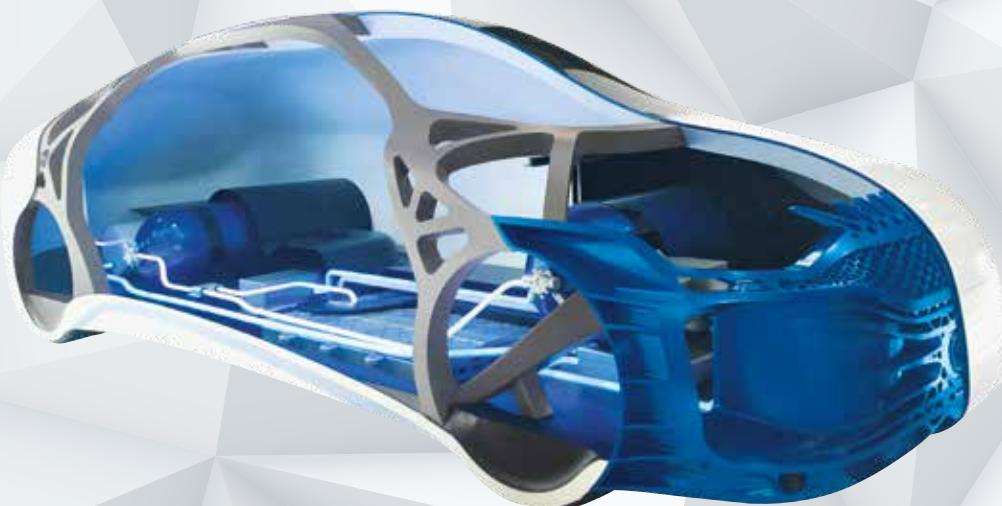




REGISTRATION DOCUMENT



2017

COMPAGNIE PLASTIC OMNIUM

Incorporated in France with limited liability and issued capital of 9,058,603.20 euros

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

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

2017 REGISTRATION DOCUMENT

including

- **the Annual Financial Report**
- **the Corporate governance**
- and Sustainable Development Report**



This Registration Document was filed with the French financial markets authority (Autorité des Marchés Financiers – AMF) on March 12, 2018 pursuant to Article 212-13 of the AMF's General Regulation. It may be used in support of a financial transaction if accompanied by a short form prospectus endorsed by the AMF. This document was prepared by the issuer and is binding on its signatories.

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, 2016, and the corresponding auditors' reports appearing on pp. 94-202 (inclusive) of the 2016 Registration Document filed with the AMF on March 20, 2017 under the reference number R. 17-007;
- 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.

A TALK WITH LAURENT BURELLE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND JEAN-MICHEL SZCZERBA, CO-CHIEF EXECUTIVE OFFICER

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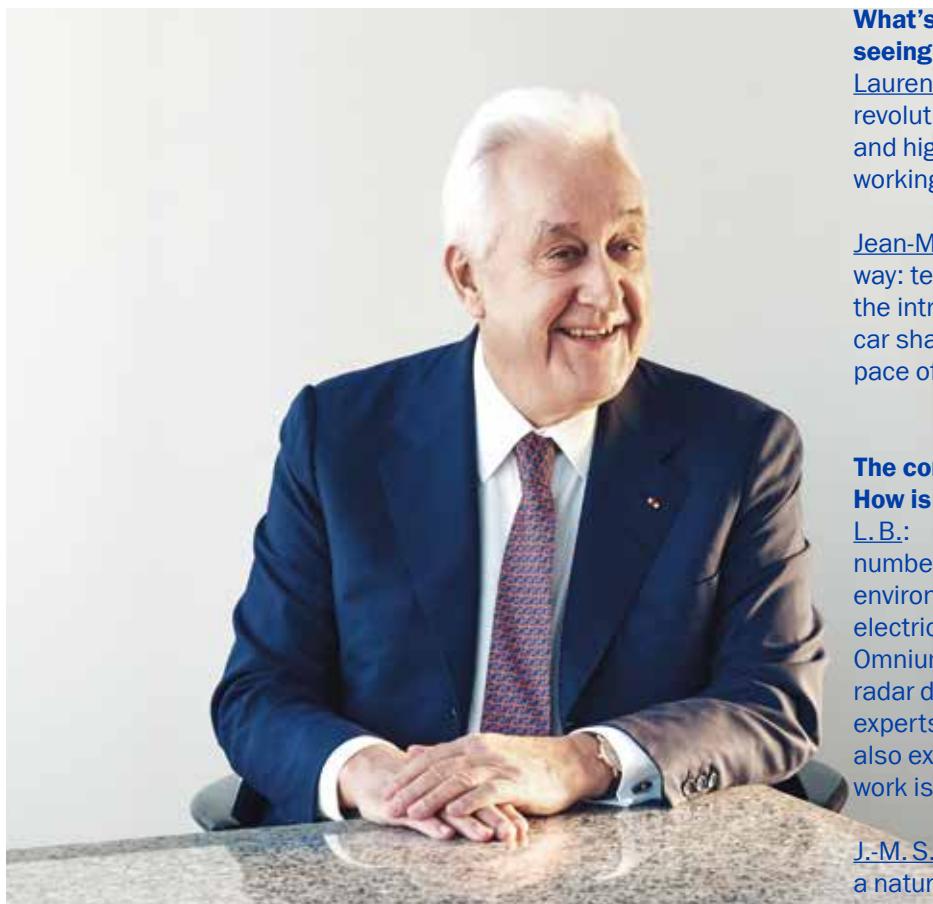
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A TALK
WITH

Laurent Burelle, Chairman and Chief Executive Officer



“We have what it takes to succeed in the unprecedented revolution shaping up in the automotive sector.”

What's the greatest challenge of the changes we're seeing in the automotive industry?

Laurent Burelle: Supporting the urban mobility revolution. The automobile needs to play a responsible and highly innovative part in tomorrow's city. We're working on this energetically with and for automakers.

Jean-Michel Szczerba: There's a double revolution under way: technological, with major changes in propulsion and the introduction of autonomous cars; and social, with car sharing. Plastic Omnium's goal is to keep up a steady pace of innovation and move forward more rapidly.

The connected electric car is making headway.

How is Plastic Omnium positioned?

L.B.: Our products already incorporate an impressive number of patented innovations designed to meet environmental goals and we're backing hydrogen for the electric car of the future. In connectivity, one of Plastic Omnium's key capabilities is integrating sensors and radar devices in bumpers. Our engineers were already experts in aerodynamics and materials, and they're now also experts in smart on-board systems. The scope of our work is expanding and our added value is increasing.

J.-M.S.: The move from safety to smart systems is a natural step for Plastic Omnium. New energy, on the other hand, is a new field for us and we're taking a very proactive approach. We're setting up a New Energies division, which will have 130 engineers to start with, and we're building a dedicated research center in Brussels. We're also working within the Hydrogen Council and strategically acquiring companies that manufacture new energy solutions, to be ready in time.

All this calls for substantial capital investment.

How do you combine growth and independence?

J.-M. S.: Our 2017-2021 investment program does indeed come in at around €2.5 billion. We're just as determined to stay independent as we are to grow. To achieve our growth target, we focus on quality, industrial excellence, management discipline and improving profitability year by year.

L.B.: The projected divestment of the Environment Division is part of this strategy. The automotive market has driven the Group's growth over the past ten years, so the Environment Division's share of our revenue declined. The projected divestment is designed to secure the division's long-term future and reinforce our chances of success in the unprecedented revolution shaping up in the automotive sector. We have what it takes to do this.

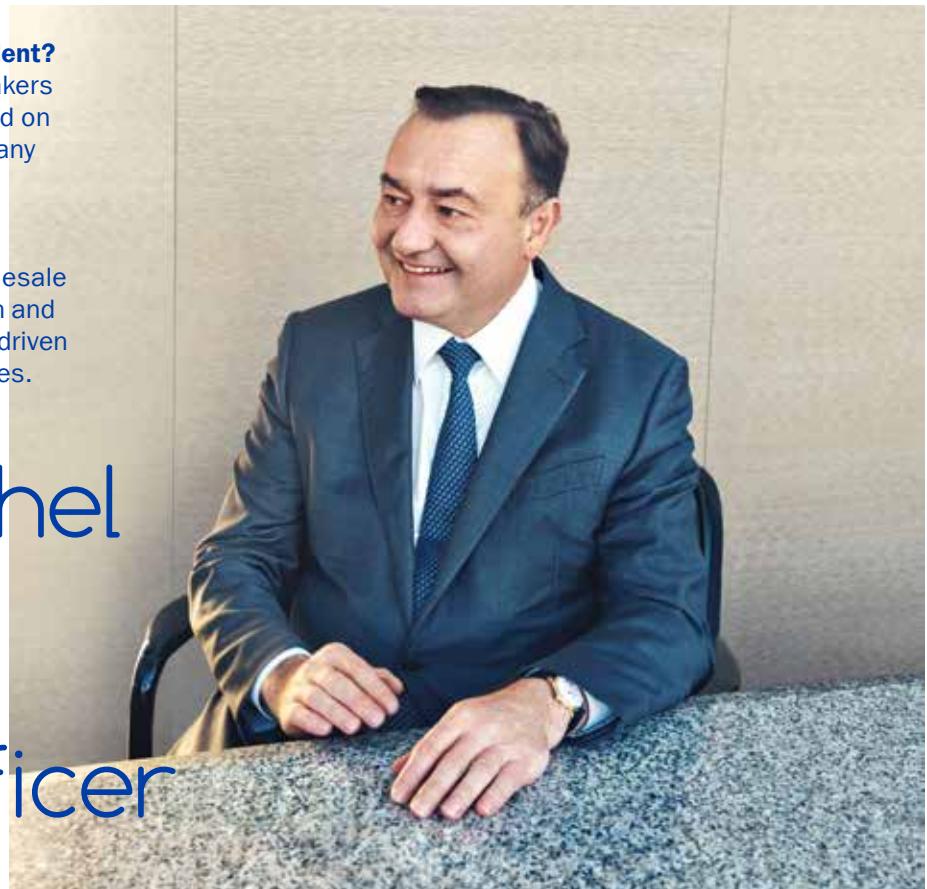
How do you manage to attract top engineering talent?

J.-M. S.: Working with the world's largest automakers to reinvent the automobile is very exciting! We build on our identity as a growth-oriented, innovative company that has a strong set of values.

L.B.: Reinventing the automobile is as good as reinventing the world. We're living at a time of wholesale transformation that puts a premium on imagination and enterprise. And those are the two things that have driven the Plastic Omnium story for the past seven decades.

"We build on our identity as a growth-oriented, innovative company that has a strong set of values."

and Jean-Michel Szczerba,
Co-Chief Executive Officer



01

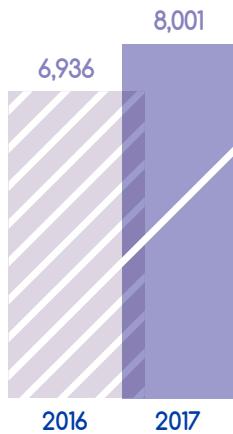
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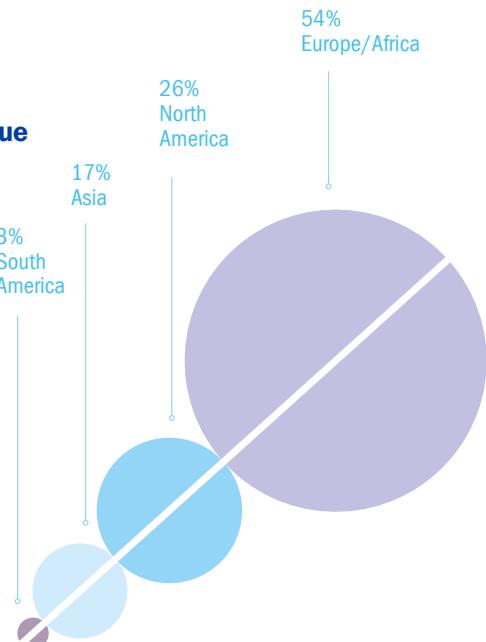
2017 KEY FIGURES

1.1 2017 Key figures

Change in economic revenue In millions of euros



Breakdown of economic revenue by region



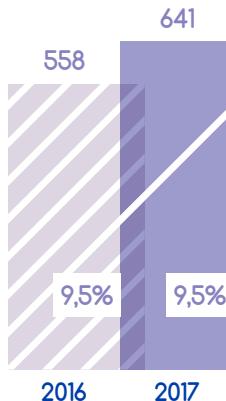
Change in consolidated revenue

In millions of euros



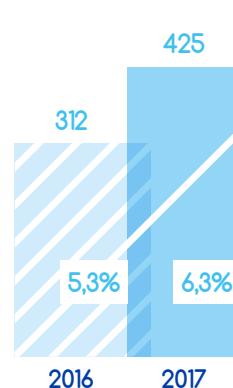
Operating margin

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 consolidated revenue, plus revenue from the Group's joint ventures, in proportion to their percentage of ownership: BPO, HBPO and YFPO for Plastic Omnium Automotive. The figure reflects the operational and managerial realities of the Group.

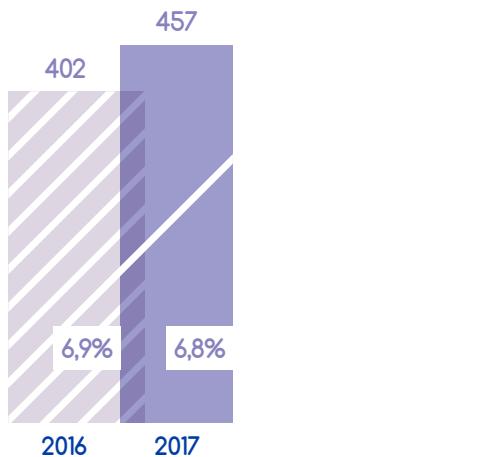
Consolidated revenue, in accordance with IFRS 10, 11 and 12, does not include the Company's share of the revenue of joint ventures, which are accounted for by the equity method.

Operating margin includes 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.

2017 KEY FIGURES

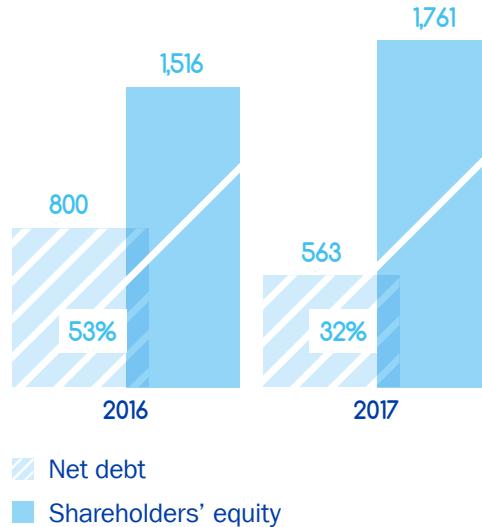
Capital expenditures and projects

In millions of euros and as % of consolidated revenue



Net debt / shareholders' equity

In millions of euros and Net debt/shareholders' Equity as %



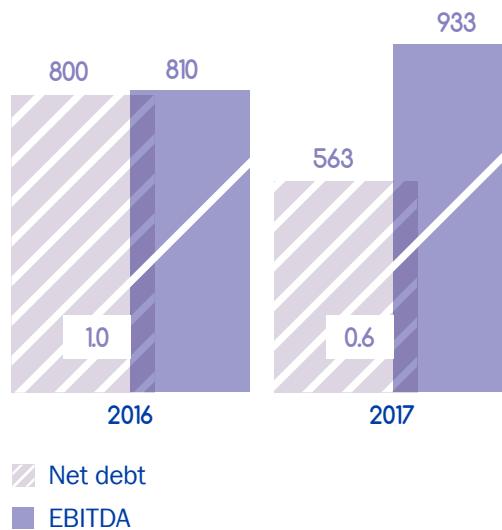
Free cash flow

In millions of euros and as % of consolidated revenue



NET DEBT / EBITDA

In millions of euros and Net debt / EBITDA ratio



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 +/- variation of the 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 History and development of the Group

The Company's origins stretch back to 1946, when Plasticommun 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

Plasticommun 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. Plasticommun'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. This 55 km network led to the creation of 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 Plasticommun, 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 Omnim written as two words.

1968

Plastic Omnim acquired Gachot's fluorinated resin division 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 an 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 Omnim.

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 Omnim's acquisition of the Landry group and Techniplaste Industrie led to the creation of the "Fuel Systems" Activity.

1987

Jean Burelle became Chairman and Chief Executive Officer of Compagnie Plastic Omnim; Pierre Burelle became Honorary Chairman and remained a Director.

HISTORY AND DEVELOPMENT OF THE GROUP

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

- Zarn, in the United States, which operated 4 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.

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.
- 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 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 2 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 5 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

The Group continued its development in growth markets, opening 4 plants during the year (2 in Mexico, 1 in the United Kingdom, and 1 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 the receipt of a firm offer from Flex|N|Gate, an American group, for the 7 plants in question (4 in France, 1 in Spain and 2 in Germany) on the basis of an enterprise value of €200 million.

2017

On June 6, 2017, Plastic Omnium celebrated its 70th anniversary at the Grand Palais, in Paris, with more than 1,500 guests.

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 2 new plants during the year (1 in Mexico and 1 in China) and acquiring one existing plant in China.

