Governance Code dated November 2016, which serves as the code of reference for Compagnie Plastic Omnium in accordance with Article L. 225-37 of the French Commercial Code (*Code de commerce*), the Shareholders' Meeting issues a favorable vote on the components of compensation due or allocated to Mr. Jean-Michel Szczerba, Co-Chief Executive Officer and Chief Operating Officer, for the year ended December 31, 2016, as presented in the Registration Document.

Extraordinary resolutions

Sixteenth resolution: Delegation of authority to the Board of Directors in order to enable it to issue ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, with maintenance of the shareholders' preferential subscription rights, duration of the delegation, maximum nominal amount of the capital increase, option of offering unsubscribed securities to the public

Having considered the Board of Directors' report and the Statutory Auditors' report, voting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, and pursuant to the provisions of the *Code de commerce*, particularly its Articles L. 225-127 to L. 225-129-6, L. 225-132, L. 225-134, L. 228-91 and L. 228-92, the Shareholders' Meeting:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions set out by the legal provisions, its authority to decide, on one or more increases in the share capital, in the proportions and at the times deemed appropriate by it, either in euros, or in foreign currency or any other unit drawn up with reference to a set of currencies, with maintain of the shareholders' preferential subscription rights, through the issuance of ordinary shares and/or equity securities providing access to other equity securities or entitling to the allocation of debt securities and/or investment securities providing access to the equity securities to be issued;
2. fixes the limits on the issue amounts authorized in the event the Board of Directors uses this delegation of authority, as follows:
 - the total amount of capital increases likely to be realized, immediately or in future, by virtue of this delegation is limited to a nominal amount of €1 million or to the counter-value of this amount on the date of the issue decision in case the issue is in another currency or unit fixed by reference to several currencies, it being specified that the nominal amount of capital increases likely to be realized by virtue of the seventeenth, eighteenth and nineteenth resolutions will also be charged against this ceiling, subject to their adoption by the Meeting,
 - to this limit will be added, where applicable, the nominal amount of shares to be possibly issued in addition, in case of new financial transactions, to protect the rights of holders of options and/or investment securities providing access to the capital in accordance with the law and, where applicable, with the contractual stipulations providing other cases of adjustment,
 - the total amount of debt securities against the Company, which may result from this delegation will be limited to a nominal amount of €750 million or the counter-value of this amount on the date of the issue decision for the counter-value in foreign currencies, it being specified that the nominal amount of the debt securities that will be issued by virtue of the seventeenth, eighteenth and nineteenth resolutions of this Meeting will also be charged against this ceiling, subject to their adoption by the Meeting;
3. sets the validity of this authorization at twenty-six months from the date of this Shareholders' Meeting and notes that this authorization supersedes, from this date, any previous authorization with the same purpose;
4. in the event Board of Directors uses this delegation:
 - decide that the shareholders may exercise, under the conditions stipulated by law, their preferential subscription right; in addition, the Board of Directors may institute a reducible subscription right in favor of shareholders, who exercise their right in proportion to the subscription rights that they have within the limit of their requests,
 - decide that if the irreducible, and, where applicable, reducible subscription rights have not absorbed the entire issue of shares or securities as defined above, the Board of Directors may use, as it may deem fit, each of the options offered by Article L. 225-134 of the *Code de Commerce* or only some of them;
 - observe that, where necessary, the above delegation shall fully and automatically carry with it, in favor of holders of securities providing future access to shares of the Company as may be issued by virtue of this resolution, waiver by shareholders of their preferential subscription right to shares to which said securities provide access;
5. decides that the Board of Directors shall have all powers, with the option of sub-delegation under the conditions set by law, to implement this delegation of authority and, in particular, to set the conditions for the issue, subscription and full payment, to record the completion of the resulting increases in the capital and make the corresponding amendment to the bylaws and in particular to:
 - set the terms for exercising any rights attached to shares or securities giving access to the capital or to the allotment of debt securities that may be issued, in particular inter alia rights to conversion, exchange or redemption, including by delivery of company assets such as securities already issued by the company,

- in case of issue of securities loan, including securities giving access to the award of debt securities referred to in Article L. 228-91 of the *Code de Commerce*, decide whether they should be subordinated or not and, where necessary, set their level of subordination in accordance with the provisions of Article L. 228-97 of the *Code de Commerce*, set their rate of interest, in particular the fixed or variable rate of interest, zero coupon or indexed, their term (whether fixed or otherwise) and the other terms of their issue, set the conditions under which these securities will provide access to the Company's capital,
- at its sole initiative, charge the expenses of the capital increase against the amount of the relevant premiums and deduct from such amount the necessary amounts to take the legal reserve to a tenth of the new capital after each capital increase,
- set and make all adjustments to take account of the impact of transactions involving the capital of the Company, in particular in the event of a change in the par value of the share, increase in share capital by incorporation of reserves, issue of free shares, stock split or reverse stock split, distribution of reserves or of any other assets, redemption of capital or any other transaction affecting shareholders' equity, and set the terms under which any rights of holders of securities giving access to the capital are to be preserved and make the corresponding amendments to the bylaws,
- and, in general, enter into any agreement, in particular, to successfully complete the proposed issues of shares or securities, take all measures and decisions, carry out all formalities appropriate for the issue, listing and financial servicing of the shares or securities issued pursuant to this delegation of authority and the exercise of the rights attaching thereto or resulting from the increases in share capital carried out.