In September, Plastic Omnium announced that it planned to dispose of its Environment Division in order to concentrate exclusively on the worldwide development of its automotive business.

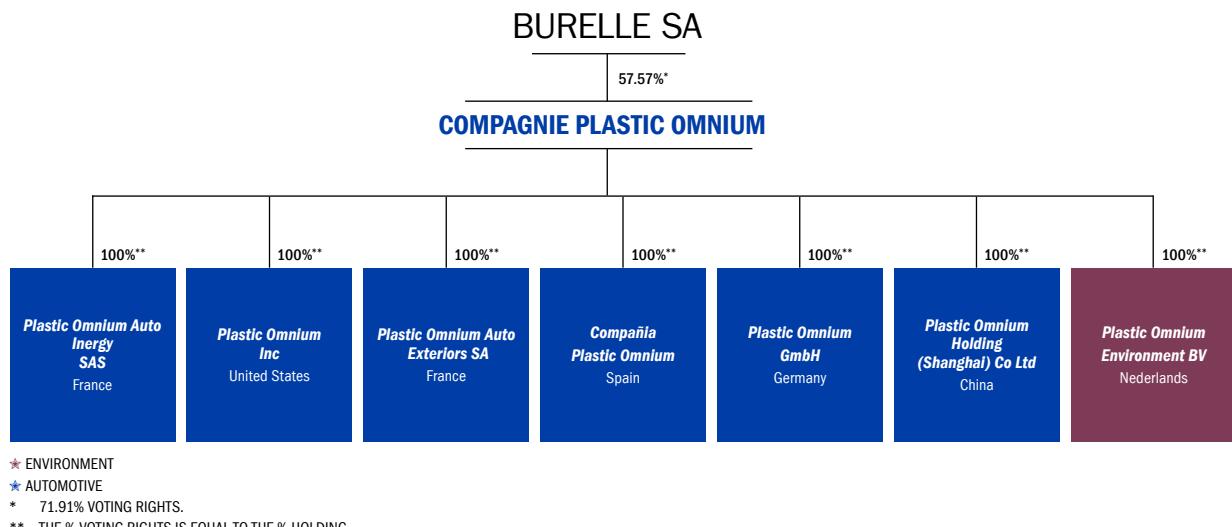
At end 2017

The Group and its joint ventures employed nearly 33,000 people in 127 plants and 24 R&D centers in 31 countries worldwide.

ORGANIZATION CHART

1.3 Organization chart

SIMPLIFIED ORGANIZATION CHART (DIRECTLY HELD CAPITAL)



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. On September 20, 2017, Plastic Omnium announced that it planned to dispose of its Environment Division in order to concentrate exclusively on the worldwide development of its automotive business.

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 a joint-venture owned in equal proportions by Compagnie Plastic Omnium, Hella and Mahle-Behr. The world leader in front-end modules, HBPO generated economic revenues of

€740 million in 2017 (Plastic Omnium's share), through its network of 26 assembly plants in 11 countries.

YFPO is a joint venture 49.95% owned by Compagnie Plastic Omnium and is China's leading manufacturer of auto exterior components. Its 2017, economic revenue stood at €458 million (Plastic Omnium's share). YFPO employs some 4,200 people in its development center and 19 plants in China.

BPO: joint-venture 50%-owned by Compagnie Plastic Omnium, the company is the economic leading Turkish manufacturer of exterior body parts. Its 2017 economic revenue stood at €36 million (Plastic Omnium's share).

1.4 Significant events

RECORD FINANCIAL RESULTS

2017 was a record year. All of the Group's financial aggregates posted strong growth to reach historic highs.

CONSOLIDATION OF THE AUTOMOTIVE EXTERIORS SYSTEMS BUSINESS ACQUIRED IN JULY 2016

On July 29, 2016 Plastic Omnium acquired the Exterior Systems business of the Faurecia Group. Consolidation of this business, which represents a billion euros in revenue and 5,000 people, has been completed. The organizations have been completely merged. 3 plants were closed: 2 front-end module assembly plants in the United States in late 2016 and 1 exterior parts production plant in Brazil in February 2017. Industrial rationalization also lay behind the closing of 2 paint lines in 2 plants in Germany in 2017. Nearly 800 people in total left the Group's employment.

TWO NEW PLANTS COMMISSIONED AND ONE ACQUIRED

Plastic Omnium is committed to supporting carmakers worldwide and to expanding its industrial capacity in high-growth regions for auto production. It continues to strengthen its footprint in these regions.

In 2017, Plastic Omnium launched an exterior body parts plant in San Luis Potosi, Mexico, which supplies General Motors and Daimler, as well as a fuel-systems plant in Chongqing, China, which supplies Hyundai.

YFPO, a joint venture 49.95% owned by Plastic Omnium, acquired an exterior body parts plant with a local partner, and this company provides exterior parts to the FAW group.

In total, the Group has an industrial footprint of 127 factories worldwide.

In addition, 6 plants are currently under construction: 2 in India, 1 in Slovakia, 1 in Morocco, and 2 in the United States, including the plant in Greer, South Carolina. This plant is the pilot facility of the industry 4.0, which will position Plastic Omnium on the cutting edge of new production methods combining robotics, algorithms and artificial intelligence. These processes will then be rolled out in all our plants, significantly improving the Group's manufacturing efficiency.

PLANNED DISPOSAL OF THE ENVIRONMENT DIVISION

On September 20, 2017, Plastic Omnium announced that it planned to dispose of its Environment Division in order to concentrate exclusively on the worldwide development of its automotive business.

Historic business of the Plastic Omnium Group, the Environment Division had revenues in 2017 of €335 million or 4% of Plastic Omnium's economic revenues. Profitable and cash-generating, it is the European leader in waste containerization, employing 1,800 people in 12 countries.

This project reflects Plastic Omnium's decision to concentrate all of its human and financial resources on its automotive business. A world leader in exterior components and modules, fuel systems, and pollution-reduction systems, the Group is pursuing its strategy of profitable growth in sustainable mobility.

ASSET DISPOSALS

On March 31, 2017 in accordance with the decision of the European Commission, the Group finalized the sale to the American group FlexN|Gate of the French exterior systems operations and the German front-end module operations acquired in 2016, at an enterprise value of €200 million.

Plastic Omnium also sold, on June 30, 2017, its truck composites business, which had annual revenues of about €200 million in France, Mexico and China and employed 1,500 people.

DEVELOPMENT OF OPEN INNOVATION

Plastic Omnium has emphasized, and diversified, its innovation strategy by bringing out new, disruptive solutions and new business models in order to conform its development to the mobility of the future.

Thus the Group committed €20 million as a co-sponsor in a new fund, Aster VI, of the venture capital firm Aster Capital. The purpose of this fund is to invest in Europe, North America, Israel and Asia in young innovative companies in the areas of new energy, connected mobility, innovative materials and digital transformation.

This investment follows on from the €20 million committed in 2016 to an equity position in EPO-CellTech, a company created with the Israeli group Elbit Systems, in the area of fuel cells for tourism vehicles. This could amount to €100 million 3 years from now.

BUSINESS AND STRATEGY

Plastic Omnium is also going to start construction on a new innovation and advanced research center in Brussels, Δ-Deltatech, making an investment of €50 million in new forms of energy, such as hydrogen. Over 200 engineers will start work in this center in early 2019.

Plastic Omnium also announced the launch of a program to expand and digitalize its worldwide R&D center for exterior components and modules, Σ-Sigmatech, outside Lyon.

Finally, the Group plans to launch its new Asian fuel system testing and development center in Wuhan, China, – ω-Omegatech –, which will open in 2019.

The Group is also pursuing this innovation policy through partnerships with leading universities, such as MIT in the United States, Technion in Israel, and DTU in Denmark.

STRATEGIC ACQUISITIONS IN HYDROGEN PROPULSION

Plastic Omnium announced in December 2017 that it had completed 2 strategic acquisitions in the area of hydrogen fuel cell propulsion:

- Swiss Hydrogen, a Swiss company based in Fribourg, specializes in the design and production of energy-management and energy-control solutions in fuel cell systems dedicated to mobility ("balance of plant");
- Optimum CPV, a Belgian company based in Zonhoven, specializes in the design and production composite filament for high pressure hydrogen storage.

All of these businesses, which are intended to be completed in the coming months and which already include more than 130 engineers, are combined into a new entity and department called "Plastic Omnium New Energies" within the Storage and Propulsion – Plastic Omnium Auto Inergy Division.

FINANCING ACTIVITIES

In June 2017, Compagnie Plastic Omnium placed a €500 million bond issue with European investors. This bond issue, without covenants or rating, matures in 7 years and has a 1.25% coupon.

The proceeds from this issue will be used for the Group's general financing needs. It strengthens the Group's financial structure by extending the average maturity of its debt and diversifying its sources.

SHARE BUYBACK & CAPITAL – REDUCTION OF COMPAGNIE PLASTIC OMNIUM

In their meeting of July 20, 2017, the Board of Directors voted to cancel 1.5 million treasury shares as of August 14, 2017. After this cancellation, the percentage of control of Burelle SA comes from 57.01% to 57.57%.

In 2017, Compagnie Plastic Omnium bought back a total of 1,580,000 of its own shares (1.05% of its share capital) for a total of €53,6 million (or an average share price of €33,90). At December 31, 2017, it held 2.19% of its own shares.

1.5 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 4 continents (see page 143, comments on the consolidated financial statements, for the breakdown of revenue by region).

The Automotive Division, which accounted for 96% of 2017 economic revenue, or €7,665.1 million, and 95% of 2017 consolidated revenue, or €6,433.0 million (see page 140 comments on the consolidated financial statements), holds leadership positions in 2 business segments. The key market is global automotive manufacturing, which amounted to 92.1 million vehicles in 2017, up by 2.2% from 90.2 million vehicles in 2016 (source: IHS January 2018).

The Auto Exterior Division is ranked number one worldwide for exterior components and modules⁽¹⁾, manufactured mainly from injected polypropylene and composite materials. The Division designs and produces a wide array of parts and modules including: bumpers and energy absorption systems, front-end modules, and products made from composite materials, especially tailgates. As a reminder, in 2016 the Auto Exterior Division was strengthened 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. The Auto Exterior Division delivered over 29 million painted bumpers in 2017, representing 16% 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 23% share of the market in 2017. Its 2 main competitors are Magna, a Canadian group with 7% market share, and Motherson-SMP, an Indian group with 4%;

(1) In-house analysis using IHS data.

35% 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⁽¹⁾. 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 2017, the Auto Inergy Division produced 22 million systems for a 22% share of the global market. Its three main competitors are Kautex, a subsidiary of US-based Textron, YAPP, a Chinese group, and TI Automotive, an English group, which have market shares of 15%, 11% and 10% respectively. Metal fuel tanks still account for 20% of the global market, offering substantial growth potential for the expected 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 22% in 2017, 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 market 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.

The two automotive businesses are present across four continents through a network of 121 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 2017, Plastic Omnium's Automotive business and its joint ventures employed nearly 31,000 people and supplied nearly all of the world's carmakers. German carmakers accounted for 35% of 2017 Group economic revenue ahead of American (25%), Asian (22%) and French (16%) carmakers.

The Environment business, the disposal of which was announced on September 20, 2017, accounted for 4% of Group economic revenue, or €335.5 million in 2017 (see page 140 comments on the consolidated financial statements), and had over 1,800 employees.

With 6 plants in Europe (France, Germany and Spain) and 1 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 help local authorities manage waste more cost-effectively and efficiently;
- urban equipment, via a wide range of urban equipment for communal areas such as waste disposal locations, school-yards, 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 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 January 2018). Global vehicle production is set to rise from 92.1 million units in 2017 to 101.2 million in 2021: of these 9.1 million additional units produced, China should account for 4.0 million units, or more than 40% (and that would represent 30% of global car production by 2021). Asia, excluding China, should account for 1.6 million additional units, Europe should account for 1.6 million units, and North America will account for 0.7 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 2018, the Group operated 121 automotive plants with the following breakdown : 18 were in North America , 41 were in Asia, 54 were in Europe and 8 were 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.

(1) In-house analysis using IHS data.

RESEARCH AND DEVELOPMENT (R&D)

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.

1.6 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.

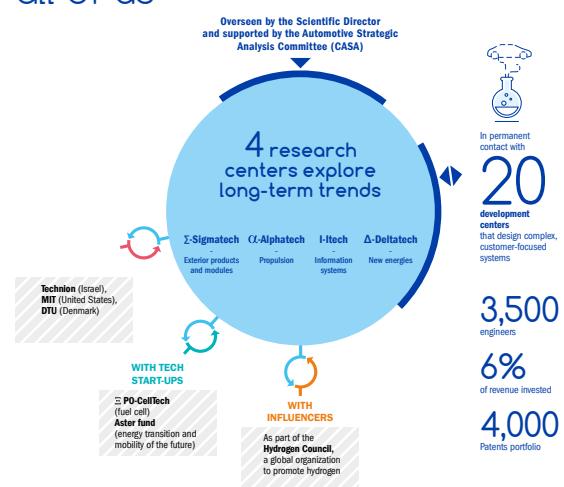
The manufacturing requirements of the vehicles of tomorrow will be driven by factors such as tighter global regulations, new environmental standards, the emergence of "smart cities" and new ways of using data in connected cars (concerns relating to safety, the environment and technology) that will encourage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

In 2017, Compagnie Plastic Omnium allocated €400 million, i.e., 6% of its consolidated revenue, to R&D.

The Group boasts 24 centers across the world (23 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 more than 3,700 patents, including 141 filed in 2017.

Today innovation is supported by the following structure:

Innovation
is up to
all of us



AUTOMOTIVE DIVISION

Stricter environmental regulations

Building lighter vehicles

To reduce vehicle mass, and thus reduce their CO₂ emissions levels, Plastic Omnium is developing and producing body parts and modules out of plastic. Its plastic parts and modules are 30% lighter on average than metal and boast excellent mechanical performance as well as high crashworthiness. Making lighter parts is especially important for hybrid and electric vehicles in that they offset battery weight while optimizing vehicle range. At the same time, Plastic Omnium's engineers have offered carmakers passive and active aerodynamic optimization solutions, enabling an additional reduction in carbon emissions. The technologies developed by Plastic Omnium can generate savings of 10g/km of CO₂ or a 10 km extension in range for electric vehicles.

The energy mix revolution

Plastic Omnium is the leader in both traditional (gasoline or diesel) and hybrid energy storage systems. While the traditional systems still accounted for most vehicles in 2017, by 2030 hybrid engines will represent close to 45% of cars on the road (as compared with 6% in 2017). In addition to these two major ongoing innovation areas, Plastic Omnium is developing alternative energy solutions such as hydrogen storage and fuel cells.

An increasingly connected world

The market for connected cars continues to grow. According to a study by PWC⁽¹⁾, this market will quadruple between 2015 and 2020, to €115 billion in revenue, primarily benefiting 2 areas: safety (€47 billion) and driver assistance (€35 billion). Plastic Omnium's growth strategy is in line with these changes. Currently, Plastic Omnium bumpers include up to 50 high-tech components to augment human senses and make driving simpler and safer. With its expertise in integration of functions and unique performance in the electromagnetic transparency of plastics, Plastic Omnium is contributing to the development of the tomorrow's smart cars. Its exterior parts will include numerous radar and other sensors, with ever-improving design and protection.

Plastic Omnium's vision for the 2030 concept car

Plastic Omnium is already imagining the car of the day after tomorrow. Lighter and smarter, it is being developed by working in synergy between the Group's various areas of expertise. Plastic Omnium also confirms the commitments it has made to safety and sustainable mobility. Living Body – designed using a biometric approach that imitates nature – gives us a view of a safer, cleaner, smarter, and higher performing vehicle.

(1) Source: Strategy Study&PWC's "Connected Body Report 2016".

Living Body communicates with its environment thanks to illuminated signs integrated into its structure (signals that respond autonomously to the environment: blinking at pedestrians or even messages to vehicles through the tailgate), while at the same time protecting the environment:

- A more aerodynamic vehicle: the Company's expertise in aerodynamics benefits fuel economy. The materials adapt, depending on the vehicle's speed, to decrease its wind surface area through movable front wings and rear spoilers. This innovation will also lead to an improvement in battery cooling and drag coefficient, decreasing fuel needs and increasing vehicle autonomy;
- Non-polluting waste emissions: the vehicle functions using the combined action of fuel cells and hydrogen. Thus, air penetrates into the car, reacts with the hydrogen in the fuel cell to create electricity, and feeds the vehicle's electric motor, without any polluting emissions: Living Body's only waste product is water. The vehicle is 100% clean;
- A less energy-consuming vehicle: the components and structure of the frame and the floor are lighter, to enable the fuel cell and hydrogen tanks to be optimally integrated. The vehicle is lighter, thus consuming less energy and increasing its range.

Plastic Omnium also innovates to create more enjoyment for drivers by constantly improving vehicle efficiency:

- dynamic driving without harming range;
- higher performance driving;
- complete freedom without compromise. The vehicle's range will be 800 km due to hydrogen propulsion, which requires only 3 minutes of charging.