Seventeenth resolution: Delegation of authority to the Board of Directors in order to enable it to issue ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, with cancellation of the shareholders' preferential subscription rights, through a public offering and/or in consideration for securities as part of a public exchange offer, duration of the delegation, maximum nominal amount of the capital increase, issue price, option of limiting to the subscription amount or distributing unsubscribed securities

Having considered the Board of Directors' report and the Statutory Auditors' report, voting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, and pursuant to the provisions of the *Code de commerce*, particularly

its Articles L. 225-127 to L. 225-129-2, L. 225-129-5 and L. 225-129-6, L. 225-134 to L. 225-148, L. 228-91 and L. 228-92, the Shareholders' Meeting:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions set out by the legal provisions, its authority to decide, on one or more increases in the capital shares, in the proportions and at the times deemed appropriate by it, either in euros, or in foreign currency or any other unit drawn up with reference to a set of currencies, with cancellation of the shareholders' preferential subscription rights, and through a public offer of issuance of ordinary shares of the Company and/or equity securities providing access to other equity securities or entitling to the allocation of debt securities and/or investment securities providing access to the equity securities to be issued; the public offers decided by virtue of this resolution, may be associated, as part of the same issue or various issues offered at the same time, with the offers referred to in II of Article L. 411-2 of the *Code Monétaire et Financier*, decided pursuant to the eighteenth resolution submitted to this Shareholders' Meeting;
2. fixes the limits on the issue amounts authorized in the event the Board of Directors uses this delegation of authority, as follows:
 - the total amount of capital increases likely to be realized, immediately or in future, by virtue of this delegation is limited to a nominal amount of €1million or to the counter-value of this amount on the date of the issue decision in case the issue is in another currency or unit fixed by reference to several currencies, it being specified that the nominal amount of capital increases likely to be realized by virtue of the sixteenth, eighteenth and nineteenth resolutions will also be charged against this ceiling, subject to their adoption by the Meeting,
 - to this limit will be added, where applicable, the nominal amount of shares to be possibly issued in addition, in case of new financial transactions, to protect the rights of holders of options and/or investment securities providing access to the capital in accordance with the law and, where applicable, with the contractual stipulations providing other cases of adjustment,
 - the total amount of debt securities against the Company, which may result from this delegation will be limited to a nominal amount of €750 million or the counter-value of this amount on the date of the issue decision for the counter-value in foreign currencies, it being specified that the nominal amount of the debt securities that will be issued by virtue of the seventeenth, eighteenth and nineteenth resolutions of this Meeting will also be charged against this ceiling, subject to their adoption by the Meeting;
3. sets the validity of this authorization at twenty-six months from the date of this Shareholders' Meeting and notes that this authorization supersedes, from this date, any previous authorization with the same purpose;
4. resolves to waive shareholders' preferential subscription right to the securities covered by this resolution, while allowing the Board of Directors discretion, under the terms of Article L. 225-135 para. 5 of the *Code de Commerce*, to grant to the shareholders, for a period and under the terms to be set by the Board of Directors in compliance with the applicable legal and regulatory

- provisions, and for some or all of any issue, a priority subscription period which does not constitute a negotiable right and which must be exercised in proportion to the quantity of shares owned by each shareholder and may be supplemented by a reducible application to subscribe for shares;
5. decides that if the Board of Directors has decided its possibility, and if the irreducible, and, where applicable, reducible subscription rights have not absorbed the entire issue of shares or investment securities as defined above, the Board of Directors may use, as it may deem fit, each of the options offered by Article L. 225-134 of the *Code de Commerce*;
 6. observes that, where necessary, this delegation shall fully and automatically carry with it, in favor of holders of securities providing future access to shares of the Company as may be issued by virtue of this delegation, waiver by shareholders of their preferential subscription right to shares to which said securities provide access;
 7. decides that, in accordance with Article L. 225-136 of the *Code de Commerce*:
 - the issue price of the shares shall be at least equal to the minimum fixed by the laws and regulations applicable at the time of using this delegation,
 - the issue price of the securities providing access to the capital shall be such that the amount received immediately by the Company, plus, as the case may be, any amount it may receive in the future is at least equal, for each share issued as a result of the issue of such securities, to the minimum subscription price determined in the paragraph above,
 - the conversion, redemption or more generally the transformation into shares of each security giving access to the capital would be effected, taking account of the par value of said security, into such that the quantity of shares issued would enable the company to receive an amount at least equal to the minimum subscription price defined in this same resolution for the issue of the shares;
 8. in the case of the issue of securities made as compensation for securities contributed as part of a public exchange offer under the conditions set out in Article L. 225-148 of the *Code de Commerce* and within the limits set above, decides that the Board of Directors shall be granted with appropriate authority to draw up the list of securities contributed to the exchange, set the conditions of the issue, the exchange ratio as well as the amount of the balance to be paid in cash if required, and define the precise terms of the issue;
 9. decides that the Board of Directors shall have all powers, with the option of sub-delegation under the conditions set by law, to implement this delegation of authority and, in particular, to set the conditions for the issue, subscription and full payment, to record the completion of the resulting increases in the capital and make the corresponding amendment to the bylaws and in particular to:
 - set the terms for exercising any rights attached to shares or securities giving access to the capital or to the allotment of debt securities that may be issued, in particular inter alia rights to conversion, exchange or redemption, including by delivery of Company assets such as securities already issued by the Company,
 - in case of issue of securities loan, including securities giving access to the award of debt securities referred to in Article L. 228-91 of the *Code de Commerce*, decide whether they should be subordinated or not and, where necessary, set their level of subordination in accordance with the provisions of Article L. 228-97 of the *Code de Commerce*, set their rate of interest, in particular the fixed or variable rate of interest, zero coupon or indexed, their term (whether fixed or otherwise) and the other terms of their issue, set the conditions under which these securities will provide access to the Company's capital, or companies in which it directly or indirectly owns more than half of the capital,
 - at its sole initiative, charge the expenses of the capital increase against the amount of the relevant premiums and deduct from such amount the necessary amounts to bring the legal reserve to a tenth of the new capital after each capital increase,
 - set and make all adjustments to take account of the impact of transactions involving the capital of the Company, in particular in the event of a change in the par value of the share, increase in share capital by incorporation of reserves, issue of free shares, stock split or reverse stock split, distribution of reserves or of any other assets, redemption of capital or any other transaction affecting shareholders' equity, and set the terms under which any rights of holders of securities giving access to the capital are to be preserved and make the corresponding amendments to the bylaws,
 - and, in general, enter into any agreement, in particular, to successfully complete the proposed issues of shares or securities, take all measures and decisions, carry out all formalities appropriate for the issue, listing and financial servicing of the shares or securities issued pursuant to this delegation of authority and the exercise of the rights attaching thereto or resulting from the increases in share capital carried out.

Eighteenth resolution: Delegation of authority to the Board of Directors in order to enable it to issue ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, with cancellation of the shareholders' preferential subscription rights, through an offering referred to in II of Article L. 411-2 of the Code Monétaire et Financier, duration of the delegation, maximum nominal amount of the capital increase, issue price, option of limiting to the subscription amount or distributing unsubscribed securities

Having considered the Board of Directors' report and the Statutory Auditors' report, voting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, and pursuant to the provisions of the *Code de commerce*, particularly its Articles L. 225-127 to L. 225-129-2, L. 225-129-5 and L. 225-129-6, L. 225-134 to L. 225-148, L. 228-91 and L. 228-91 and L. 228-92, the Shareholders' Meeting:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions set out by the legal provisions, its authority to decide, on one or more increases in the share capital, in the proportions and at the times deemed appropriate by it through an offer referred to in II of Article L. 411-2 of the *Code Monétaire et Financier*, either in euros, or in foreign currency or any other unit drawn up with reference to a set of currencies, with cancellation of the shareholders' preferential subscription rights, through the issuance of ordinary shares and/or equity securities providing access to other equity securities or entitling to the allocation of debt securities and/or investment securities providing access to the equity securities to be issued by the Company. The offers referred to in II of Article 411-2 of the *Code Monétaire et Financier* decided pursuant to this resolution, may be associated, as part of an issue or multiple issues offered at the same time as public offers decided pursuant to the seventeenth resolution submitted to this Shareholders' Meeting.

Under the conditions set out by law, the Board of Directors may delegate authority to complete or postpone the issue;

2. fixes the limits on the issue amounts authorized in the event the Board of Directors uses this delegation of authority, as follows:

- the total nominal amount of capital increases likely to be realized, immediately or in future, by virtue of this delegation is limited to a nominal amount of €1 million or to the counter-value of this amount on the date of the issue decision in case the issue is in another currency or unit fixed by reference to several currencies, it being specified that the nominal amount of capital increases likely to be realized by virtue of the sixteenth, seventeenth and nineteenth resolutions will also be charged against this ceiling, subject to their adoption by the Meeting,
- to this limit will be added, where applicable, the nominal amount of shares to be possibly issued in addition, in case of new financial transactions, to protect the rights of holders of options and/or investment securities providing access to the capital in accordance with the law and, where applicable, with the contractual stipulations providing other cases of adjustment, the total amount of debt securities against the Company, which may result from this delegation will be limited to a nominal amount of €750 million or the counter-value of this amount in foreign currencies, as at the date of the decision to issue, it being stipulated that the nominal amount of the debt securities that will be issued by virtue of the sixteenth, seventeenth and nineteenth resolutions of this Meeting will also be charged against this ceiling, subject to their adoption by the Meeting.

In addition, in accordance with the provisions of Article L. 225-136 of the French Commercial Code, the issue of equity securities shall be, in any case, limited to 10% of the share capital per year, evaluated on the issue date;

3. sets the validity of this authorization at twenty-six months from the date of this Shareholders' Meeting and notes that this authorization supersedes, from this date, any previous authorization with the same purpose;
4. resolves to waive shareholders' preferential subscription right to the securities issued under this resolution;
5. observes that, where necessary, this delegation shall fully and automatically carry with it, in favor of holders of securities providing future access to shares of the Company, waiver by shareholders of their preferential subscription right to shares to which said securities provide access;

6. decides that, in accordance with Article L. 225-136 of the *Code de Commerce*:
- the issue price of the shares shall be at least equal to the minimum fixed by the laws and regulations applicable at the time of using this delegation,
 - the issue price of the securities providing access to the capital shall be such that the amount received immediately by the Company, plus, as the case may be, any amount it may receive in the future is at least equal, for each share issued as a result of the issue of such securities, to the minimum subscription price determined in the paragraph above,
 - the conversion, redemption or more generally the transformation into shares of each security giving access to the capital would be effected, taking account of the par value of said security, into such that the quantity of shares issued would enable the company to receive an amount at least equal to the minimum subscription price defined in this same resolution for the issue of the shares;
7. decides that, if the subscriptions have not absorbed the entire issue of securities, the Board of Directors may use, as it may deem fit, either or both of the options stated below:
- limit the issue to the subscription amount, it being specified that in the event of the issue of ordinary shares or securities, whose primary security is a share, the subscription amount should reach at least a third of the issue in question, so that such limitation is possible,
 - freely allocate all or part of the unsubscribed securities;
8. decides that the Board of Directors shall have all powers, with the option of sub-delegation under the conditions set by law, to implement this delegation of authority and, in particular, to set the conditions for the issue, subscription and full payment, to record the completion of the resulting increases in the capital and make the corresponding amendment to the bylaws and in particular to:
- set the terms for exercising any rights attached to shares or securities giving access to the capital or to the allotment of debt securities that may be issued, in particular *inter alia* rights to conversion, exchange or redemption, including by delivery of Company assets such as securities already issued by the Company,
 - in case of issue of securities loans, including securities giving access to the award of debt securities referred to in Article L. 228-91 of the *Code de Commerce*, decide whether they should be subordinated or not and, where necessary, set their level of subordination in accordance with the provisions of Article L. 228-97 of the *Code de Commerce*, set their rate of interest, in particular the fixed or variable rate of interest, zero coupon or indexed, their term (whether fixed or otherwise) and the other terms of their issue, set the conditions under which these securities will provide access to the Company's capital,
- at its sole initiative, charge the expenses of the capital increase against the amount of the relevant premiums and deduct from such amount the necessary amounts to take the legal reserve to a tenth of the new capital after each capital increase,
 - set and make all adjustments to take account of the impact of transactions involving the capital of the Company, in particular in the event of a change in the par value of the share, increase in share capital by incorporation of reserves, issue of free shares, stock split or reverse stock split, distribution of reserves or of any other assets, redemption of capital or any other transaction affecting shareholders' equity, and set the terms under which any rights of holders of securities giving access to the capital are to be preserved and make the corresponding amendments to the bylaws,
 - and, in general, enter into any agreement, in particular, to successfully complete the proposed issues of shares or securities, take all measures and decisions, carry out all formalities appropriate for the issue, listing and financial servicing of the shares or securities issued pursuant to this delegation of authority and the exercise of the rights attaching thereto or resulting from the increases in share capital carried out.