To respond to carmakers' needs, Plastic Omnium has developed innovative products:

- an ever-smarter bumper with:
 - radar integration: the smart bumper developed by Plastic Omnium optimally integrates radar. Radar is an integral part of the bumper and performs at their best thanks to plastic materials that are permeable to magnetic waves;
 - shock detection and absorption system: thanks to a patented engineering approach, Plastic Omnium's bumpers offer a shock-absorption module that incorporates multiple functions, from the integration of innovative detection systems to improved impact management. It also includes an active aerodynamic system, which reduces carbon emissions by 2 g/km. This new module alone replaces seven separate pieces: it is lighter, contributing to the reduction in carbon emissions (5 kg lighter, for a reduction of 0.5 g/km in carbon emissions);

- innovative grille: Plastic Omnium developed a manufacturing process that integrates modern radar technologies into an innovative grille with 3 functions: a chrome surface that is compatible with radar (which was previously impossible), a de-icing function that guarantees functioning in all weather, and integrated lighting signature, thanks to flexible optical fibers;

• a lighter, interactive tailgate: made from high-efficiency composite materials, this next-generation tailgate is about 30% lighter than steel. In addition to being lighter, the Plastic Omnium tailgate integrates numerous aerodynamic and interactive functions.

The tailgate can display messages in order to communicate with its environment. Numerous informational messages may be displayed on a transparent area. This area can also display personalized signs if the driver so chooses.

Through the solutions developed by the Company, the tailgate interacts in three ways:

- facial recognition unlocks the vehicle using special software;
- the "touch and open" and "touch and stop" system works through conductive paint;
- detection of obstacles prevents damage when the trunk is opened.

The tailgate has improved aerodynamics thanks to an active spoiler and a lateral deflector enabling better passage of air along the roof line. The drag coefficient is improved by 3 to 4%, for a reduction in carbon emissions of 1 g/km. Furthermore, a mobile diffusor integrated into the rear bumper extends under the floor, improving the drag coefficient by another 3% and reducing carbon emissions by another 1 g/km.

In addition, in a context of increasingly strict environmental standards, the Group is supporting carmakers' emission-reduction strategies:

- solutions for hybrid engines: Plastic Omnium offers solutions specifically adapted to rechargeable hybrid vehicles. INWIN is a fuel system that resists the increase in gasoline vapor pressure when the vehicle is running in electric mode, thanks to its optimized architecture. TANKTRONIC® offers simplified, innovative architecture, with an innovative E-valve that is guided electronically. This system permits optimal function at a low cost;
- clean diesel with SCR (Selective Catalytic Reduction): the implementation of SCR technology into diesel vehicles results in efficient removal of nitrous oxide (NOx), complying with the strictest regulations. This technology consists of spraying AdBlue® into the exhaust pipe. Upon contact with the gases that result from diesel combustion, a chemical reaction breaks down nitrous oxide emissions into nitrogen and water vapor;

RESEARCH AND DEVELOPMENT (R&D)

- the water injection system: developed by Plastic Omnium's teams, this technology can be used in any type of gasoline-powered vehicle. Initially designed to improve engine performance, water injection significantly reduces fuel consumption and, therefore, carbon emissions (by about 15%).

Finally, Plastic Omnium is designing a system for storing hydrogen under pressure. The gas is stored in Type IV bottles (tanks made of composite materials and plastic) designed to resist strong internal force. The bottle is comprised of a 5 mm watertight, thermoplastic liner and a thick carbon fiber structure. It is designed to resist the mechanical stress generated by the tank's internal pressure. Plastic Omnium's R&D department has been conducting research for several years into a technology that can now offer tanks compressed at 700 bars. With 2 tanks holding 60 liters each, the vehicle has a range of 800 km.

One of the innovations Plastic Omnium is working on is to supply a vehicle's electric engine using a fuel cell, which converts the oxygen and hydrogen in the bottles into electrical energy. The advantage of this system is that the only waste products are water and heat. These next-generation fuel cell systems, combined with hydrogen tanks, are much lighter than traditional batteries, despite offering the same range (800km) and rapid recharging (3 minutes). Fuel cells, combined with hydrogen tanks, will enable electrical vehicles to solve their range and charge-time problems as well as the climate conditions that currently limit their development.

In 2016, together with the Israeli company ELBIT Systems, Plastic Omnium formed a fuel cell start-up called EPO-Celltech. A joint research center opened in Césarée, Israel, in mid-2016. Plastic Omnium brings its automotive know-how in electronic systems and fluids management to the enterprise. Plastic Omnium's know-how is being combined with improvements already developed by ELBIT Systems to create a fuel cell containing very few precious metals.

Accelerating its innovation strategy, the Group created Plastic Omnium New Energies, a subsidiary of Plastic Omnium Auto Inergy, dedicated to the development of future energies, in particular in the area of hydrogen fuel cell propulsion.

In December 2017 the Group completed the acquisition of 2 companies with strong technological content in this area for a total enterprise value of approximately €20 million:

- Swiss Hydrogen, a Swiss company based in Fribourg, specializes in the design and production of energy-management and energy-control solutions in fuel cell systems dedicated to mobility ("balance of plant").
- Optimum CPV, a Belgian company based in Zonhoven, specializes in the design and production composite filament for high pressure hydrogen storage.

These different actions, combined with joining the steering committee of the "Hydrogen Council", have positioned Plastic Omnium as a player in electric propulsion.

The entity Plastic Omnium New Energies, whose mission will be strengthened in the coming months, already has more than 130 engineers and represents, in addition to the €50 million of

acquisitions in 2016 and 2017, annual research and operating expenses of approximately €20 million.

Furthermore, Plastic Omnium committed to invest €20 million in 2017 in Aster, a venture capital fund specializing in the energy transition and future mobility solutions.

ENVIRONMENT DIVISION

Research in waste management focuses primarily on materials and the optimization of existing products. The Environment Division is massively increasing the share of recycled polyethylene in its worldwide production of containers: which grew from 20% in 2007 to 70% in 2017. 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 securely to the Plastic Omnium Customer Service Center and local authorities. 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 enables Plastic Omnium Environment to speed up research in connected objects and user-based applications.

1.7 Risk factors and control (AFR)

1.7.1 PRINCIPAL 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 78 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 126 new programs in production in 2017.

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 risks

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 overseen by Compagnie Plastic Omnium's Executive Committee, which examines individual subsidiaries' performance

RISK FACTORS AND CONTROL (AFR)

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, it relies on five management priorities, or road-maps: leadership, motivation, skill, the pursuit of excellence, and working conditions. A specialized Group Health, Safety & Environment (HSE) committee comprised of several Executive Committee members is overseeing its implementation.

In 2017, OHSAS 18001 certification was renewed for Compagnie Plastic Omnium's system for centrally managing the safety of people and property.

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 has improved in recent years. In 2017 the breakdown was as follows (published data):

- German carmakers: 35% of Automotive revenue;
- American carmakers: 25% of Automotive revenue;
- Asian carmakers: 22% of Automotive revenue;
- French carmakers: 16% of Automotive revenue;
- other carmakers: 2% of Automotive revenue.

The breakdown of the customer base is shown in Note 3.1.4.3 to the consolidated financial statements (page 144).

In terms of risk management, the Divisions have set up structured customer-risk monitoring and debt collection processes. The DSO ratio was 59 days in 2017. Receivables over six months past due amounted to €18 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.

At December 31, 2017 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 page 187).

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 2017, Plastic Omnium had no major supplier failures with significant consequences related to a breakdown in 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, 2017 as follows:

- a EuroPP (private placement) of €250 million in 2012 and maturing in December 2018;
- a public bond offering of €500 million issued in 2013 and maturing in May 2020;
- a Schulschein (private placement) of €300 million in 2016, and maturing in June 2023;
- a public debt placement of €500 million issued in 2017 and maturing in June 2024.

In addition, Compagnie Plastic Omnium has confirmed unsecured medium-term bank lines of credit that are not subject to any financial covenants. At December 31, 2017, the average maturity of these lines of credit was 4 years. Moreover, Compagnie Plastic Omnium has entered into commercial receivables assignment agreements with an average term of two years.

At December 31, 2017, available medium-term facilities covered Plastic Omnium's financing needs through 2021.

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 business relies primarily 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, 2017, 93% 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.

Thus at December 31, 2017, 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.

RISK FACTORS AND CONTROL (AFR)

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.

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 negative 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.

1.7.2 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

RISK FACTORS AND CONTROL (AFR)

Company's business. It is composed of the Chairman-CEO, Co-CEO, the Chief Operating Officer, the Deputy CEO and Director of Strategy and Development, Deputy CEO and Director of Finance, General Secretary – Legal Director and Chairman of the Internal Control Committee, 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 rules conducive to 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.

The Accounting and Financial Procedures Handbook: Compagnie Plastic Omnium has an Accounting and Financial Procedures Handbook prepared in accordance with IFRS standards. 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 Chapter 1.7.1, “Principal Risk Factors”. 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. Each new entity is audited within one year following its formation or acquisition. For example, all of the entities acquired in 2016 from Faurecia were audited in 2017. None of the audits performed in 2017 revealed any serious weaknesses in the internal control and risk management system.

The Internal Control Department 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.

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. At December 31, 2017, 90% of the eligible facilities that were at least 50%-owned had earned ISO 14001 certification and 79% 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.

RISK FACTORS AND CONTROL (AFR)

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, Deputy and 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.

This consistency is further ensured by the coordinated management of information systems that contribute to the preparation of the financial information of each Group 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 almost all of their plants, thereby helping to ensure that the information used in the preparation of 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. The reporting provides comparisons between the various items – monthly actual, year-to-date actual compared with 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 for the four years following the year in progress. It also takes into account the 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 needs. Through Plastic Omnium Finance, the Group centralizes its cash management and has set up a daily cash-pooling and netting system for all Group subsidiaries in all countries where local rules allow this practice. 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 2017 that could have compromised the effectiveness of the internal control system described above.

Work planned in 2018

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 relevance 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 38 audits in 2018 (the same number as in 2017).

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.

1.7.3. 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.

02

CORPORATE GOVERNANCE (AFR)

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REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

2.1 Report from the Board of Directors on corporate governance

In accordance with the provisions of articles L. 225-37 et seq. of the *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, and any restrictions that the Board of Directors may have placed on the powers exercised by Senior management. This report restates the provisions applicable to the determination of compensation and benefits of all kinds granted to executive directors.

This report was presented to the Appointments Committee and the Compensation Committee for the sections that fall under their areas of responsibility. Thereafter it was approved by the Board of Directors at its meeting of February 14, 2018.

2.1.1 COMPOSITION AND CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

2.1.1.1 Rules applicable to the governance 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, 2017, the Company is governed by a Board of Directors composed of 15 members: the Chairman and CEO, the Co-Chief Executive Officer and Chief Operating Officer, the Chief Operating Officer, 12 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. Compagnie Plastic Omnium seeks to increase the diversity and international experience of its Board of Directors. 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, and is renewable. 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.

The Board of Directors includes 6 independent Directors (see paragraph "Directors' independence in office – Conflicts of interest"); the percentage of independent Directors is therefore 40%, in compliance with the recommendations of the AFEP-MEDEF Code.

The Board of Directors includes 7 women directors out of 15, which is a representation rate of 46.6%, in compliance with article L. 225-18-1 of the *Code de commerce* which establishes the principle of gender balance within Boards of Directors.

Internal Rules

The Internal Rules of the Board of Directors, which set out the rights and duties of directors, as well as the way in which the Board of Directors operates, was amended by the Board of Directors on December 15, 2017. They are also published on Plastic Omnium's website.

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

Information about the Directors in office

	Age	Primary role	Date of 1st appointment	End of current term
Mr. Laurent Burelle	68	Chairman and CEO of Compagnie Plastic Omnium	1981	2018
Mr. Jean-Michel Szczerba	57	Co-Chief Executive Officer and Chief Operating Officer of Compagnie Plastic Omnium	2010	2018
Mr. Paul Henry Lemarié	71	Chief Operating Officer of Burelle SA	1987	2018
Mrs. Éliane Lemarié	72	Chairman of the Supervisory Committee of Union Industrielle	2009	2018
Mr. Jean Burelle	79	Chairman and Chief Executive Officer of Burelle SA	1970	2018
Mrs. Anne Asensio	55	Vice Chairperson Design of Dassault System	2011	2020
Mrs. Félicie Burelle	38	Deputy Chief Executive Officer – Strategy and Development Director of Compagnie Plastic Omnium	2017	2020
Mrs. Anne-Marie Couderc	68	Company Director	2010	2018
Mrs. Amélie Oudéa-Castera	39	Chairman of the Rénovons le sport français association (Let's renew French sports)	2014	2019
Mrs. Lucie Maurel Aubert	55	Vice Chairperson and Deputy Chief Executive Officer of Compagnie Financière Martin Maurel	2015	2018
Mrs. Cécile Moutet	45	Director of Compagnie Plastic Omnium	2017	
Mr. Jérôme Gallot	58	Managing Director of JGC	2006	2018
Prof. Dr. Bernd Gottschalk	74	Founder and Chairman of AutoValue GmbH	2009	2018
Mr. Vincent Labruyère	67	Chairman of Financière du Centre	2002	2020
Mr. Alain Mérieux	79	Chairman and Chief Executive Officer of Institut Mérieux	1993	2018



Laurent Burelle

French

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. Laurent Burelle was appointed Chairman of AFEP in May 2017. Furthermore, he is director of the Fondation Jacques Chirac.

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

French Companies and associations

Burelle SA ^{(1)/(2)}	Chief Operating Officer and Director
Sofiparc SAS ⁽²⁾	Chairman and member of the Supervisory Committee
Burelle Participations SA ⁽²⁾	Director
Plastic Omnium Auto Exteriors SA ⁽²⁾	Chairman and Chief Executive Officer
Plastic Omnium Auto Inergy SAS ⁽²⁾	Chairman
AFEP (association)	Chairman since May 9, 2017
Fondation Jacques Chirac (association)	Director
European Transalpine liaison committee Lyon-Turin (association)	Director

International companies

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

Terms of office ended in 2017

Lyonnaise de Banque	Director until May 2017
Labruyère-Eberlé SAS	Member of the Supervisory Board until May 2017
Wendel SA ⁽¹⁾	Member of the Supervisory Board until May 2017

(1) Listed company.

(2) Member of the Compagnie Plastic Omnium Group/Burelle.

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE



Jean-Michel Szczerba

French

Professional address:

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

After graduating from ESSEC business school in 1982, Jean-Michel Szczerba began his career with 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*.

French companies

Burelle Participations SA ⁽¹⁾	Director
Plastic Omnium Finance SNC ⁽¹⁾	Managing Director
Plastic Omnium Gestion SNC ⁽¹⁾	Managing Director
Plastic Omnium Environnement Holding SAS ⁽¹⁾	Chairman
Plastic Omnium Auto Exteriors SA	Director
Groupe Progrès SA	Director

International companies

Plastic Omnium GmbH ⁽¹⁾ (Germany)	Managing Director
Hella Behr Plastic Omnium GmbH ⁽¹⁾ (Germany)	Director
Yanfeng Plastic Omnium Automotive Exterior Systems Co. Ltd ⁽¹⁾ (China)	Director
Plastic Omnium Holding (Shanghai) Co. Ltd ⁽¹⁾ (China)	Vice-Chairman
Plastic Omnium Inergy (Shanghai) Consulting Co. Ltd ⁽¹⁾ (China)	Chairman
Plastic Omnium Inc. ⁽¹⁾ (United States of America)	Director
Compañía Plastic Omnium ⁽¹⁾ (Spain)	Director
Plastic Omnium Auto Exteriors Sp.Z.O.O ⁽¹⁾ (Poland)	Managing Director
Plastic OmniumAuto Sp.Z.O.O ⁽¹⁾ (Poland)	Managing Director
Plastic Omnium Automotive Ltd ⁽¹⁾ (Great Britain)	Director
DSK Plastic Omnium BV ⁽¹⁾ (The Netherlands)	Chairman and Director
Plastic Omnium Environment BV ⁽¹⁾ (The Netherlands)	Member of the Supervisory Board
B-Plas Plastic Omnium Otomotiv AS ⁽¹⁾ (Turkey)	Vice-Chairman of the Board of Directors and Director

(1) Member of the Compagnie Plastic Omnium Group/Burelle.



Paul Henry Lemarié

French

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.

French companies

Burelle SA^{(1)/(2)}

Chief Operating Officer and Director

Burelle Participations SA⁽²⁾

Chief Operating Officer and Director

Sofiparc SAS⁽²⁾

Member of the Supervisory Committee

International companies

Compañía Plastic Omnium⁽²⁾ (Spain)

Director

(1) Listed company.

(2) Member of the Compagnie Plastic Omnium Group/Burelle.



Éliane Lemarié

French

Professional address:

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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.

French companies

Burelle SA^{(1)/(2)}

Director

Sofiparc SAS⁽²⁾

Member of the Supervisory Committee

Union Industrielle

Chairman of the Supervisory Committee

International companies

SOGEC 2 SA⁽²⁾ (Belgium)

Chief Executive Officer

(1) Listed company.

(2) Member of the Compagnie Plastic Omnium Group/Burelle.

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE



Jean Burelle

French

Professional address:

Burelle SA - 1, rue François I^e
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 1966 with L'Oréal 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*.

French Companies and associations

Burelle SA ^{(1)/(2)}	Chairman and Chief Executive Officer
Burelle Participations SA ⁽²⁾	Chairman and Chief Executive Officer
Sofiparc SAS ⁽²⁾	Member of the Supervisory Committee
Sycovest 1	Permanent representative of Burelle Participations SA, itself Director
Soparexo SCA	Member of the Supervisory Committee
Banque Hottinguer SA with Management Board and Supervisory Board	Member of the Supervisory Board and Compensation Committee
MEDEF International	Honorary Chairman
Institut des Relations Internationales (IFRI)	Director
Association pour le Rayonnement de l'Opéra National de Paris (AROP)	Director

International companies

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

(1) Listed company.