Nineteenth resolution: Delegation of authority to the Board of Directors in order to enable it to increase the number of shares to be issued when a share issue with maintenance or with cancellation of the shareholders' preferential subscription rights is made under the sixteenth to eighteenth resolutions up to a maximum of 15% of the initial issue

Having considered the Board of Directors' report and the Statutory Auditors' report, voting in accordance with the quorum and majority rules applicable to Extraordinary Shareholders' Meetings, and pursuant to the provisions of Article L. 225-135-1 of the *Code de commerce*, the Shareholders' Meeting:

1. delegates authority to the Board of Directors, with the option of sub-delegation under the conditions set by the applicable law or regulations, to increase the number of shares or securities to be issued when a share issue with maintenance or with cancellation of the shareholders' preferential subscription rights is made at the same price as the price considered for the initial issue, within the deadlines and limits specified by the regulations applicable on the issue date (on this date, within thirty days of the end of the subscription date and up to a maximum of 15% of the initial issue) and subject to the limits specified in the resolution under which the issue is offered;
2. sets the validity of this authorization at twenty-six months from the date of this Shareholders' Meeting and notes that this authorization supersedes, from this date, any previous authorization with the same purpose.

Twentieth resolution: Delegation of authority to the Board of Directors in order to enable it to increase the capital by issuing ordinary shares and/or equity securities providing access to members of a company savings scheme to the capital with cancellation of the shareholders' preferential subscription rights, under Articles L. 3332-18 et seq. of the Code du Travail, duration of the delegation, maximum nominal amount of the capital increase, issue price, option of allocating free shares under Article L. 3332-21 of the Code du Travail

After having read the Board of Directors' report and the Statutory Auditors' report, the Shareholders' Meeting voting pursuant to Articles L. 225-129-6 and L. 225-138-1 of the *Code de Commerce* and Articles L. 3332-18 et seq. of the *Code du Travail*:

- authorizes the Board of Directors, if it deems fit, at its sole discretion, to increase the share capital, on one or more occasions, through the issue of ordinary shares or securities providing access to the Company's capital in favor of members of one or more company or group savings schemes established by the Company and/or French or foreign companies that are associated with it under the conditions of Article L. 225-180 of the *Code de Commerce* and Article L. 3344-1 of the *Code du Travail*;
 - cancels, in favor of these individuals, the preferential subscription right to the shares that may be issued by virtue of this delegation;
 - sets the validity of this authorization at twenty-six months from the date of this Shareholders' Meeting;
 - limits the maximum nominal amount of the increase(s) that may be carried out by using this authorization to 3% of the amount of share capital achieved when the Board of Directors decided to carry out this increase, this amount being independent of any other limit specified in respect of the delegation of authority to increase the capital. To this amount will be added, where applicable, the additional amount of ordinary shares to be issued to protect the rights of holders securities providing access to the Company's equity securities in accordance with the law and, where applicable, with any contractual stipulations providing other cases of adjustment;
- resolves that the price of the shares to be issued pursuant to this delegation of authority may be more than 20% or 30%, where the lock-in period specified by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the *Code du Travail* is more than or equal to ten years, below the average of the opening prices of the share quoted during twenty trading sessions preceding the decision of the Board of Directors on the capital increase and corresponding issue of shares, or above this average;
 - decides, pursuant to the provisions of Article L. 3332-21 of the *Code du Travail*, that the Board of Directors may allocate, to the beneficiaries defined in paragraph one above, free of charge, shares issued or to be issued, which provide access to the Company's capital issued or to be issued, in respect of (i) the contribution that may be paid pursuant to the regulations of the Company's or Group's employee savings scheme and/or (ii) if applicable, the discount;
 - notes that this authorization supersedes any previous authorization with the same purpose.

The Board of Directors may or may not implement this authorization, take all measures and carry out all the necessary formalities.

Twenty-first resolution: Harmonization of Article 4 "Registered office" of the bylaws of the Company relating to the transfer of the registered office

After having read the Board of Directors' report, and voting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, the Shareholders' Meeting decides to ensure compliance of paragraph 2 of Article 4 "Registered office" of the bylaws of the Company with the provisions of law No. 2016-1691 on transparency, fight against corruption and modernization of business practice called the Sapin II law and as a result amend it as follows with the rest of the article remaining unchanged:

"It may be transferred to any other location within French territory with the decision of the Board of Directors, provided that this decision is ratified by the next Ordinary Shareholders' Meeting."

Twenty-second resolution: Modification of Article 16 "Shareholders' Meeting" of the bylaws to authorize electronic voting and signature

After having read the Board of Directors' report, and voting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, the Shareholders' Meeting decides to amend Article 16 "Shareholders' Meetings" of the bylaws of the Company in order to specify the conditions for participating and voting in the Company's shareholders' meetings as follows, with the rest of the Article remaining unchanged:

- insertion of the following title before the sixth paragraph:
"Vote by correspondence (including by electronic means) and by proxy";
 - addition of the following paragraph in the sixth paragraph:
"However, the shareholder may use the electronic voting form available on the Company's website dedicated for this purpose, provided it reaches the company on the eve of the Shareholders' Meeting no later than 3:00 p.m., Paris time. This electronic form includes the electronic signature under the conditions specified in this Article";
 - addition of the following two new paragraphs after the sixth paragraph:
7. "A shareholder may have himself/herself represented by another shareholder, his/her spouse or the partner with whom he/she has signed a civil solidarity pact. He/She may also be represented by any other individual or legal entity of his/her choice. The notification of the appointment or revocation of a proxy may be done by electronic means.

8. The postal ballot form and proxy given by a shareholder are signed by the latter, where required, using a secure electronic signature method pursuant to Article 1367 of the *Code Civil*, or using an electronic signature method approved by the Board of Directors, consisting normally of a reliable identification method guaranteeing its link with the instrument to which it is attached";
- insertion of the following two new paragraphs before the seventh paragraph (which would become paragraph nine in the event of insertion of the two previous paragraphs and paragraph eleven in the event of insertion of the two following paragraphs):
"Participation in the meetings using means of remote transmission
9. If the Board of Directors permits it at the time of convening the Meeting, the shareholders may participate in the Meeting by video-conference or any means of telecommunication, including the Internet, that permits them to be identified under the conditions and according to the terms set by current regulations.
10. Shareholders who participate in the meeting using these means are considered to be present for the calculation of the quorum and the majority."

Twenty-third resolution: Powers for the formalities

The Shareholders' Meeting grants full powers to the bearer of an original, a copy or an extract of the minutes of the meeting to carry out any and all legal filings and formalities.