(2) Member of the Compagnie Plastic Omnium Group/Burelle.



Anne Asensio

French

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

French companies

Dassault Systèmes ⁽¹⁾	Vice-Chairman of Design Experience
Agence de la Promotion de la Création Industrielle	Director – Member of the Board of Directors
Strate College	Director
University of Nîmes	Member of the Strategic Board (2016)
Design Île-de-France (Region)	Board member

International companies

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

(1) Listed company.



Félicie Burelle

French

Professional address:

Plastic Omnium - 1, allée Pierre Burelle
92300 Levallois-Perret

Félicie Burelle graduated from the ESCE Business School and holds a graduate degree in Business-Finance from 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), Félicie Burelle moved on to 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.

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

In 2015, she became Strategy and Development Director of Plastic Omnium and is member of the Executive Committee since then.

Since January 1, 2018, Félicie Burelle is Deputy Chief Executive Officer of Compagnie Plastic Omnium.

French companies

Burelle SA ^{(1)/(2)}	Director
CIC Lyonnaise de Banque	Director
International companies	
Compañía Plastic Omnium ⁽²⁾ (Spain)	Director

(1) Listed company.

(2) Member of the Compagnie Plastic Omnium Group/Burelle.



Anne-Marie Couderc

French

Address:

88, boulevard Arago
75014 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, and subsequently was Chairman of the Board of Directors until June 2017.

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

French companies

Transdev	Director and Chairperson of the Audit Committee
Ramsay – Générale de Santé	Director and Chairman of the Compensation Committee and Member of the Audit Committee
Air France KLM ⁽¹⁾	Director – Chairperson of the Appointments Committee and Member of the Audit Committee
AYMING	Member of the Supervisory Committee
Veolia Environnement Foundation	Director
Elle Foundation	Director

Terms of office ended in 2017

Presstalis SAS	Chairman of the Board of Directors
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(1) Listed company.

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE



Amélie Oudéa-Castera

French

Professional address:
140, rue de Grenelle
75007 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 Business School 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 Audit or 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.

Since January 2018, Amélie Oudéa-Castera has been Chairman of the Rénovons le sport français (Let's renovate French Sport) Association.

French companies and associations – Jurisdiction

Rénovons le sport français association (Let's renew French sports)	Chairman
Court of Auditors	Legal Counselor

Terms of office and positions ended in 2017

AXA Strategic Ventures	Member of the Executive Committee
AXA Group	Director of Marketing and Digital
Kamet	Member of the Supervisory Board
French Tennis Federation	Member of the Executive Committee

(1) Listed company.



Lucie Maurel Aubert

French

Professional address:
Rothschild Martin Maurel – 29, avenue de Messine
75008 Paris

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.

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.

French companies

Rothschild Martin Maurel Associés	Vice-Chairperson
STEF	Director
Grand Palais endowment fund	Director
Rothschild & Co.	Member of the Supervisory Board
French Bankers' Association	Vice-Chairperson
Deposit Guarantee Fund	Member of the Supervisory Board

Terms of office ended in 2017

Compagnie Financière Martin Maurel	Vice-Chairperson and Deputy Chief Executive Officer
Banque Martin Maurel	Chief Executive Officer
Saint Joseph Hospital Foundation	Director
Théâtre du Châtelet	Director



Cécile Moutet

French

Professional address:

Plastic Omnium - 1, allée Pierre Burelle
92300 Levallois-Perret

Cécile Moutet has a Specialized Masters degree in Market Research and Marketing Management from NEOMA Business School (former ESC Rouen) and the Institut européen des affaires.

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.

In 2009 and 2010, Cécile Moutet worked at IRMA Communication (which became Cap & Cime PR in 2010) and coordinated various consulting assignments.



Jérôme Gallot

French

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 NRJ Group.

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

French companies

JGC	Managing Director
SP 3H	Director
Acerde SAS	Member of the Supervisory Board
NRJ Group	Director
Geocorail	Director
Holding Incubative chimie verte	Director
Terms of office ended in 2017	
Nexans SA ⁽¹⁾	Director
OHT	Director

(1) Listed company.

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE



Prof. Dr. Bernd Gottschalk

German

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.

German companies

Plastic Omnium GmbH ⁽²⁾	Member of the Advisory Board
Serafin Group, Munich	Member of the Advisory Board
AutoValue GmbH	Managing Partner
Schaeffler GmbH	Director
Jost ⁽¹⁾ Weske AG	Director, Deputy President
Facton GmbH	Chairman of the Board of Directors
Woco Group	Chairman of the Board
Schlemmer Group	Chairman of the Board

Terms of office ended in 2017

Hay Group	Chairman of the Board of Directors
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(1) Listed company.

(2) Member of the Compagnie Plastic Omnium Group.



Vincent Labruyère

French

Professional address:
Groupe Labruyère-Eberlé
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 Mathon Développement and Imprimerie Perroux.

French companies

Société Financière du Centre SAS	Chairman
Labruyère-Eberlé SAS	Chairman
Société Commerciale de Bioux SAS	Member of the Management Board
Perroux et fils	Director
SNPI SCA	Member of the Supervisory Board as permanent representative
Pige SA	Permanent representative of Labruyère-Eberlé SAS, Director
SC Domaine Jacques Prieur	Managing Director

Terms of office ended in 2017

Martin Maurel	Director
Slota SA	Director



Dr. Alain Mérieux

French

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 includes: 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.

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.

Dr. Alain Mérieux is a *Grand Officier de la Légion d'honneur*.

French companies and foundations

Institut Mérieux	Chairman and CEO
Fondation Mérieux	Chairman and Director
Fondation Christophe et Rodolphe Mérieux – Institut de France	Honorary Chairman and Director
Fondation Pierre Fabre	Director
CIC Lyonnaise de Banque	Director
Transgène SA	Director
HCL Foundation	Director

International companies

BioMérieux Italia SpA (<i>Italy</i>)	Director
Terms of office ended in 2017	
BioMérieux SA ⁽¹⁾	Director – until May, 2017
Institut Mérieux	Chairman and CEO until September 2017
Mérieux NutriSciences (<i>United States of America</i>)	Director – until March, 2017

(1) Listed company.

Composition of the Board of Directors at December 31, 2017

Age	Date of 1 st appointment	Independence	Board of Directors' Committees		
			Audit	Appointments	Compensation
Mr. Laurent Burelle	68	1981			
Mr. Jean-Michel Szczerba	57	2012			
Mr. Paul Henry Lemarié	70	1987			
Mrs. Éliane Lemarié	72	2009		●	
Mr. Jean Burelle	78	1970			
Mrs. Anne Asensio	55	2011	■	● (Chairman)	
Mrs. Anne-Marie Couderc	67	2010	■	● (Chairman)	● (Chairman)
Mrs. Amélie Oudéa-Castera	39	2013	■		●
Mrs. Lucie Maurel Aubert	55	2015	■	●	
Mr. Jérôme Gallot	58	2006	■	●	●
Prof. Dr. Bernd Gottschalk	74	2009	■		●
Mr. Vincent Labruyère	67	2002		●	
Mr. Alain Mérieux	79	1993			
Mrs. Félicie Burelle	38	2017			
Mrs. Cécile Moutet	44	2017			

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

Change in the composition of the Board of Directors proposed at the Shareholders' Meeting of April 26, 2018

Changes planned in 2018 in the composition of the Board of Directors

Departure	Appointment	Renewals
Alain Mérieux	Alexandre Mérieux	Laurent Burelle Jean-Michel Szczerba Paul Henry Lemarié Burelle SA, represented by Éliane Lemarié Jean Burelle Anne-Marie Couderc Lucie Maurel Aubert Jérôme Gallot Prof. Dr. Bernd Gottschalk

Appointment of a new Director: Mr. Alexandre Mérieux

Alexandre Mérieux was born in 1974. He graduated from the University of Lyon with a degree in biology and from HEC Montreal Business School.

From 1999 to 2004, Alexandre Mérieux was responsible for marketing in the United States and Europe at Silliker Group Corporation, then Director of Marketing and Business Unit Head.

Chairman and Chief Executive Officer of bioMérieux since December 2017, Alexandre Mérieux is also Vice-Chairman of the Institut Mérieux and Chairman of Mérieux Développement. He also chairs the Board of Directors at Mérieux NutriSciences.

He has held various operational positions within bioMérieux. Alexandre Mérieux has been Chief Operating Officer since 2014 after having headed the Industrial Microbiology unit between 2005 and 2011, and the Microbiology unit between 2011 and 2014.

Features of the Board of Directors subject to approval by the Shareholders' Meeting of April 26, 2018 of the renewal of the above-mentioned terms of office and approval of the proposed appointment

	Reminder of the AFEP-MEDEF recommendations and the law	Composition after the 2015 Shareholders' Meeting	Composition after the 2016 Shareholders' Meeting	Composition after the 2017 Shareholders' Meeting	Composition after the 2018 Shareholders' Meeting
Percentage independence	33,33%	38.46%	46.15%	40%	46.6%
Feminization rate	40%	30.8%	38.5%	46.6%	46.6%
Average age of Directors	NA	63.3 years	62.8 years	60.6 years	59.3 years
Average term of office	NA	15.5 years	14.5 years	13.5 years	12.9 years

Holdings of Plastic Omnium shares by Directors

Although French law does not require Directors to hold a minimum number of shares, the bylaws of Compagnie Plastic Omnium, in compliance with the AFEP-MEDEF code, require each Director to hold a minimum of 900 shares.

	Number of shares	Number of stock-options
Mr. Laurent Burelle	847,000	0
Mr. Jean-Michel Szczerba	360,000	40,000
Mr. Paul Henry Lemarié	289,900	0
Mrs. Éliane Lemarié	395,996	0
Mr. Jean Burelle	416,378	0
Mrs. Anne Asensio	900	0
Mrs. Anne-Marie Couderc	900	0
Mrs. Amélie Oudéa-Castera	900	0
Mrs. Lucie Maurel Aubert	910	0
Mr. Jérôme Gallot	5,500	0
Prof. Dr. Bernd Gottschalk	900	0
Mr. Vincent Labruyère	10,332	0
Mr. Alain Mérieux	6,318	0
Mrs. Félicie Burelle	900	20,000
Mrs. Cécile Moutet	8,160	0

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.

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 favorable 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.

Powers of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer has the broadest powers to act under any circumstances in the name of the Company, within the limits of the corporate purpose and subject to the powers that the law expressly grants to shareholders' meetings and to the Board of Directors. The Internal Rules of the Board of Directors contain limits on his powers to take certain decisions which, on account of their purpose or their amount, are subject to the prior approval of the Board of Directors.

Thus, the Board of Directors must approve material transactions likely to affect the Group's strategy or significantly change its financial structure or scope of activities.

Directors' independence – Conflicts of interest

Independence

Article 4.7 of the Internal Rules provides that every year the Board of Directors shall conduct an assessment of the independence of each Director with respect to the criteria listed in the AFEP-MEDEF Code. The process for assessing the independence of Directors was reviewed by the Appointments Committee at its meeting of December 7, 2017, then by the Board of Directors on December 15, 2017.

The Appointments Committee's meeting of December 7, 2017 and the Board of Directors' meeting of December 15, 2017 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.

Besides the three executive directors, the following directors cannot be considered as independent: Éliane Lemarié, Permanent representative of Burelle SA which is itself a director, Jean Burelle, Félicie Burelle and Cécile Moutet, directors having family ties with one of the executive directors, Vincent Labruyère and Alain Merieux, directors of Compagnie Plastic Omnium for more than twelve years.

At December 31, 2017, six directors are considered as independent; this represents a percentage of independent directors of 40%, in compliance with the provisions of the AFEP-MEDEF Code recommending a minimum threshold of one-third 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 interest 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, Éliane Lemarié, Félicie Burelle et Cécile Moutet 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.

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

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 Rules of the Board of Directors state the Board members' obligation to respect the terms of the charter.

During the meeting of the Board of Directors of December 15, 2017, each director received the schedule of closed periods for 2018 outside of which they can trade in Plastic Omnium's shares.

Furthermore, 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. The Company periodically reminds them of this obligation (see the summary of transactions carried out by executive directors in 2017 involving Plastic Omnium securities).

Assessment

In compliance with its Internal Rules, the Board of Directors carries out an assessment every three years of its composition, its organization and its operation, as well as for each of the Committees. The findings from this assessment are reviewed by the Appointments Committee. In addition, once a year, the Board includes an item on the agenda of one of its meetings to discuss the way in which it operates.

In 2017, an assessment of the way in which the Board of Directors operates was conducted through a detailed questionnaire sent to each director. The questions concerned in particular strategy and performance, knowledge of the Group's business lines and the relationships with management, risk management and control, the way in which the Committees operate.

In accordance with the recommendations of the AFEP-MEDEF Code, during the Board meeting of December 15, 2017, 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.

The results of this assessment were presented to the Appointments Committee on December 7, 2017 and to the Board on December 15, 2017 and its main findings are as follows:

- the Board of Directors of Compagnie Plastic Omnium has momentum and operates efficiently;
- the current form of governance is suitable for the Group's needs.

The main areas of satisfaction as regards governance are:

- the moderation and intensity of discussions at the Board level;
- the diversity and complementarity of the Board's composition with strong commitment from directors;
- the organization of a Board meeting held remotely at an industrial site.

2.1.1.2 Preparation and organization of the work of the Board of Directors

The powers 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 works of the Board of Directors are 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.

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.

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.

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.

2.1.1.3 Activity of the Board of Directors

In 2017, the Board of Directors met four times. The average attendance rate at Board meetings was 90%. The attendance rate at meetings of Board of Directors Committees is specified in the following sections.

The work of the Board of Directors focused on strategy

In 2017, 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 the strategy, especially by analyzing the strategic interest of acquisitions or disposals, their impact on the Company's financial structure and its 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 2017, the Board monitored the acquisition of the Faurecia Exterior Systems and its integration into the Plastic Omnium Auto Exterior Division.

The Board also examined the proposed disposal of the Environment Division which would allow the Group to focus on the development of the Automotive businesses.

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. The Board of Directors thus met on October 25, 2017 at the Auto Inergy Division of Lublin in Poland. On this occasion, the directors visited the industrial site and met with various operational heads.

Board of Directors 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 2.1.1.4), the Board also analyzes other aspects of its strategy, the Group's economic and financial management and its environmental, corporate and social commitment. Reports on the work of the Committees are systematically presented by their Chairman at Board meetings.

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

The work of the Board of Directors on corporate governance

Amendment of the Internal Rules

The Board of Directors changed its Internal Rules to ensure their compliance with legal and regulatory changes and update them to reflect the latest changes to the AFEP-MEDEF Corporate Governance Code. The Internal Rules are available on the Group's website.

Regarding the Shareholders' Meeting of April 27, 2017

The Board of Directors reviewed the composition of the Board and in particular (i) the proposed appointment of Mrs. Félicie Burelle and Mrs. Cécile Moutet as Directors (ii) the renewal of the terms of office as Director of Mrs. Anne Asensio and Mr. Vincent Labruyère.

It discussed the work of the Board of Directors' Committees and conducted the annual review of related-party agreements.

Regarding the Shareholders' Meeting of April 26, 2018

The Board of Directors analyzed the composition of the Board, in particular the diversification of its composition. This analysis led to the following proposals: (i) renewal of the directors' terms of office of Messrs. Laurent Burelle, Jean-Michel Szczerba and Paul Henry Lemarié, (ii) renewal of their respective terms of office as Chairman and CEO, co-Chief Executive Officer and Chief Operating Officer and Chief Operating Officer, subject to the condition precedent of renewal of their terms of office as director by the Shareholders' Meeting, (iii) renewal of the directors' terms of office of Burelle SA, represented by Mrs. Éliane Lemarié, of Mrs. Anne-Marie Couderc and Mrs. Lucie Maurel Aubert and Messrs. Jean Burelle, Jérôme Gallot and Prof. Dr Bernd Gottschalk and (iv) Appointment of Mr. Alexandre Mérieux as Director.

It reviewed the reports of the Board of Directors' Committees and conducted the annual review of related-party agreements.

2.1.1.4 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.

Board of Directors 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.

The Board of Directors, on the proposal from the Chairman and CEO, and following the recommendation of the Appointments Committee, appoints members of the Committees as well as their Chairperson, taking into account the skills and experience of the Directors.

To carry out their work, after having informed the Chairman and CEO and subject to reporting to the Board of Directors, the Committees may hear any responsible person within the Group and/or request technical studies on subjects falling within their areas of responsibility, at the expense of the Company. In the event of recourse by the Committees to the services of external consultants, the Committees must ensure the objectivity of the consultant concerned.

Three Committees support the Board of Directors: the Audit Committee, the Appointments Committee and the Compensation Committee. Secretarial services for Committees of the Board are provided by the Corporate Secretary.

In 2017, 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 2017 are given hereafter.