8.3 Board of Directors' Report on the Resolutions Presented to the Combined Shareholders' Meeting on April 27, 2017

Report of the Board of Directors on the resolutions presented at the Ordinary Shareholders' Meeting

Approval of the 2016 parent company financial statements (first resolution)

The **first resolution** submits for your approval the parent company financial statements for the fiscal year ended December 31, 2016, which result in a profit of €46,669,713.

As a reminder, the following dividends have been distributed over the past three years. The information provided below takes account of the three-for-one stock split occurring on September 10, 2013.

Year	Number of shares with dividend rights	Total dividend (in euros)	Net dividend (in euros)
2013*	147,714,484 shares with dividend rights	48,745,780	0.33
2014*	148,197,149 shares with dividend rights	54,832,945	0.37
2015*	147,589,746 shares with dividend rights	60,511,796	0.41

* The dividends in respect of the years ended December 31, 2013, December 31, 2014 and December 31, 2015 were eligible for the 40% tax relief for individual shareholders resident in France for tax purposes, as provided for in Article 158-3-2° of the Code Général des Impôts.

The Board of Directors recommends that this amount be appropriated as follows:

	In euros
Total amount to be appropriated	1,134,415,613
Appropriation: Net dividend distributed for the 2016 fiscal year	74,713,593
Carried forward	1,059,702,020
Total appropriated	1,134,415,613

Approval of related-party agreements mentioned in the Statutory Auditors' special report (third resolution)

The purpose of the **third resolution** is to submit the agreements mentioned in the special report of the Statutory Auditors on related-party agreements signed by Compagnie Plastic Omnium during 2016 to your approval, in compliance with Article L. 225-38 of the *Code de Commerce*.

Appropriation of net income and determination of the dividend for fiscal year 2016 (second resolution)

The **second resolution** concerns the proposed appropriation of net income and determination of the dividend for the year ended December 31, 2016.

	In euros
Retained earnings at December 31, 2016 of	1,087,745,900
And net income for the year ended December 31, 2016 stood at	46,669,713
Total amount to be appropriated	1,134,415,613

If the Shareholders' Meeting approves this resolution, the net dividend for the fiscal year ended December 31, 2016 will amount to €0.49 per share, corresponding to a total distributed dividend of €74,713,593

Upon payment, the dividend attributable to treasury shares held by the Company will be transferred to "Retained earnings".

Shares will trade ex-dividend from May 3, 2017 and the dividend will be paid on May 5, 2017.

Individual shareholders resident in France for tax purposes will qualify for the 40% tax relief provided for in Article 158-3-2° of the *Code général des impôts*.

Statutory Auditors' report on related-party agreements pursued during the year (fourth resolution)

The purpose of the **fourth resolution**, in compliance with Article L. 225-38 of the *Code de Commerce*, is to acknowledge the agreements mentioned in the special report of the Statutory Auditors on related party agreements pursued by Compagnie Plastic Omnium during 2016.

Approval of the consolidated financial statements for the financial year 2016 (fifth resolution)

The **fifth resolution** submits for your approval the consolidated financial statements for the fiscal year ended December 31, 2016, which show a Group share consolidated net profit of €312,112 thousand.

Authorization to the Board of Directors to buyback the Company's shares (sixth resolution)

At the Shareholders' Meeting of April 28, 2016, the shareholders authorized the Company to buyback its own shares under the following terms and conditions:

Maximum purchase price	€60 per share
Maximum shares that may be held	10% of share capital
Maximum investment in the buyback program	€921,460,320

Between April 29, 2016 and January 31, 2017, the Company:

- acquired 1,574,588 shares for a total amount of €44,819,849, i.e. a value of €28.46 per share, including 1,000,970 shares under the liquidity agreement and 573,618 shares outside of the agreement;
- disposed of 1,026,579 shares as part of the liquidity contract for a total sales value of €29,459,599, i.e. €28.70 per share.

Details of these transactions and a description of the authorization submitted to your vote can be found in the section entitled "Share buyback program" in the Board of Directors' report.

The authorization to buyback the shares of the Company granted by the Shareholders' Meeting on April 28, 2016 expires on October 27, 2017.

You are being asked to grant the Board of Directors a new authorization to buyback the shares of the Company for a further period of eighteen months.

Share buybacks allow an investment service provider to make a market in the Company's shares under a liquidity contract complying with the Code of Ethics issued by the *Association française des marchés financiers (AMAFI)*, while the subsequent cancellation of shares improves our return on equity and earnings per share.

Shares can also be repurchased to cover stock option and bonus share plans for employees or executive corporate officers, or for any market practice accepted by stock market authorities.

The Board at Directors would not be authorized to use this authorization during the course of a takeover bid for the Company's shares.

We are seeking to renew this authorization on the following terms:

Maximum purchase price	€60 per share
Maximum shares that may be held	10% of share capital
Maximum investment in the buyback program	€914,860,320

Reappointment of two directors (seventh and eighth resolutions)

At the Shareholders' Meeting, shareholders are being asked to renew the directorship of Mrs. Anne Ascensio and of Mr. Vincent Labruyère for a statutory term of three years.

Their term will expire at the close of the Shareholders' Meeting to be held in 2020 to approve the 2019 financial statements.

The biographical details of Mrs. Anne Ascensio and Mr. Vincent Labruyère can be found in the Registration Document in paragraph 2.1.1.1. – Composition of the Board of Directors.

Following the favourable opinion of the Appointments Committee, the Board of Directors has deemed that Mrs. Anne Ascensio and Mr. Vincent Labruyère can be considered as independent directors as defined in the AFEP-MEDEF Code.

Appointment of two directors (ninth and tenth resolutions)

It has been proposed to the Shareholders' Meeting to appoint Mrs. Félicie Burelle and Mrs. Cécile Moutet, as directors for the statutory period of three years, i.e. until the end of the Ordinary Shareholders' Meeting that will be called in 2020 to approve the 2019 financial statements.

The biographical details of Mrs. Félicie Burelle and Mrs. Cécile Moutet can be found in the Registration Document in paragraph 2.1.1.1. – Composition of the Board of Directors.

Amount of attendance fees (eleventh resolution)

The **eleventh resolution** asks the Shareholders' Meeting to increase the amount of attendance fees granted to the members of the Board of Directors to €580,000 starting in fiscal year 2017.