Audit Committee

Composition	<p>Composition as at December 31, 2017:</p> <ul style="list-style-type: none"> • Anne Asensio (Chairman) • Lucie Maurel Aubert • 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 number of independent directors is three out of four 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 and skills due to their professional experience and 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 2017, the Audit Committee met three times, with an attendance rate of 100%.</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 • Review of matters likely to have a significant impact on the Group's financial situation
Principal activities in 2017	<ul style="list-style-type: none"> • Approval of the statutory and consolidated accounts 2016 • Approval of half-yearly statutory and consolidated financial statements at June 30, 2017 • Review of Statutory Auditors' reports • Estimates and forecasts at 2017 year-end • 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 • Analysis of the risk mapping and the related action plans, in particular the risk relating to information systems, digital and industrial safety • 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 • Review of the report of the Chairman of the Board of Directors on corporate governance and on internal control and risk management processes • Review of the financial resolutions proposed at the Shareholders' Meeting of April 27, 2017 • 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

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

Compensation Committee

Composition	Composition as at December 31, 2017: <ul style="list-style-type: none">• Anne-Marie Couderc (Chairman)• Amélie Oudéa-Castera• Bernd Gottschalk Since December 13, 2013, the Committee has been chaired by Anne-Marie Couderc, an independent director and Committee member since December 13, 2013. 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. The directors actively participate in Committee meetings, acting in the interests of the shareholders and exercising their judgment in a completely independent manner. In 2017, the Compensation Committee met twice, with an attendance rate of 100%.
Principal missions	<ul style="list-style-type: none">• Drafting proposals for the compensation of executive directors and conditions for the grant thereof• Proposals relating to 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 2017	<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 2016 and communicating the recommendation to the Board for an annual bonus for 2016• Analyzing the performance of executive directors in 2017 and communicating the recommendation to the Board for an annual bonus for 2017• Analyzing and considering the structure of the executive directors' annual bonus and the objectives for 2018• Preparing resolutions relating to the compensation of executive directors, submitted to the Shareholders' Meeting of April 26, 2018• 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	Composition as at December 31, 2017: <ul style="list-style-type: none">• Anne-Marie Couderc (Chairman)• Éliane Lemarié• Jérôme Gallot Since July 22, 2014, the Committee has been chaired by Anne-Marie Couderc, an independent director and Committee member since the same date. 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. The directors actively participate in Committee meetings, acting in the interests of the shareholders and exercising their judgment in a completely independent manner. In 2017, the Appointments Committee met once, with an attendance rate of 100%.
Principal missions	<ul style="list-style-type: none">• Consideration and recommendations to the Board regarding procedures for the exercise 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 2017	<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 exercise of powers by senior management: uniqueness of the responsibilities of the Chairman and Chief Executive Officer• Discussing the composition of the Board: diversity, complementary profiles, skills, gender balance, plurality of offices, etc.• Presenting the candidacy of Mr. Alexandre Mérieux to the Board and proposal to submit his appointment to the vote of the Shareholders' Meeting of April 26, 2018• Proposal to renew the term of office of 9 Directors: Laurent Burelle, Jean-Michel Szcerba, Paul Henry Lemarié, the company Burelle SA represented by Eliane Lemarié, Jean Burelle, Anne-Marie Couderc and Lucie Maurel Aubert, Jérôme Gallot and Prof. Dr Bernd Gottschalk.• 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• Review of the report of the Chairman of the Board of Directors on corporate governance and on internal control and risk management processes

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 fifteen members of the Board of directors expires in 2021, the term of office of one Board member expires in 2019 and that of four of them expires in 2020. The Company wished to prioritize a frequent appointment principle for directors by stipulating a statutory three-year terms 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). Mr. Laurent Burelle and Mr. Paul Henry Lemarié received compensation of €88,824 in this respect in 2017. 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.
Sub-ceiling on the number of options or free share awards that may be allocated to the executive directors compared to the overall budget (article 24.3.3)	This limitation is irrelevant for Compagnie Plastic Omnium, as only Jean-Michel Szczerba may receive options or free share awards; Messrs. Laurent Burelle and Paul Henry Lemarié have waived theirs since 2016 and 2013, respectively.

2.1.2 COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE DIRECTORS

2.1.2.1 Compensation of 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.

2.1.2.1.1 Distribution rules for 2017

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 2017:

- 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;
- balance allocated proportionately among all Board members in line with actual attendance at meetings.

2.1.2.1.2 Amounts paid for 2017

A total amount of €526,240, within the limits of the budget of €580,000 voted by the Shareholders' Meeting of April 27, 2017, was distributed to directors for 2017, for a total of four board meetings and six committee meetings.

In 2017, the attendance rate at the meetings was 90% for the Board of Directors, 100% for the Audit Committee, the Remunerations Committee and the Appointments Committee.

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

Amount of attendance fees allocated (in euros)

Directors	2017 fiscal year (4 meetings and 6 Committee meetings)	2016 fiscal year (5 meetings and 7 Committee meetings)
Mr. Laurent Burelle	43,520	38,585
Mr. Paul Henry Lemarié	37,120	32,985
Mr. Jean Burelle	37,120	32,985
Mr. Jean-Michel Szczerba	37,120	32,985
Mrs. Éliane Lemarié	38,720	34,285
Mr. Jérôme Gallot	43,520	38,185
Mr. Vincent Labruyère	32,640	36,885
Mr. Alain Mérieux	27,840	16,492
Prof. Dr. Bernd Gottschalk	20,160	35,585
Mrs. Félicie Burelle	18,560	-
Mrs. Anne-Marie Couderc	41,920	41,385
Mrs. Anne Asensio	44,320	28,938
Mrs. Amélie Oudéa-Castera	38,720	36,885
Mrs. Lucie Maurel Aubert	37,120	32,985
Mrs. Cécile Moutet	27,840	-
Total	526,240	439,165

2.1.2.1.3 Distribution rules for 2017

The Board will recommend to the Shareholders' Meeting of April 26, 2018 to increase the maximum budget for attendance fees from €580,000 to €640,000 as of January 1, 2018.

In its meeting dated February 14, 2018, 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.

2.1.2.2 Compensation paid to executive directors

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

In accordance with the provisions of the AFEP-MEDEF Code, compensation paid to executive corporate officers is decided by the Board of Directors based on the proposal of the Compensation Committee.

The compensation policy is reviewed every year by the Compensation Committee. In its recommendations to the Board of Directors, it ensures that the compensation policy complies with the principles of comprehensiveness, balance, consistency and measurement and takes into account the practices of comparable international groups.

The compensation of executive directors is closely related to the performance of the Company to encourage attainment of the short-, medium-and long-term objectives. For this purpose, the Compensation Committee proposes demanding, complementary and stable performance criteria.

The Board of Directors differentiates the elements for determining the compensation 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.

2.1.2.2.2 Components of the compensation of executive directors

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

Fixed salary 2017

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

Accordingly, Mr. Laurent Burelle received compensation from Burelle SA of €88,824 in 2017, up 1% compared to 2016.

Bonus in respect of 2017

Mr. Laurent Burelle's bonus is based on the funds from operations of Burelle SA, Plastic Omnium's parent company, after payment of interests and taxes, plus the share of funds from operations of joint-ventures, after payment of interests and taxes, 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.

Based on Burelle SA's audited and certified operating cash flow of €732,000,000 for fiscal year 2017, the total amount of profit-sharing net of social security costs, distributable to the executive directors of Burelle SA, Mr. Laurent Burelle, Mr. Jean Burelle and Paul Henry Lemarié is €9,098,209. Mr. Laurent Burelle receives 52% of this total amount from Burelle SA, of which 76% is re-invoiced to Compagnie Plastic Omnium and its subsidiaries, i.e., €4,731,069. The payment of this amount from Burelle SA is subject to the vote of the Shareholders' Meeting.

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 2017

The annual fixed compensation of Mr. Jean-Michel Szczerba earned in 2017 increased by 3.64% compared with 2016

This compensation, decided by the Board of Directors upon the recommendation of the Compensation Committee, was based on a review of the position from a sample representative of listed industrial companies comparable to Plastic Omnium.

As a result, the fixed salary received by Mr. Jean-Michel Szczerba for 2017 amounted to €1,027,638.

Bonus 2017

On the recommendation of the Compensation Committee, the Board of Directors set the terms for determining Mr. Jean-Michel Szczerba's bonus for 2017. 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 performance assessment criteria based on both quantitative 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.

Mr. Jean-Michel Szczerba's bonus is made up of the following two components: a quantitative component (60%) and a qualitative component (40%).

The quantitative component is fixed, for 2017, based on the following criteria:

- amount of savings achieved from the former Faurecia plants acquired in Germany, in Spain, in Brazil and in Argentina (20%) ;
- recurring EBIT (GOM) vs budget (20%) ;
- debt vs budget (20%).

The qualitative component is based on the following criteria:

- successful integration of the Exterior Division of Faurecia (20%) ;
- assessment of his role as Co-Chief Executive Officer by the Chairman and Chief Executive Officer (20%).

Based on the recommendations of the Compensation Committee, the Board of Directors at its meeting held on February 14, 2018 reviewed the level achieved of the aforesaid criteria and decided to set the annual bonus in respect of 2017 at €525,000 for Mr. Jean-Michel Szczerba, i.e. 50% of the annual fixed salary amount.

Compensation of Mr. Paul Henry Lemarié, Chief Operating Officer

Fixed salary 2017

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).

Accordingly, Mr. Paul Henry Lemarié received compensation from Burelle SA of €88,824 in 2017, up 1% compared to 2016.

Bonus 2017

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.

Based on Burelle SA's audited and certified operating cash flow of €732,000,000 for fiscal year 2017, the total amount of profit-sharing net of social security costs, distributable to the executive directors of Burelle SA, Mr. Laurent Burelle, Mr. Jean Burelle and Paul Henry Lemarié is €9,098,209. Mr. Paul Henry Lemarié receives 24% from Burelle SA of this total amount, of which 50% is re-invoiced to Compagnie Plastic Omnium and its subsidiaries, i.e., €2,183,570. The payment of this amount is subject to the vote of the Shareholders' Meeting.

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

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

2.1.2.2.3 Pension plan, severance pay, 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 executive corporate officers in particular. The plan guarantees them defined-benefit retirement compensation, 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 of the executive corporate officers	43 years 38 years 32 years	
Mr. Laurent Burelle		
Mr. Paul Henry Lemarié		
Mr. Jean-Michel Szczerba		
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. In respect of 2017, Burelle SA paid no contribution into the supplemental pension plan. In respect of 2016, Burelle SA paid €581,685 for Mr. Laurent Burelle and €372,082 for Mr. Paul Henry Lemarié to a third party organization, in respect of top-up contributions to the supplemental pension plan.

In respect of 2017, Compagnie Plastic Omnium and its subsidiaries paid €878,387 to a third party organization in respect of top-up contributions to the supplemental pension plan of Mr. Jean-Michel Szczerba. In respect of 2016, the amount paid was €291,969. The other pension plans for executive directors 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 CEO</i>	No	See above	No	No
Jean-Michel Szczerba <i>Co-Chief Executive Officer and Chief Operating Officer</i>	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.

Summary table of compensation of each executive director

The amount of the components of compensation paid or allocated by Burelle SA to Mr. Laurent Burelle, Chairman and CEO, and Mr. Paul Henry Lemarié, Chief Operating Officer, is rebilled to Compagnie Plastic Omnium and its affiliates. The amounts shown in the table below comprise the total amounts paid or allocated by Burelle SA.

In euros	2017		2016	
	Amounts due in respect of 2017 and subject to vote	Amounts paid in 2017	Amounts due in respect of 2016	Amounts paid in 2016
Mr. Laurent Burelle <i>Chairman and CEO</i>				
Fixed compensation	88,824	88,824	87,909	87,909
Annual bonus	4,731,069	4,506,476	4,523,438	4,431,061
Exceptional compensation	0	0	0	0
Directors' fees*	236,261	236,261	227,218	227,218
Benefits in kind (company car and driver) (book value)	7,079	7,079	7,079	7,079
Compensation relating to the non-competition clause	0	0	0	0
Total	5,063,233	4,838,640	4,845,644	4,753,267
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>				
Fixed compensation	88,824	88,824	87,909	87,909
Annual bonus	2,183,570	2,074,836	2,173,024	2,215,531
Exceptional compensation	0	0	0	0
Directors' fees*	98,861	98,861	90,618	90,618
Benefits in kind (company car and driver) (book value)	7,308	7,308	6,465	6,465
Compensation relating to the non-competition clause	0	0	0	0
Total	2,378,563	2,269,829	2,358,016	2,400,523

* The directors' fees include those paid by Compagnie Plastic Omnium subsidiaries.

In accordance with Article L. 225-37-3 of the *Code de commerce*, the compensation paid by Burelle SA to Mr. Laurent Burelle and Mr. Paul Henry Lemarié of Compagnie Plastic Omnium in 2017 and rebilled to Compagnie Plastic Omnium and its subsidiaries for management services is presented in the table below:

	Gross compensation paid by Burelle SA in 2017	Amount billed to the Plastic Omnium Group in 2017	Bonus subject to the vote of the Shareholders' Meeting
Mr. Laurent Burelle <i>Chairman and CEO</i>	4,626,041	3,492,428	4,731,069
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>	2,194,401	1,081,830	2,183,570

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The amount of the components of compensation paid or allocated by Compagnie Plastic Omnium and its subsidiaries to Mr. Jean-Michel Szczerba, co-Chief Executive Officer, Chief Operating Officer, is presented in the table below:

In euros	2017		2016	
	Amounts due in respect of 2017 and subject to vote	Amounts paid in 2017	Amounts due in respect of 2016	Amounts paid in 2016
Mr. Jean-Michel Szczerba <i>Co-Chief Executive Officer, Chief Operating Officer</i>				
Fixed compensation	1,027,638	1,027,638	991,471	991,471
Annual bonus	525,000	495,735	495,735	445,691
Exceptional compensation	100,000	100,000	200,000	200,000
Directors' fees*	114,120	114,120	109,985	109,985
Benefits in kind (company car and driver) (book value)	12,149	12,149	11,297	11,297
Compensation relating to the non-competition clause	0	0	0	0
Total	1,778,907	1,749,642	1,808,488	1,758,444

(1) The directors' fees include those paid by Compagnie Plastic Omnium subsidiaries

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

In euros	2017 Fiscal year	2016 fiscal year
Mr. Laurent Burelle <i>Chairman and CEO</i>		
Compensation due in respect of the year (see details in the table above)	5,063,233	4,845,644
Value of stock options awarded during the year	–	–
Value of performance shares awarded during the year	–	–
Valuation of other long-term compensation plans	–	–
Total	5,063,233	4,845,644
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)	1,778,907	1,808,488
Value of stock options awarded during the year	175,600	–
Value of performance shares awarded during the year	–	–
Valuation of other long-term compensation plans	–	–
Total	1,954,507	1,808,488
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>		
Compensation due in respect of the year (see details in the table above)	2,378,563	2,358,016
Value of stock options awarded during the year	–	–
Value of performance shares awarded during the year	–	–
Valuation of other long-term compensation plans	–	–
Total	2,378,563	2,358,016

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 CEO</i>	0	0	0	N/A
Mr. Jean-Michel Szczerba <i>Co-Chief Executive Officer, Chief Operating Officer</i>	40,000	175,600	€32.84	From 03/11/2021 to 03/10/2024
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>	0	0	0	N/A

Performance shares awarded during the year to each executive director by Compagnie Plastic Omnium and by any other Group company

Name and position of the executive director	Performance shares awarded	Plan date	Number of shares awarded	Recovery of the shares ⁽¹⁾	Vesting date	End of vesting period
Mr. Laurent Burelle <i>Chairman and CEO</i>	0	N/A	N/A	N/A	N/A	N/A
Mr. Jean-Michel Szczerba <i>Co-Chief Executive Officer, Chief Operating Officer</i>	0	N/A	N/A	N/A	N/A	N/A
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>	0	N/A	N/A	N/A	N/A	N/A

(1) Using the method applied in the consolidated financial statements.

History of stock options awarded to each executive director that are still exercisable on December 31, 2017

Date of plans	Number of options awarded	Number of options not exercised	1 st Date of possible exercise	Date of expiry	Subscription price
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, 2015 and 2017 is subject to two performance conditions related to the outperformance 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.

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

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

Date of plans	Stock options exercised	Exercise price
Mr. Laurent Burelle <i>Chairman and CEO</i> 08/07/2013	250,000	€16,16
Mr.Jean-Michel Szczerba <i>Co-Chief Executive Officer, Chief Operating Officer</i> 08/07/2013	0	N/A
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i> 08/07/2013	60,000	€16,16

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.

2.1.2.2.4 Components of compensation due or allocated to each executive director in respect of 2018, subject to the approval of shareholders

Upon the recommendation of the Compensation Committee and pursuant to article L. 225-37-2 of the *Code de commerce*, the Board of Directors decided at its meeting of February 14, 2018 on the compensation policy for each executive director. This policy is applicable from January 1, 2018 and is in keeping with the policy applied in 2017 as described § 2.1.2.2 above. It will be subject to the approval of the Ordinary Shareholders' Meeting to be held on April 26, 2018.

The policy is reviewed every year by the Compensation Committee. In its recommendations to the Board of Directors, the Compensation Committee ensures that the proposed compensation policy complies with the practices of comparable international groups.

Precise and demanding quantifiable and qualitative performance criteria are set for the bonus. The compensation of executive directors is made up of a fixed component and an annual bonus.

The fixed component is reviewed every year. It does not vary much unless the Board of Directors, upon the recommendation of the Compensation Committee, decides otherwise in the light of market conditions and the Group's development.