Definition of principles and criteria for fixing, distributing and awarding the components making up the compensation of Executive Directors (twelfth resolution)

The **twelfth resolution** asks the Shareholders' Meeting to vote on the principles and criteria for fixing, distributing and awarding the components making up the compensation of the Chairman and Chief Executive Officer and the Chief Operating Officers pursuant to Article L. 225-37-2 of the *Code de Commerce*, the details of which can be found in section 2.2 of this Registration Document.

Key vote on the components of compensation due or allocated in respect of 2016 to the Chairman and Chief Executive Officer, and the Chief Operating Officers (thirteenth to fifteenth resolutions)

The thirteenth, fourteenth and fifteenth resolutions ask the Shareholders' Meeting to vote on the components of compensation due or allocated in respect of 2016 to Mr. Laurent Burelle, Chairman and Chief Executive Officer, to Mr. Jean-Michel Szczerba, Co-Chief Executive Officer and Chief Operating Officer, and to Mr. Paul Henry Lemarié, Chief Operating Officer in accordance with the recommendations of the AFEP-MEDEF Code. Details of the proposed compensation can be found as presented in section 2.2 of the Registration Document.

Report of the Board of Directors on the extraordinary resolutions presented at the Annual Shareholders' Meeting

Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, with maintenance of the shareholders' preferential subscription rights (sixteenth resolution)

The delegation of authority, conferred upon the Board of Directors by the Shareholders' Meeting of April 30, 2015 to issue securities with maintenance of the preferential subscription right of shareholders, expires on June 29, 2017.

The purpose of the **sixteenth resolution** is to renew this delegation to give the Board of Directors, as before, the flexibility required to offer issues, when needed, that are best adapted to market opportunities.

This delegation of authority covers issues of ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, against payment or free of charge, with preferential subscription rights, governed by Articles L. 228-91 et seq. of the *Code de Commerce*.

It would be renewed for the same period of twenty-six months starting from this Shareholders' Meeting and would consequently supersede any previous authorization with the same purpose starting from this date.

Assuming that a securities issue provides future access to the new shares, the decision of the Shareholders' Meeting would carry with it a waiver by shareholders of their share subscription, which may be obtained on the basis of the securities issued initially.

This authorization would be renewed for a maximum nominal amount of the capital increases that may be carried out immediately or in future pursuant to this delegation of €1 million, it being specified that this nominal amount of capital increases that may be realized under the seventeenth, eighteenth and nineteenth resolutions would be charged against this amount.

To this limit would be added, where applicable, the nominal amount of shares to be possibly issued in addition, in case of new financial transactions, to protect the rights of holders of options and/or investment securities providing access to the capital in accordance with the law and, where applicable, with the contractual stipulations providing other cases of adjustment.

This delegation of authority would also cover the authorization to issue, under the conditions specified above, securities providing access to debt securities for a maximum nominal amount of €750 million, it being specified that the nominal amount of the debt securities that may be issued under the seventeenth, eighteenth and nineteenth resolutions would be charged against this amount.

Based on this, the Board of Directors would be authorized to offer issues, on one or more occasions, in the best interests of the Company and shareholders, and may, in accordance with the law, institute a reducible subscription right in favour of shareholders.

The Board of Directors would be authorized to carry out issues of warrants on the shares of the Company through a subscription offer but also through the free allocation of old shares to the owners.

Lastly, the Board of Directors would have the authority to charge all the expenses incurred for the securities issue carried out pursuant to this resolution to the premium amounts of corresponding capital increases, and make the necessary deductions from such premiums for the legal reserve.

Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, with cancellation of the shareholders' preferential subscription rights, through a public offering and/or in consideration for securities as part of a public exchange offer, duration of the delegation (seventeenth resolution)

The **seventeenth resolution** would confer upon the Board of Directors the authority to issue, with cancellation of the shareholders' preferential subscription right, on one or more occasions, ordinary shares and/or equity securities providing access to other equity securities or granting entitlement to the allocation of debt securities or investment securities providing access to equity securities to be issued by the Company, by way of a public offering, up to a maximum nominal amount of €1 million, it being specified that the nominal amount of capital increases that may be carried out under the sixteenth, eighteenth and nineteenth resolutions would be charged against this amount.

To this limit would be added, where applicable, the nominal amount of shares to be possibly issued in addition, in case of new financial transactions, to protect the rights of holders of options and/or investment securities providing access to the capital in accordance with the law and, where applicable, with the contractual stipulations providing other cases of adjustment.

This resolution would also allow the Board of Directors to issue, under the conditions specified above, securities providing access to debt securities for a maximum nominal amount of €750 million, it being specified that the nominal amount of the debt securities that may be issued under the sixteenth, eighteenth and nineteenth resolutions would be charged against this amount and as per the same terms and conditions as those specified in the sixteenth resolution, subject to the specific characteristics mentioned below:

- the issue price of the shares issued directly will be at least equal to the minimum indicated by the regulatory provisions applicable on the issue date, i.e. the weighted average of the price of the last three trading sessions on Euronext Paris preceding its determination, less the discount of 5% specified by legislation, after correction of this average, if any, to take the difference between the vesting dates into account, it being specified that in case of issue of warrants, the sum received by the Company during the subscription of warrants will be taken into account in the calculation;

- the issue price of the securities providing access to the capital shall be such that the amount received immediately by the Company, plus, as the case may be, any amount it may receive in the future is at least equal, for each share issued as a result of the issue of such securities, to the minimum subscription price determined above;
- lastly, the conversion, redemption or generally the transformation of any bond that can be converted, redeemed or otherwise transformed into shares, shall be done, based on the nominal value of the bond, into a number of shares such that the sum received by the Company is at least equal to the minimum subscription price defined above for each share issued.

Depending on these elements, the Board of Directors would have the authority to determine the issue price of the shares and, where applicable, the terms of remuneration of debt securities, in the best interests of the Company and the shareholders taking into account all parameters in question.

The Board of Directors could charge the expenses of the capital increases against the amount of the relevant premiums and make the necessary deductions from such premiums for the legal reserve.

The Board of Directors would, under the terms of Article L. 225-135 para. 2 of the *Code de Commerce*, have the discretion to grant to the shareholders, for a period and under the terms to be set by the Board of Directors in compliance with the applicable legal and regulatory provisions, and for a part or all of any issue, a priority subscription period which does not constitute a negotiable right and which must be exercised in proportion to the quantity of shares owned by each shareholder.

The decision of the Meeting would automatically carry with it a waiver by shareholders of their share subscription, which can be obtained on the basis of the securities providing access to the capital.

In the case of the issue of securities made as compensation for securities contributed as part of a public exchange offer and within the limits set above, the Board of Directors would be granted the appropriate authority to draw up the list of securities contributed to the exchange, set the conditions of the issue, the exchange ratio as well as the amount of the balance to be paid in cash if required, and define the terms of the issue.

This authorization would be granted for a period of twenty-six months starting from this Shareholders' Meeting and would consequently supersede any previous authorization with the same purpose starting from this date.

Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities providing access to other equity securities, or granting entitlement to the allocation of debt securities and/or investment securities providing access to equity securities to be issued by the Company, with cancellation of the shareholders' preferential subscription rights, through an offering referred to in II of Article L. 411-2 of the Code Monétaire et Financier (eighteenth resolution)

The **eighteenth resolution** would confer upon the Board of Directors the authority to issue, with cancellation of the shareholders' preferential subscription right, on one or more occasions, ordinary shares and/or equity securities providing access to other equity securities or granting entitlement to the allocation of debt securities or investment securities providing access to equity securities to be issued by the Company, by way of an offer referred to in II of Article L. 411-2 of the *Code Monétaire et Financier*, up to a maximum nominal amount of €1 million, it being specified that the nominal amount of capital increases that may be carried out under the sixteenth, seventeenth and nineteenth resolutions would be charged against this amount.

To this limit would be added, where applicable, the nominal amount of shares to be possibly issued in addition, in case of new financial transactions, to protect the rights of holders of options and/or investment securities providing access to the capital in accordance with the law and, where applicable, with the contractual stipulations providing other cases of adjustment.

This resolution would also allow the Board of Directors to issue, under the conditions specified above, securities providing access to debt securities for a maximum nominal amount of €750 million, it being specified that the nominal amount of the debt securities that may be issued under the sixteenth, seventeenth and nineteenth resolutions would be charged against this amount, and as per the same terms and conditions as those specified in the sixteenth resolution, subject to the specific characteristics mentioned below:

- the issue price of the shares issued directly will be at least equal to the minimum indicated by the regulatory provisions applicable on the issue date, i.e. the weighted average of the price of the last three trading sessions on Euronext Paris preceding its determination, less the discount of 5% specified by legislation, after correction of this average, if any, to take the difference between the vesting dates into account, it being specified that in case of issue of warrants, the sum received by the Company during the subscription of warrants will be taken into account in the calculation;
- the issue price of the securities providing access to the capital shall be such that the amount received immediately by the Company, plus, as the case may be, any amount it may receive in the future is at least equal, for each share issued as a result of the issue of such securities, to the minimum subscription price determined above;

- lastly, the conversion, redemption or generally the transformation of any bond that can be converted, redeemed or otherwise transformed into shares, shall be done, based on the nominal value of the bond, into a number of shares such that the sum received by the Company is at least equal to the minimum subscription price defined above for each share issued.

Depending on these elements, the Board of Directors would have the authority to determine the issue price of the shares and, where applicable, the terms of remuneration of debt securities, in the best interests of the Company and the shareholders taking into account all parameters in question.

If the subscriptions, including where applicable, those of shareholders, did not absorb the entire issue, the Board of Directors would be authorized, as it may deem fit, (i) to limit the issue to the subscription amount, it being specified that in the event of the issue of ordinary shares or securities, whose primary security is a share, the subscription amount should reach at least a third of the issue in question, so that such limitation is possible, (ii) to freely allocate all or part of the unsubscribed securities.

The Board of Directors could charge the expenses of the capital increases against the amount of the relevant premiums and make the necessary deductions from such premiums for the legal reserve.

The decision of the Meeting would automatically carry with it waiver by shareholders of their share subscription, which can be obtained on the basis of the securities providing access to the capital.

This authorization would be granted for a period of twenty-six months starting from this Shareholders' Meeting and would consequently supersede any previous authorization with the same purpose starting from this date.

Delegation of authority to the Board of Directors to increase the number of shares to be issued when a share issue with maintenance or with cancellation of the shareholders' preferential subscription rights is made under the sixteenth to eighteenth resolutions up to a maximum of 15% of the initial issue (nineteenth resolution)

As authorized by law, the **nineteenth resolution** would allow the Board of Directors, with the aim of meeting excess demand or facing market volatility, to decide, as part of the capital increases with maintenance or with cancellation of the shareholders' preferential subscription rights under the terms of the sixteenth, seventeenth and eighteenth resolutions, to increase the numbers of shares to be issued at the same price as the price considered for the initial issue, within the deadlines and limits specified by the regulations applicable.

This option would allow the Board of Directors to come up, within thirty days of closing of the subscription period, with an additional issue of shares limited to 15% of the initial issue, at the same

price, within the same limits of the nominal amount specified by the sixteenth, seventeenth and eighteenth resolutions.

This new authorization valid for twenty-six months starting from this Shareholders' Meeting would renew the previous authorizations given to the Board of Directors by the Shareholders' Meeting of April 30, 2015, which ends in June 2017 and would consequently, from the same date, supersede all previous delegations with the same purpose.

Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares and/or equity securities providing access to members of a company savings scheme to the capital without preferential subscription rights, under Articles L. 3332-18 et seq. of the Code du Travail (twentieth resolution)

Every three years, the company has an obligation to consider a draft resolution for a capital increase in favour of members of a company savings scheme.

In accordance with Article L. 3332-19 of the *Code du Travail*, the issue price cannot be more than the average closing price of the last twenty trading sessions preceding the date of the decision setting the opening date of the subscription period. It can also not be more than 20% below this average, unless there was a minimum lock-in period of ten years, in which case the issue price cannot be more than 30% below this average.

The Shareholders' Meeting has therefore been requested to delegate to the Board of Directors, up to the limit of 3% of the share capital, the authority to proceed with such capital increase

This new delegation of authority valid for twenty-six months starting from this Shareholders' Meeting would consequently supersede all previous delegations.

Harmonization of Article 4 "Registered office" of the bylaws (twenty-first resolution)

The **twenty-first** resolution provides for harmonizing Article 4 of the bylaws entitled "Registered office" with the provisions of Law No. 2016-1691 on transparency, fight against corruption and modernization of business practice called the Sapin II law, in order to permit the transfer of the registered office within the entire French territory, and not only in the same department or a neighboring department, with the decision of the Board of Directors.