The objective of the bonus is to recognize the contribution of each executive director to the Group's development and the growth in its profits. It is based on precise criteria consistent with the annual assessment by the Compensation Committee of each executive director and with the Group's strategy.

The payment of the bonus and the exceptional compensation for 2018 will be subject to approval by the Ordinary Shareholders' Meeting to be held in 2019.

Executive directors will continue to enjoy the supplementary retirement plan as defined above.

Pursuant to these principles, a proposal will be made at the 2019 Annual Shareholders' Meeting to approve the components of compensation due or allocated in respect of 2018 to:

- 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.

It should be noted that there is no system of paying an arrival/departure bonus to executive directors at Plastic Omnium.

Executive directors are entitled to a company car and Mr. Laurent Burelle, Chairman and CEO, is also entitled to the services of a driver.

2.1.2.3 Summary of transactions in 2017 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	Transaction	Number of transactions	Amount total
Mr. Laurent Burelle <i>Chairman and CEO</i>	Equities	Acquisition	1	€2,908,800
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 2017		
Mr. Jean-Michel Szczerba <i>Chief Operating Officer</i>	N/A	N/A	0	N/A
People associated with 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 2017		
Mr. Paul Henry Lemarié <i>Chief Operating Officer</i>	Equities	Disposal	1	€871,978
		Acquisition	2	€969,600
People associated with 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 2017		

2.1.2.4 Information on stock-options and awards of free shares

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.

307 employees are beneficiaries of at least one stock option plan (including 45,28% 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.

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

Compagnie Plastic Omnium stock option plans

Current Compagnie Plastic Omnium stock option plans

As at December 31, 2017, 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 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 12/31/2017	1,511,000	1,764,488
Total number of stock options that have been cancelled or lapsed	1,864,000	330,000
Options outstanding at the year end	0	574,012
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
• Jean-Michel Szczerba	120,000	150,000
• Paul Henry Lemarié	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 12/31/2017	473,840	-
Total number of stock options that have been cancelled or lapsed	111,000	84,000
Options outstanding at the year end	687,160	1,169,000
Date authorized by Shareholders' Meeting	4/28/2016	
Date of Board meeting		02/22/2017
Total number of recipients		195
Total number of shares offered for purchase		552,500
<i>Of which can be subscribed for or bought by corporate officers:</i>		
• Laurent Burelle		0
• Jean-Michel Szczerba		40,000
• Paul Henry Lemarié		0
Start date for exercise of the options		3/11/2021
Date of expiry		3/11/2024
Purchase price (in euros)		32.84
Number of options exercised at 12/31/2017		0
Total number of stock options that have been cancelled or lapsed		26,000
Options outstanding at the year end		552,500

At December 31, 2017, 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 2,982,672 stock options at an average purchase price of €20.91 per share (1,97% of the 150,976,720 shares making up the share capital at that date).

Stock options awarded to the ten non-executive director employees of the Group whose number of options is the highest within the scope of option awards, or stock options exercised during the 2017 financial year

Number of options awarded	Weighted average price (in euros)	Exercise date
165,000	32.84	03/10/2021
	Total number of shares purchased	Weighted average price (in euros)
Options to buy Compagnie Plastic Omnium shares exercised by the ten employees ⁽¹⁾ whose number of options is the highest		
• 03/16/2010 plan	88,500	2.84
• 03/06/2012 plan	207,000	7.38
• 08/07/2013 plan	14,000	16.16
• 02/22/2017 plan	non exercisable	32.84

(1) Plastic Omnium employees other than executive directors included in the scope of option awards.

2.1.3 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, 2017, Plastic Omnium's share capital amounted to €9,058,603.20 divided into 150,976,720 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.

At December 31, 2017, excluding treasury shares, the Company had 147,670,650 shares with the same number of voting rights, including 89,450,769 shares with double voting rights.

Potential equity capital and securities giving rights to equity capital

As at December 31, 2017, there were no securities or rights giving direct or indirect access to the share capital of Compagnie Plastic Omnium.

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

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 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
17	Authorization to grant stock options to corporate officers and/or employees of the Company and/or Group companies	38 months – until 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 – until 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	Authorization to reduce the equity capital by canceling treasury shares	26 months – until June 27, 2018	10% of the share capital per 24-month period	None

Authorizations and delegations given to the Board of Directors at the Combined 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	Use of the authorization or delegation of power
6	Buyback by the Company of its own shares	18 months – until October 26, 2018	Maximum purchase price: €60 Maximum holding: 10% of share capital – Accumulated value of acquisitions: €914,860,320	At December 31, 2017, Compagnie Plastic Omnium held 2.19% of its equity capital
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 – until June 26, 2019	€1 million for shares and €750 million for debt securities.	None
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 – until 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	None
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 – until 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	None
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 up to a maximum of 15% of the initial issue	26 months – until June 26, 2019	15% of the initial issue, the maximum authorized amount of which are: €1 million for shares – €750 million for transferable securities representative of debt	None
20	Share capital increase reserved for Plastic Omnium employees savings plan (PEE)	26 months – until 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)	None

Authorizations relating to capital and securities carrying rights to the allocation of debt securities to be proposed to the Shareholders' Meeting on April 26, 2018

Resolution No.	Type of authorization and delegated power	Duration and expiry date	Maximum amount per authorization or delegated power
5	Buyback by the Company of its own shares	18 months – until October 25, 2019	Maximum purchase price: €60 Maximum holding: 10% of share capital – Accumulated value of acquisitions: €9,056,860,320
21	Authorization to grant stock options to corporate Officers and/or employees of the company and/or Group companies	38 months until June 25, 2021	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 26, 2016
22	To reduce the equity capital by canceling treasury shares	26 months – until June 26, 2020	10% of the share capital per 24-month period

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

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 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	–	9,298,621	154,977,021	0.06
October 2014 Reduction in equity capital by canceling 1,400,301 treasury shares	84,018	27,275,732	9,214,603	153,576,720	0.06
March 2016 Capital reduction by canceling 1,100,000 treasury shares	66,000	32,579,380	9,148,603	152,476,720	0.06
August 2017 Reduction in equity capital by cancelling 1,500,000 treasury shares	90,000	49,819,507	9,058,603	150,976,720	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, 2017 including:	2.19%
• backing existing stock option plans	2.05%
• intended for cancellation	None
Number of shares canceled over the past 24 months	2,600,000
Number of securities in the portfolio on December 31, 2017	3,306,070
Carrying amount of portfolio on December 31, 2017	€61,764,318
Market value of portfolio on December 31, 2017	€125,300,053

Share buybacks during the 2017 fiscal year

	Aggregate gross movements		
	Purchases	Sales	Options exercised
Number of securities	2,330,665	766,197	984,865
Average transaction price	€33.81	€33.75	–
Average exercise price	–	–	€11.06
Totals	€78,796,350	€25,857,002	€10,892,899

Dealing fees of €102 thousand were incurred in buying back shares during the 2017 fiscal year.

The change in the number of outstanding shares between the opening date and the closing date of fiscal year 2017 is as follows:

	January 1, 2017	Movements for 2017 ⁽¹⁾	December 31, 2017
Number of shares comprising the share capital	152,476,720	-1,500,000	150,976,720
Number of treasury shares	4,226,467	-620,397	3,606,070
Number of outstanding shares	148,250,253	-879,603	147,370,650

(1) See purchase flows, sales flows and options exercised, indicated above.

The sixth resolution of the Combined Shareholders' Meeting on April 27, 2017 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 27, 2017
Maximum investment in the buyback program	€914,860,320

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 28, 2017

Between April 28, 2017 and January 31, 2018, the Company bought back 914,156 of its own shares for a total amount of

€31,547,771 (€34,51 per share), including 514,156 shares under the liquidity agreement, and 400,000 shares outside this contract. Over the same period, the Company sold 1,112,541 shares under the liquidity contract for a total amount of €26,626,537 (€23,93 per share).

Between April 28, 2017 and January 31, 2018, 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, 2018, Compagnie Plastic Omnium held 3,283,420 treasury shares (2,17% of share capital), broken down as follows:

8,500 shares	Liquidity agreement AMAFI
0 share	Shares allocated to employees or corporate officers of the Company or of Group companies
0 share	Cancellation
3,074,920 shares	Hedging of securities carrying rights to the allocation of shares
200,000 shares	External growth

Description of the share buyback policy submitted for approval to the Combined Shareholders' Meeting on April 26, 2018

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 26, 2018.

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, subject to approval by the Shareholders' Meeting of the authorization submitted to its vote in its 22nd 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 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 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 a maximum of up to 10% of its equity capital on December 31, 2017, 15,097,672 shares, each with a par value of €0.06.

Since the Company held 3,306,070 treasury shares as at December 31, 2017, the maximum number of its shares it could purchase under the share buyback program is 11,791,602. In the event that the treasury shares already held are canceled or used, the maximum that the Company can pay out to acquire the 11,791,602 shares is €707,496,120.

Thus, the total value of acquisitions (net of costs) may not exceed €707,496,120 based on the maximum purchase price of €60 provided in the fifth resolution to be proposed to the Combined Shareholders' Meeting on April 26, 2018.

REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

Shares may be purchased, sold or transferred using any method, including by purchasing blocks of shares, on the stock market or over the counter. 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 fifth resolution to be voted by shareholders at the Combined Shareholders' Meeting on April 26, 2018, i.e. until October 25, 2019.

Bonds

Details of the bonds issued by the Company in circulation on December 31, 2017 are given below:

Issuer	Currency	Coupon	Initial issue date	Maturity date	Amount outstanding (in millions of euros)	Listing market
Compagnie Plastic Omnium	EUR	3.875%	10/04/2012	12/12/2018	250	Paris
Compagnie Plastic Omnium	EUR	2.875%	05/21/2013	05/29/2020	500	Paris
Compagnie Plastic Omnium	EUR	1.25%	06/26/2017	06/26/2024	500	Paris

2.1.4 INFORMATION ABOUT SHAREHOLDERS

Compagnie Plastic Omnium shareholder structure

Equity holdings in Compagnie Plastic Omnium as at December 31, 2017 comprising 150,976,720 shares

	December 31, 2017		December 31, 2016		December 31, 2015	
	% equity capital	% voting rights	% equity capital	% voting rights	% equity capital	% voting rights
Burelle SA	57.57	71.91	57.01	71.91	56.6	73.4
Employee shareholders	0.98	0.98	1	1	1.1	1.1
Held by Company	2.19	–	2.77	–	3.6	–
Public	39.26	27.11	39.22	27.09	38.7	25.5
	100	100	100	100	100	100

At December 31, 2017, Burelle SA held 57,57% 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, 2017, the 1,906 employee members of the Group stock ownership plan held 1,476,225 Compagnie Plastic Omnium shares purchased on the market, representing 0,98% of share capital.

Compagnie Plastic Omnium reviewed identifiable bearer securities at December 31, 2017 and concluded that 56,512,091 shares were held by individual investors.

The Company has not been informed of any shareholders' agreement.

Factors that could have an impact in the event of a public offer

None.

Agreements concluded by a significant manager or shareholder of Compagnie Plastic Omnium, with a subsidiary

Pursuant to article L. 225-37-4, 2° of the *Code de commerce*, it is stated that no new agreement was made during 2017, either directly or through an intermediary, between, on the one hand, the Chief Executive Officer, one of the Co-Chief Executive Officers, one of the directors, one of the shareholders holding greater than 10% share of the voting rights of the company and, on the other hand, one of the subsidiaries of Compagnie Plastic Omnium held directly or indirectly, for more than 50% of its capital.

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 second 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.

03

SUSTAINABLE DEVELOPMENT

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The integration of sustainable development issues by companies is a major factor of economic performance and an important lever for the future of their business activities. There is an increasing number of voluntary initiatives, benchmarks, standards and regulations to help companies transform their business models. Thus, after the adoption of the United Nations Sustainable Development Goals in 2015, incentives to bring private companies on board have proliferated. These 17 Goals address the major objectives for 2030: eradicating poverty, reducing world hunger, promoting the development of vulnerable groups, ensuring access to essential services for all, and protecting the planet. The United Nations through its Global Compact, and the Global Reporting Initiative (GRI) are now prompting companies to contribute to the achievement of these global goals.

At the same time, numerous private sector initiatives, actively supported by Plastic Omnium, are being developed. At the One Planet Summit organized by France in December 2017, Plastic Omnium was among the 89 French companies to commit to climate action by signing the French Business Climate Pledge, aimed at accelerating the transition towards a drastic reduction in greenhouse gas emissions.

In respect of this global effort focused on sustainable development for all, Plastic Omnium presents, in this chapter, its corporate social responsibility challenges, as well as the policies and measures implemented to address them.

3.1 Plastic Omnium's CSR approach

3.1.1 CHANGE IN PLASTIC OMNIUM'S CSR APPROACH IN A RAPIDLY CHANGING GLOBAL LANDSCAPE

The automotive industry is undergoing profound changes due to three major trends:

- the energy transition and air quality: since the 2015 Paris Agreement, countries, local authorities and companies have been committed to reducing greenhouse gas emissions. In addition, growing urban air pollution problems are prompting

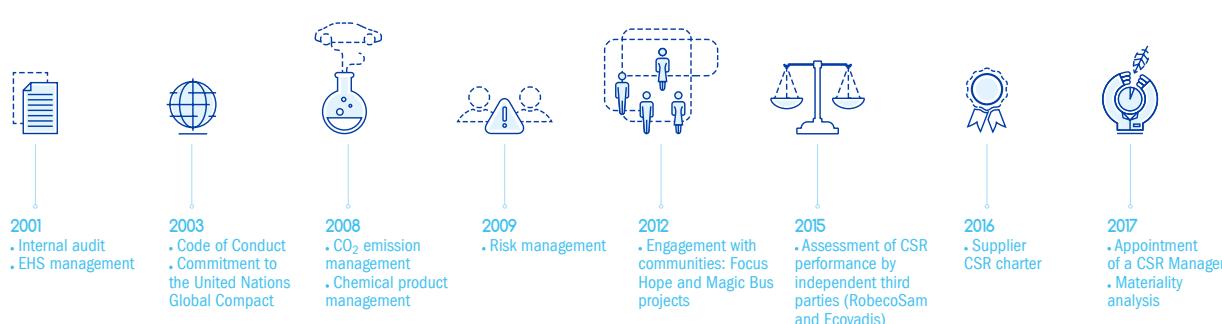
cities to take measures to reduce impacts on populations. Countries and major cities are striving to limit vehicle emissions and promote non-combustion-powered vehicles. As a result of this transition towards cleaner vehicles, by 2030, the market share of electric vehicles should reach 22%, while that of hybrid vehicles should reach 41%. These two categories should account for 63% of the global market in 2030, estimated at 121 million units;

- the development of connectivity and artificial intelligence: beyond ensuring safety, technology is progressively improving the life of drivers and passengers. Features such as driving/parking assistance, satellite navigation, maintenance scheduling, unlocking and start-up via a smartphone, communication applications and services, and information/entertainment services, are progressing. Autonomous vehicles, tested under real road conditions, require a high capacity for capturing information, connecting to infrastructures and other vehicles, and processing data. New players, including major technology companies, telephone operators, and high-tech start-ups, are attracted by the growing global market of private vehicles;
- collaborative mobility: in addition to car-sharing, a variety of collaborative mobility offerings are progressively gaining ground. Global car-sharing revenue is expected to grow seven-fold by 2021, with one third of Europe's driving license holders living in big cities registered with car-sharing services. Major automotive manufacturers are investing in this market, which requires connected vehicles for more efficient, faster response. Geopositioning and remote opening systems are thus indispensable.

For Plastic Omnium, these major trends are reflected in the growing integration of sustainable development issues in its strategy, its product/service offering, and its governance.

The CSR Manager, appointed in 2017 and reporting directly to one of the members of the Executive Committee, informs the Committee monthly on the progress of the CSR initiatives undertaken, thus supplementing the EHS information already reported.

Plastic Omnium's CSR efforts therefore increased in 2017, and the rating issued by independent bodies, such as RobecoSam, confirmed the Group's performance and the relevance of the efforts made.



PLASTIC OMNIUM'S CSR APPROACH

RobecoSam is a non-financial rating agency specializing exclusively in sustainable development investments. RobecoSam conducts an annual evaluation of companies' environmental, societal and labor practices. These evaluations, which are based on companies' responses and justifications, are sector-specific and enable the top companies in each sector to join the internationally-recognized Dow Jones Sustainability Index.

In 2017, RobecoSam recognized Plastic Omnium's performance by ranking the Group seventh worldwide and third in Europe among automotive equipment manufacturers. The Group's score of 65/100 was an improvement on that of 2015, in a sector whose average score dropped due to the increased stringency of standards.

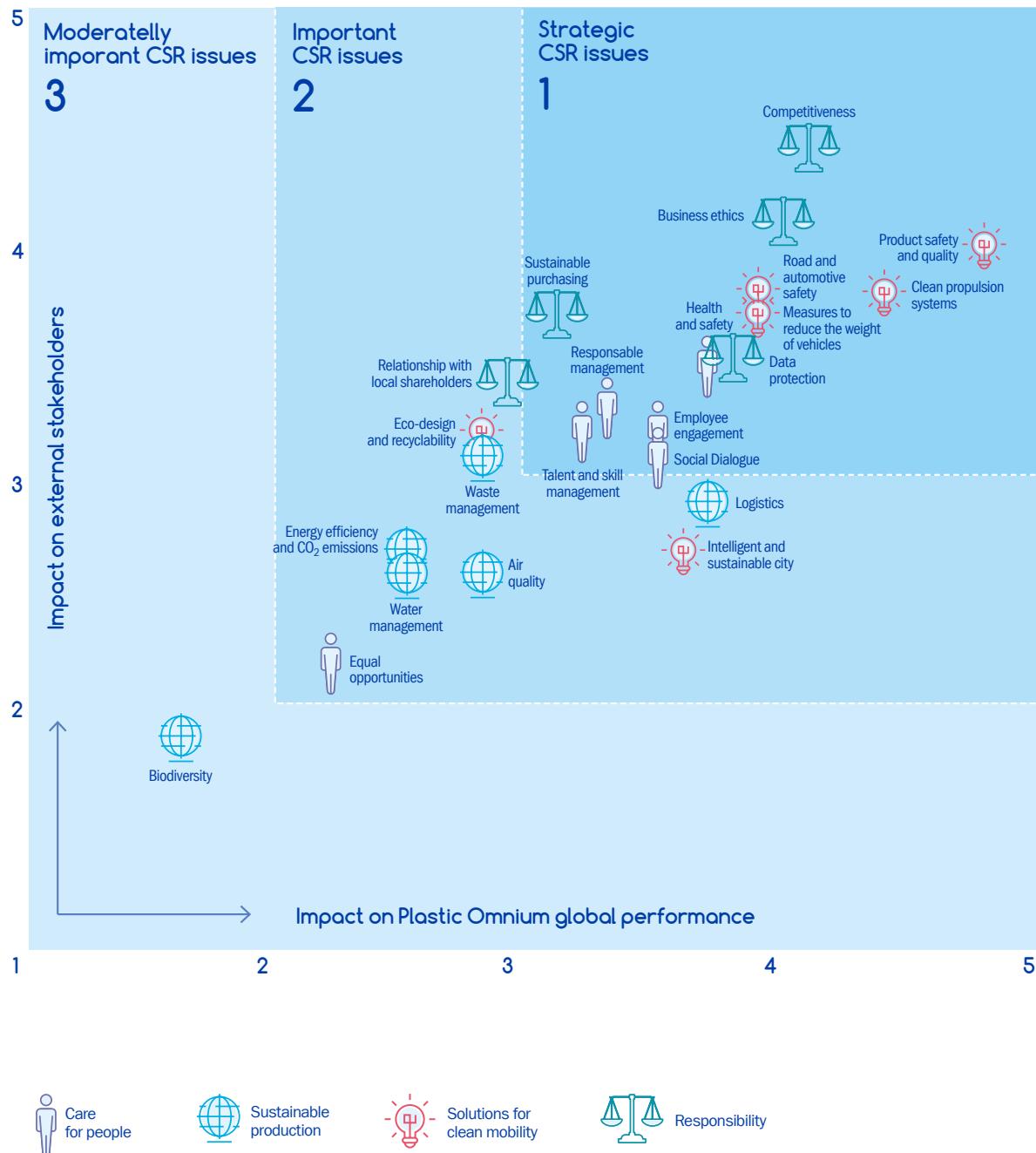
The score of 71/100 (Gold level) awarded by Ecovadis also confirmed Plastic Omnium's good CSR performance among plastic parts manufacturers.

3.1.2 CSR CHALLENGES AND KEY PERFORMANCE INDICATORS

Plastic Omnium decided to conduct a materiality analysis in 2017 in order to identify significant environmental, societal and labor issues, in collaboration with its internal and external stakeholders. To this effect, Plastic Omnium's managers of operational and support functions first carried out an internal analysis of the issues at stake. Based on this analysis, internal stakeholders representing the various departments identified the financial risks, business continuity risks, reputational/image risks and regulatory risks linked to these issues. A stakeholder mapping exercise identified 18 key external stakeholders for the Company, including representatives of the automotive industry, financial sector, technical and scientific sector, and local communities. These stakeholders were interviewed to assess the impact of the issues on their organizations.

This approach enabled Plastic Omnium to bring its stakeholders' societal, environmental and labor expectations into line with the Company's performance drivers. The Company's grasp of the issues was also assessed by internal stakeholders. Plastic Omnium thus identified the priority issues on which it needs to intensify its efforts.

Themes	Issues
Solutions for clean, connected mobility	Clean, connected mobility at the heart of innovation Clean propulsion systems Reduce vehicle weight Product safety and quality Eco-design and recyclability
Responsible entrepreneurs	Business ethics Duty of vigilance and responsible purchasing Data protection Relations with local stakeholders
Care for people	Responsible management Social dialogue Occupational health and safety conditions Talent and skill management Employee engagement Equal opportunities
Sustainable production	Energy efficiency and greenhouse gas emissions Waste management Air quality Water management Logistics Biodiversity

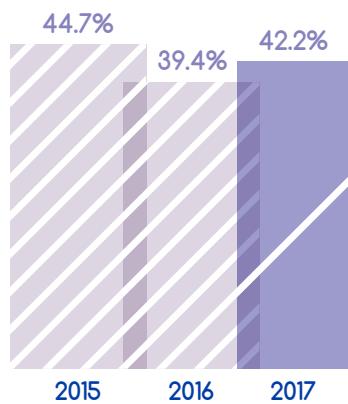


PLASTIC OMNIUM'S CSR APPROACH

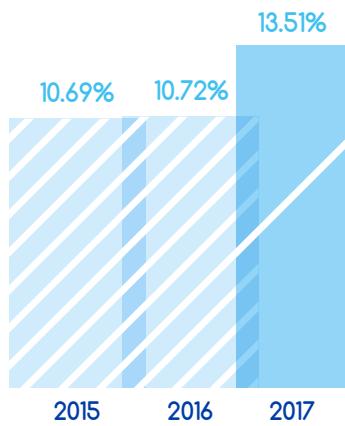
After having identified the priority issues, Plastic Omnium is reflecting on the defining of its priorities and the defining of key performance indicators to track the progress made on these issues.

Social indicators

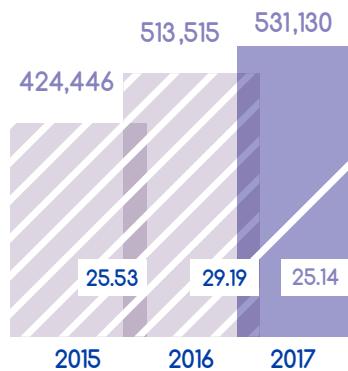
% of managerial positions filled internally



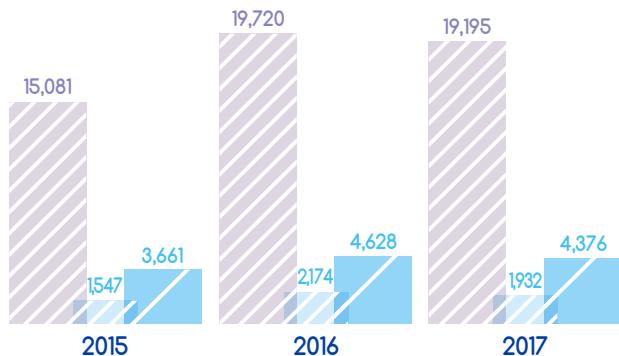
Managers and engineers turnover



Total training hours and per employee



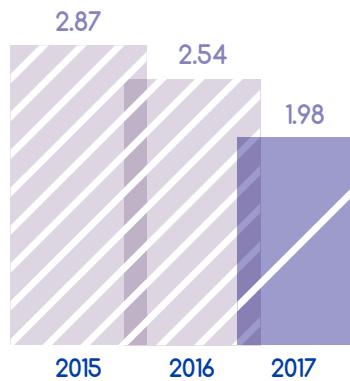
Breakdown of headcount by contract type



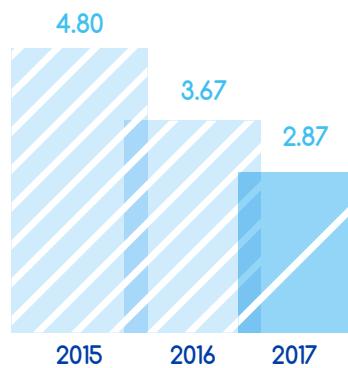
- Permanent employment contracts
- Fixed-term employment contracts
- Temporary staff

Lost time accident frequency rate

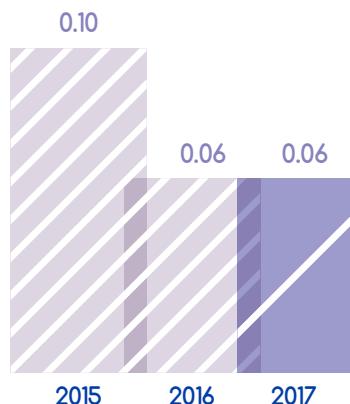
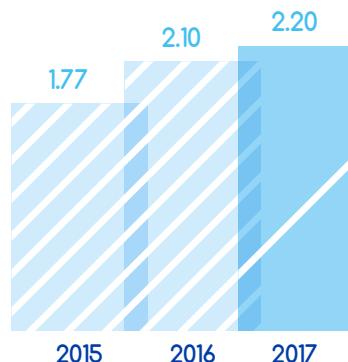
Tf1 in number of accidents per million hours worked (temporary workers included)

**Lost time and non lost time accident frequency rate**

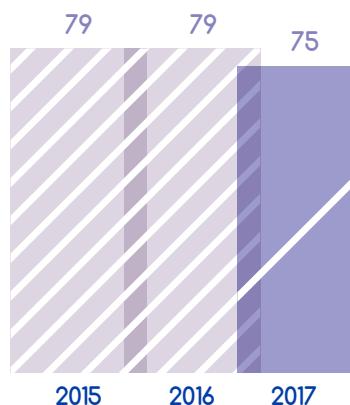
Tf2 in number of accidents per million hours worked (temporary workers included)

**Accident severity rate**

Tg in number of days lost per thousand hours worked (temporary workers included)

**Number of Top Safety visits⁽¹⁾ per employee per year**

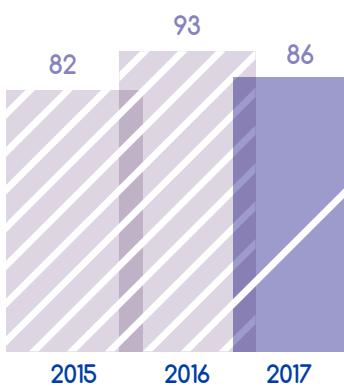
(1) This calculation excludes the Auto Exterior sites acquired in 2016

Number of sites certified to OHSAS 18001 standards

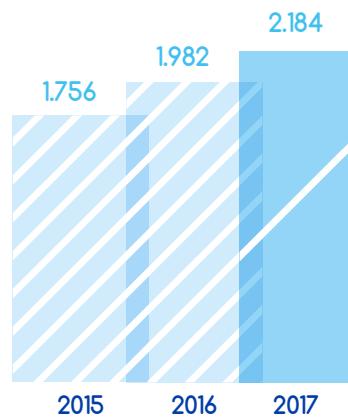
PLASTIC OMNIUM'S CSR APPROACH

Environmental indicators

**Number of sites certified
to ISO 14001 standards**

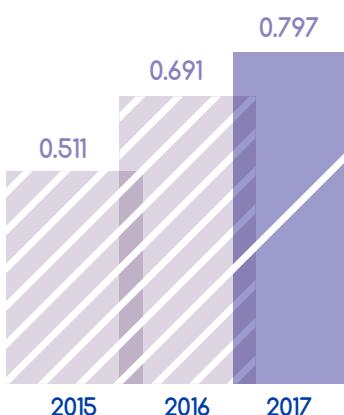


Electricity consumption
in kWh per kg of material processed



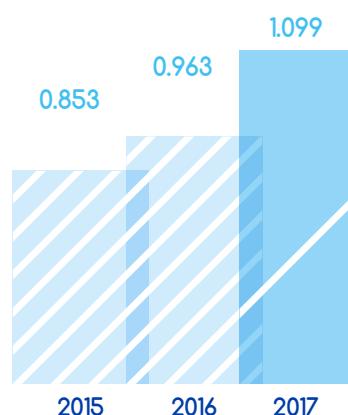
Gas consumption

in kWh per kg of material processed



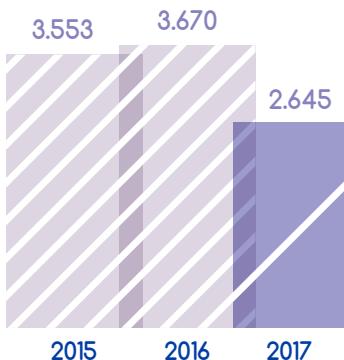
Greenhouse gas emission

in kg of CO₂ equivalent per kg of material processed (Scopes 1 and 2)

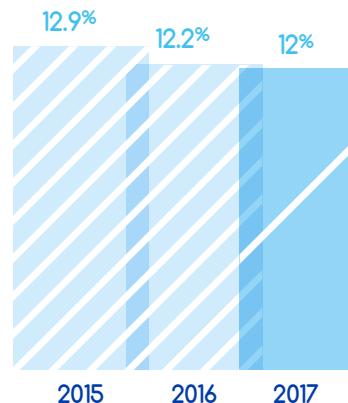


Water consumption

in liters per kg of material processed



**Share of recycled plastic in the
consumption of plastic material**



3.1.3 DIALOGUE WITH STAKEHOLDERS

The stakeholder map produced in 2017 allowed the classification of organizations according to their impact on Plastic Omnium.

Stakeholder	Type of relations
Employees	Social dialogue, internal communications, collaborative spaces, events, career website for future employees
Labor unions	Meetings, consultation
Shareholders	Shareholders' day, shareholders' newsletter, quarterly and annual publications, site visits, response to financial rating agencies, meeting with financial analysts
Banks	Annual reviews
Customers	Contracts, annual reviews, R&D partnerships, responses to CSR questionnaires
Insurance companies	Site visits and rating
Trade associations	Participation in working groups
Standardization body	Participation in working groups focused on standards
Specialized administrative services	Consultation
Suppliers	Contracts, supplier CSR charter, partnership, visits
Board of Directors	Board meeting
End users	Motor shows
Research cluster	Participation in working groups
Local authorities	Contracts, consultation
Schools and universities	Partnership, participation in events
Non-financial rating agencies	Response to questionnaires
Organizations promoting CSR and sustainable development initiatives	Membership, participation in working groups

At Plastic Omnium, communication and relations with employees take various forms.

- Plastic Omnium's 70th anniversary was the key event of 2017. Celebrated on June 6, 2017 at the Grand Palais in Paris, France, this anniversary brought together over 1,500 people, including 1,200 employees (of all ranks) from all Plastic Omnium sites and those of its joint ventures. The day's theme was "innovation as a legacy", with an exhibition dedicated to past, present and future innovations.
- Each site subsequently celebrated the event locally, in order to get all employees to join in, via an exhibition and videos on the Company's history and values. Numerous team-building initiatives took place.
- Another key event at Plastic Omnium was the World Safety Day, successfully held in November 2017 for the fourth consecutive year. For the occasion, employees produced videos on the topic of safety, and the best videos were rewarded and broadcast during the event.
- Other specific events are also organized each year, such as the "Top 100" meeting, bringing together the Group's top executives to discuss Plastic Omnium's objectives and ambitions.

- Management Meetings are held locally with the Group's Executive Committee and the major countries' management teams. These annual meetings are important opportunities for exchanges between local and Group teams, to discuss local economic and social issues, analyze past results and foresee market trends.
- Once a year, each Division holds a convention to involve its managers – between 70 and 150 people – in the strategy and operational challenges. Moreover, specific conventions are organized for each department (Purchasing, HR, Finance, EHS, Innovation, IT, etc.).
- Every three months, the Divisions organize webcasts during which the Heads of the Divisions share the Company's results with 300 to 500 managers, thereby involving everyone in the Company's success.
- "Optimum" – the Company's bi-annual internal magazine – is translated into 8 languages, produced in nearly 23,000 copies and distributed to all employees of Compagnie Plastic Omnium and its joint ventures.
- The TopNet intranet is increasingly dynamic, now publishing over 15 news features per month (180 news published during 2017 – 20,000 monthly consultations in average). Each division has a dedicated communication space on it.
- A pilot project on the broadcasting of Group news was launched on 24 sites: this new broadcasting method using TV screens enables non-connected employees, such as those working in production facilities.

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- The TopShare collaborative portal records over 1.8 million page views per month: this portal now hosts over 1,200 collaborative sites.
- Social dialogue with employee representatives is the foundation of the constructive relationship between Plastic Omnium and its employees, involving, for example, meetings with the European Works Council. “The various forms of dialogue are detailed in section 3.4.2 – Social Dialogue”.

Relations with schools and universities were strengthened in 2017 with the signing or renewal of partnerships with prominent engineering institutions such as CentraleSupélec and INSA Lyon in France, Lublin University of Technology in Poland, Clemson University International Center for Automotive Research (CU-ICAR) in the United States and Centrale Pékin in China. Plastic Omnium's attractiveness for future employees has been enhanced through its participation in numerous job forums organized by schools and universities. Moreover, the Group invests in the development of technical programs suited to its needs. An example is the participation of the Silao Auto Exterior site in the creation of the second professional diploma in plastic injection molding, in collaboration with IPN “Instituto Politécnico Nacional” and “Clúster Automotriz”. In Poland, in addition to taking in numerous trainees, Plastic Omnium liaises with teachers in key fields for the Group, such as mechatronics.