Modification of Article 16 "Shareholders' Meeting" of the bylaws to authorize electronic voting and signature (twenty-second resolution)

The proposed amendment to Article 16 of the bylaws concerns the conditions for participating and voting in Shareholders' Meetings. It concerns mentioning recourse to electronic communication and signature. This statutory amendment is in keeping with an increasing demand for simplification of shareholders' participation in Shareholders' Meetings.

Powers of Attorney to carry out formalities (twenty-third resolution)

The purpose of the **twenty-third resolution** is to authorize the bearer of an original, a copy or an extract of the minutes of the Shareholders' Meeting to carry out any and all legal filings and formalities in relation to the execution of the decisions of this Shareholders' Meeting.

8.4 Statutory Auditors' Report on the Issuance of Shares and Various Securities with or without Preferential Subscription Rights

Assembly of April 27, 2017

16th, 17th, 18th and 19th resolutions

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposals for delegation to the Board of Directors of various issues of shares and/or securities, transactions upon which you are called to vote.

On the basis of its report, your Board of Directors proposes that it be authorized, for a period of twenty-six months, to decide on the following transactions and to set the definitive conditions for these issues and proposes, where relevant, to cancel your preferential subscription right:

- an issue – with preferential subscription rights – of ordinary shares and/or equity securities giving access to other equity securities or debt securities and/or securities giving access to equity securities to be issued by the Company (16th resolution);
- an issue – without preferential subscription rights – of ordinary shares and/or equity securities giving access to other equity securities or debt securities and/or securities giving access to equity securities to be issued by the Company, by means of a public offering, it being specified that these securities may be issued as payment for securities tendered to the Company in the context of a takeover bid for securities meeting the conditions laid down by Article L. 225-148 of the French Commercial Code (17th resolution);
- an issue – without preferential subscription rights – of ordinary shares and/or equity securities giving access to other equity securities or debt securities and/or securities giving access to equity securities to be issued by the Company, by way of tenders referred to in section II of Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and within the annual limit of 10% of the share capital (18th resolution).

The total nominal amount of the capital increases likely to be carried out immediately or in the future may not exceed €1 million by virtue of the 16th, 17th and 18th resolutions. The total nominal amount of debt securities likely to be issued may not exceed €750 million by virtue of the 16th, 17th and 18th resolutions.

These ceilings take into account the additional number of securities to be created within the framework of the implementation of the delegations referred to in the 16th, 17th and 18th resolutions, in accordance with Article L. 225-135-1 of the French Commercial Code, if you adopt the 19th resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. It is our responsibility to give our opinion on the fairness of the financial information taken from the financial statements, on the proposed cancellation of preferential subscription rights, and on certain other information concerning these transactions, presented in this report.

We have performed the procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the contents of the Board of Directors' report on these transactions and the method of determining the issue price of the equity securities to be issued.

Subject to subsequent examination of the conditions of the issues that may be decided, we have no matters to report as to the method of determining the issue price of the equity securities to be issued, set out in the Board's report by virtue of the 17th and 18th resolutions.

Furthermore, since this report does not specify the method of determining the issue price of the equity securities to be issued as part of the implementation of the 16th resolution, we are not able to give our opinion on the choice of computational elements of this issue price.

Since the definitive conditions under which the issues may be made have not been set, we do not express an opinion on them nor, consequently, on the cancellation of the preferential subscription rights which is proposed to you in the 17th and 18th resolutions.

Statutory Auditors' Report on the Issuance of Shares and Various Securities with or without Preferential Subscription Rights

In accordance with Article R. 225-116 of the French Commercial Code, we will issue a supplementary report, if necessary, on the use of these delegations by the Board of Directors in the case of issues of equity securities giving access to other equity securities or debt securities, in the case of issues of securities giving access to equity securities to be issued and in the case of issues of shares without preferential subscription rights.

Signed in Paris-La-Défense, on March 17, 2017

The Statutory Auditors

ERNST & YOUNG et AUTRES

Gilles Rabier

MAZARS

Jean-Luc Barlet

8.5 Statutory Auditors' Report on the Issuance of Shares for Members of the Company Savings Plan

Combined Shareholders' Meeting on April 27, 2017

Twentieth resolution

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to authorize your Board of Directors to decide whether to proceed with an issue of ordinary shares reserved for employees of your Company, for a maximum amount corresponding to 3% of the share capital, with cancellation of preferential subscription rights, transaction upon which you are called to vote.

This issue is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial Code and L. 3332-18 et seq. of the French Labor Code (*Code du travail*).

Your Board of Directors proposes that, on the basis of its report, it be authorized, for a period of twenty-six months, to decide whether to proceed with an issue and proposes to cancel your preferential subscription rights. If applicable, it shall determine the final conditions of this operation.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code. It is our responsibility to give our opinion on the fairness of the financial information taken from the financial statements, on the proposed cancellation of preferential subscription rights, and on other information relating to the share issue provided in this report.

We have performed the procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the contents of the Board of Directors' report relating to this operation and the method used to determine the issue price of the shares.

Subject to subsequent examination of the conditions for the issue that would be decided, we have no matters to report as to the methods used to determine the issue price for the ordinary shares to be issued, provided in the Board of Director's report.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of the preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue a supplementary report, if necessary, when your Board of Directors has exercised this authorization.

Signed in Paris-La-Défense, on March 17, 2017

The Statutory Auditors

ERNST & YOUNG et AUTRES

Gilles Rabier

MAZARS

Jean-Luc Barlet

Declaration by the Person Responsible for the Registration Document

Laurent Burelle, Chairman and Chief Executive Officer

I declare that, to the best of my knowledge, all reasonable care has been taken to ensure that the information contained in this Registration Document reflects the facts and contains no omission likely to affect its import.

I certify that, to the best of my knowledge, the financial statements are drawn up in accordance with the accounting standards applicable and give a true and fair view of the assets, financial position and results of the company and the companies the Group consolidates, and the information in the management report gives a fair view of the business development results and financial position of the Company and the companies the Group consolidates, and describes the main risks and uncertainties to which they are exposed.

I have received a completion letter from the Statutory Auditors in which they state that they have checked the information relating to the financial position and the financial statements appearing in this document and that they have read through the document in its entirety.

Levallois, March 20, 2017

Laurent Burelle

Chairman and Chief Executive Officer

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