Plastic Omnium maintains constant dialogue with its customers in the aim of creating partnerships, whether with automotive manufacturers for the Auto Exterior and Auto Energy Divisions or with local communities and waste collectors for the Environment Division. The goal is to jointly develop innovations that will meet the growing expectations of end users and comply with increasingly stringent regulatory requirements. In 2017, Plastic Omnium once again demonstrated its capacity to meet the needs of its customers, who rewarded the Company with numerous prizes:

- the Auto Exterior plant in Flers (France) received Volvo's Quality and Excellence Award;
- the Auto Exterior plant in Amiens (France) received Jaguar Land Rover's Quality Award;
- Plastic Omnium Auto Exterior India was awarded General Motors' “Certificate of Recognition”;
- Plastic Omnium Auto Energy Thailand received Nissan's Regional Quality Award and General Motors' Quality Excellence Award.

For the first time, Plastic Omnium presented a concept car at the International Motor Show (IAA) in Frankfurt, Germany, illustrating its contribution to the clean and connected vehicles of 2030, and allowing its end users to discover the new technologies soon to be rolled out.

Suppliers, service providers and subcontractors undergo a listing process, aimed at building solid partnerships. The integration of CSR criteria in supplier relations is detailed in section 3.3.2 – “Duty of vigilance and responsible purchasing”.

Regular meetings are held with all players from the automotive, energy and waste industries to discuss R&D. In addition to participating in working groups such as the CSR Committee of the PFA (Platform of the Automotive and Mobility Industry), Plastic Omnium is a particularly active member of innovative organizations: for example, in 2017, Plastic Omnium became a member of the Hydrogen Council's steering committee. The Company invests in Aster – a venture capital company specialized in digital transformation and new industrial models – for the purpose of R&D exchanges concerning the energy transition and future mobility solutions.

For technical issues unrelated to Plastic Omnium's fields of expertise, the Company seeks specialist advice. Thus, the management of risks associated with the use of chemicals in the production line is entrusted to a law firm for the analysis of global regulatory changes, and to a specialized partner for the monitoring of products and their substitution.

Insurers are called upon to assess the risk level and provide advice in order to minimize risks and obtain, for the maximum number of sites, the Highly Protected Risk (HPR) label, awarded for the highest standards of industrial risk protection. In 2017, nine exemplary sites have this label.

3.2 Solutions for clean, connected mobility

3.2.1 CLEAN, CONNECTED MOBILITY AT THE HEART OF INNOVATION

Innovation has been at the heart of Plastic Omnium's strategy since its founding over 70 years ago. The celebration of the Company's 70th anniversary in 2017 highlighted this “innovation as a legacy” approach. The transformation of business sectors through the digitization of products and services, along with the new expectations of stakeholders and new environmental regulations, have prompted Plastic Omnium to step up its innovation strategy. The Plastic Omnium Group dedicates 6% of its revenue to R&D, i.e. an investment of €400 million in 2017, compared to €339 million in 2016.

The Group's R&D is structured around three major international research and development centers: Σ -Sigmatech for the Auto Exterior Division, α -Alphatech for the Auto Inergy Division and Saint-Priest for the Environment Division. The Auto Inergy Division is working on the transformation of its fuel storage operations into a multi-energy system, with two sites dedicated to research: a center in Belgium, whose innovation team will be transferred in 2019 to the future Δ -Deltatech center, and the Ξ -POCellTech center operated under a joint venture with Elbit Systems in Israel. These two centers carry out research into clean propulsion systems, i.e. hydrogen storage and fuel cells.

A total of 2,000 engineers work on innovation in these 5 centers or in one of the twenty technical centers across the world. In 2017, the fruit of their work led to the filing of 141 patents, integrating the Group portfolio of more than 3,700 patents.

A convention of Experts from the two Automotive Divisions was held in June, bringing together 188 experts from around the world, as well as the members of the Group's and Divisions' Executive Committees. The convention had the following objectives: bringing everyone together around the Group's innovation strategy, developing exchanges of methodologies and best practices among employees, and creating synergies around common projects such as the 4.0 plant.

In 2017, an internal innovation competition was launched at the Auto Inergy site of α -Alphatech, while an idea box was introduced on the Auto Exterior BTC site, with a reward for the best idea. These initiatives, which were welcomed by employees and enabled interesting ideas to be developed, will be repeated and extended in 2018.

To further stimulate its innovation capability, Plastic Omnium has chosen to adopt an "open innovation" approach. Its three main focuses are:

- environmental sustainability or how to switch to clean propulsion systems (electric or hydrogen), and how to improve road traffic;
- the autonomous car and the shared vehicle or how to integrate new IT, data acquisition and data processing technologies;
- industrial performance (the 4.0 plant) or how to use data to create the most efficient production and logistics technologies while developing employees' skills.

For this purpose, Plastic Omnium has chosen to bring external experts into its Automotive Strategic Advisory Committee. This internal committee was created in 2011 to support management

discussions on technological innovations in the automotive sector. It reinforces the open innovation policy and promotes collaboration, public/private partnerships and technology transfers. Chaired by Plastic Omnium's Chairman & CEO and managed by the Scientific Director, the Committee brings together the R&D Directors of each business line, the Division Managers, and, since 2017, internationally recognized experts from the university and academic world, research and industry. The Strategic Committee's external experts are:

- Professor Mathias Fink from ESPCI Paris, member of the French Academy of Science and Academy of Technology. Professor Fink is an internationally recognized researcher in wave propagation and imaging;
- Professor Emeritus Jay Lee, from the University of Cincinnati, USA. Dr Jay Lee, Ohio Eminent Scholar, L.W. Scott Alter Chair Professor, is founding director of the National Science Foundation (NSF) Industry/University Cooperative Research Center;
- Professor Hiroaki Kitano, President of the Systems Biology Institute at the Okinawa Institute of Science and Technology in Japan, also President & CEO of Sony Computer Science Laboratories Inc. Professor Kitano is one of the pioneers in artificial intelligence, robotics and smart energy systems.

Furthermore, Plastic Omnium contributed €20 million to a €240 million funding round led by Aster, a venture capital fund dedicated to the energy transition and future mobility solutions. In addition to providing financial support to innovative and promising companies, the purpose of this investment is to promote an exchange of knowledge and get closer to start-ups in order to detect early signals of market trends regarding tomorrow's urban mobility, smart networks, energy storage and conversion, new materials (plastic as well as metal, paint and gas), or data processing in the digital industry. For this purpose, a Plastic Omnium manager is exclusively dedicated to managing relations with Aster and the companies in its portfolio.

Plastic Omnium has also entered into ten partnerships with universities and innovative start-ups with whom the Group works directly, such as a start-up in Finland working on plastronics (or how to make plastic intelligent in order to integrate electronic components). Plastic Omnium is developing cooperation agreements with CEA in France, MIT in the United States, Technion (the Israel Institute of Technology) in Israel, and the Technical University of Denmark. It is also financing a thesis at UTC (the Technological University of Compiègne) in France.

SOLUTIONS FOR CLEAN, CONNECTED MOBILITY

3.2.2 CLEAN PROPULSION SYSTEMS

New energies

With the development of hybrid vehicles and the arrival of new energy sources, the Auto Inergy Division is enjoying strong growth.

For its future propulsion systems, Plastic Omnium is searching for a solution that would have the characteristics of a gasoline engine: a comparable price range, for an equivalent recharging speed and a lower environmental impact. Plastic Omnium thus identified hydrogen as an appropriate alternative in view of user needs, environmental constraints, economic constraints, and technical performance.

To develop this technology, pending the inauguration of the Δ-Deltatech center in Belgium, the engineers of the NOH site have been working on fuel cells in collaboration with Ξ-POCellTech, as well as on pressurized tanks able to withstand pressures of up to 700 bar, necessary for the use of hydrogen.

The Ξ-POCellTech research center, working under a joint venture with Israeli company Elbit Systems, has become a cutting-edge laboratory dedicated to hydrogen, driving constant progress in the analysis of fuel cell performance and the various pollutants that can come into the composition of these cells.

Within the scope of its fuel cell development and hydrogen research, in 2017, Plastic Omnium became a member of the steering committee of the Hydrogen Council, which brings together the CEOs of large companies whose goal is to step up investments in the development and marketing of hydrogen and fuel cells, and encourage major stakeholders to support the development of hydrogen – a clean energy – in future energy mixes, through appropriate policies and support programs.

Alongside this global initiative, Plastic Omnium also joined Hydrogen Europe and AFHYPAC (French Association for Hydrogen and Fuel Cells) who have the same missions as the Hydrogen Council, but at the European and French levels, respectively.

At the end of 2017, Plastic Omnium created a new Business Unit, which will bring together over 120 people, within the Auto Inergy Division dedicated to new energies. This entity will be based on the same model as Plastic Omnium's other business units, with the Senior Management reporting to the Chief Executive Officer of the Auto Inergy Division, and a management team dedicated to the technological and commercial development of hydrogen. Over the same period, two companies were acquired by Plastic Omnium, rounding off its technology portfolio.

Internal combustion or hybrid propulsion systems

The SCR technology developed by Plastic Omnium is enjoying increasing success with automotive manufacturers. Through the injection of the additive Adblue®, this technology reduces NOx emissions (nitrogen oxides which have adverse health effects) by 95%. The diesel market is still growing, particularly in some non-regulated markets. Plastic Omnium is expecting the market share to rise from 17% in 2017 to 26% in 2021.

Concerning gasoline vehicles, in order to reduce CO₂ emissions, Plastic Omnium has been working on reducing consumption. The R&D teams at NOH in Belgium have developed a water injection system which cools the air coming into the engine's combustion chamber. This allows the engine to run without any performance loss, but without overheating, even at full throttle. Fuel consumption, along with CO₂ emissions, are thus reduced by up to 15%.

Concerning rechargeable hybrid vehicles, a specific tank is required. Indeed, when the vehicle runs in electric mode, no fuel is drawn from the tank and hydrocarbon fumes accumulate in it, as they cannot be evacuated by the conventional system, thus building up pressure in the tank. As these fumes cannot be released into the atmosphere, the tank must be able to withstand high pressures. Plastic Omnium's new INWIN technology deals with these technical constraints while also reducing CO₂ emissions, thanks to its weight, which is 40% lighter than its metal equivalent and its fume treatment method.

3.2.3 REDUCED VEHICLE WEIGHT

According to RobecoSam, between 2010 and 2030, the percentage of light materials in vehicles should increase from 29% to 67%, while that of heavy steel should drop from 52% to 13%. This trend supports the automotive manufacturers' need to constantly reduce the weight of vehicles, as this is a major factor for the reduction of CO₂ emissions. As from 2021, European regulations will require private vehicle emissions of CO₂ to be limited to 95 grams per kilometer, with the possibility of an upward adjustment of this cap with the new regulation on tests under real driving conditions.

In order to help its customers meet these requirements, Plastic Omnium has developed an innovative bumper concept. The lighter and more aerodynamic LightAir bumper helps to reduce the CO₂ emissions of combustion-powered vehicles (by up to 3 g/km for SUVs), and increases the autonomy of electric vehicles by up to 10%. A new design and an active spoiler system increase aerodynamism by 15%, while the use of a low-density material reduces the total weight of the bumper by 10%.

At the 2017 International Motor Show (IAA) in Frankfurt, Plastic Omnium presented a concept car reflecting the Group's 2030 vision: the front-end module is aerodynamic and has an interactive "skin" able to change its shape depending on speed, or light up to warn pedestrians.

Vehicle connectivity has also become a major stake for manufacturers: in addition to providing benefits for drivers and passengers, vehicle connectivity will improve road safety and reduce environmental impacts. Indeed, an autonomous vehicle eradicates the issue of driver behavior, which could reduce direct fuel consumption by up to 40%. Moreover, with 5% connected vehicles, bottlenecks would be eliminated⁽¹⁾, thereby improving air quality.

This is a major focus of the Company's work. The LightAir concept is representative of the shift from passive components to active components through the integration of driver assistance features (camera, radars, sensors, etc.), that work in all weather conditions thanks to surface de-icing technology.

3.2.4 PRODUCT SAFETY AND QUALITY

Plastic Omnium's products, in particular those of the Auto Inergy Division, are safety products. Regulatory safety standards are increasingly stringent. In addition, the expectations of Plastic Omnium customers and road users are very high. A quality problem on a component can give rise to a major incident (explosion of a fuel tank or inappropriate bumper behavior on pedestrian impact).

The Divisions have set up robust organizational structures to ensure quality, from the design of the products, to their use by end users. The Divisions' and Regions' Quality Departments define the policies and procedures and ensure their implementation. Project Quality teams ensure compliance with the Group's quality standards in product development and manufacturing.

In all Group plants, quality is ensured through a specific automotive industry quality management system: IATF 16949, a sector-specific adaptation of ISO 9001 v2015 requirements. This standard, reviewed in 2016, has been implemented by Plastic Omnium since mid-2017. At the end of 2017, 21 sites were certified to the revised IATF 16949 standard 100% of the plants are certified to the previous or the new version of the standard. New sites are integrated into this certification process as soon as they open, with the objective of obtaining the certification after one year of operation. Before the opening of the site, the quality teams verify the quality system put in place.

Internal quality standards, which are more specific to Plastic Omnium's activities than the IATF 16949 standard, are applied on all sites, and a team of quality auditors verifies their implementation. The deployment of IATF and internal standards involve the training of employees, including the members of the Executive Committee, in charge of the management review. The implementation of these standards is verified through Corporate Quality Audits (CQAs). Each CQA lasts one week and is conducted by an auditor and a Quality Assurance Manager from a plant in another country. Around 80% of Auto Inergy's plants and technical centers are audited every year, with a target of 100% for 2018. In 2017, the quality auditors visited 26 plants and two technical centers. Moreover, at Auto Exterior, 100% of the sites were audited, *i.e.* 49 plants and eight technical centers. In the Auto Inergy Division, in addition to compliance checks, the auditors started to provide the sites with support in 2017 to help them develop the required action plans. With their global vision of quality issues, the auditing teams have in-depth knowledge of best practices and their advice is highly valued by local teams. Every month, the audits and evaluations performed are presented to the Executive Committee, with a special focus on critical gaps.

At the product level, constant compliance with quality standards is required throughout the product life cycle:

- during the design phase: the goal is to ensure that the customers' quality specifications for their new products match the requirements of Plastic Omnium, whose standards are in line with the most stringent international regulatory requirements. The quality requirements are developed right from the new technology's R&D phase. Such was the case, for example, with the hydrogen tank projects conducted in Belgium. Indeed, this type of tank has to meet a range of different standards and requires new specifications to be defined;
- during the manufacturing phase: the Regional Quality Assurance Manager supervises all Plant Quality Assurance Managers, who ensure compliance with the verification procedures and frequencies, and customer information. They are thus in charge of relations with customers, to analyze any defects and set up preventive and corrective action plans in-house. These analyses and action plans are then disseminated to all sites, allowing everyone to implement the same measures, if necessary. A procedure introduced some ten years ago in the Auto Inergy Division enables Plastic Omnium to limit the impact of any product recall due to quality issues. In fact, on all sites worldwide, out of every 25,000 tanks produced for the same project, one tank is randomly selected and sent to the α -AlphaTech technical center in France for a full product quality review, within a period of two weeks. A team of 15 employees is assigned to this verification and checks around 70 tanks per month. Thus, any necessary recall would involve no more than 25,000 products.

(1) Data from the paper "Dissipation of stop-and-go waves via control of autonomous vehicles: Field experiments" by Raphael E. Stern, Shumo Cui, Maria Laura Delle Monache.

RESPONSIBLE ENTREPRENEURS

Plastic Omnium's quality requirements are passed on to suppliers, who must comply with the Group's standards. In the event of non-compliance, an action plan is set up with the supplier and monitored to guarantee product compliance:

- during the vehicle life cycle: if a defect is detected by a garage, the carmaker and Plastic Omnium discuss the matter in order to understand the origin of the defect (design, manufacturing, mounting on the vehicle, etc.) and implement an action plan.

In the end, the number of defective parts is low with six PPM for Auto Inergy and 74 PPM for Auto Exterior.

3.2.5 ECO-DESIGN AND RECYCLABILITY

The main raw material used by Plastic Omnium is plastic. Plastic Omnium wishes to minimize its impacts on climate change by reducing its greenhouse gas emissions, in particular stemming from the extraction of the oil needed for plastic manufacturing. To this effect, Plastic Omnium uses recycled plastic insofar as possible in its products, while maintaining the level of technicality, safety and esthetics required by customers and applicable standards. During the manufacturing process, all material off-cuts are re-used in production, thereby avoiding significant losses of new plastic.

Annual consumption of plastics (metric tons)

	2015	2016	2017
New plastics ⁽¹⁾	343,229	350,635	358,469
Blank composites		20,738	15,660
Recycled plastics	50,823	51,616	51,072
Biosourced plastics	1,036	388	260
Total plastics	395,088	423,378	425,461

(1) Data that included composite materials in 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)

	2015	2016	2017
Plastics consumption ⁽¹⁾	395,089	402,640	409,801
Composite consumption		20,738	15,660
Paints/solvent consumption	13,550	17,663	18,718
Steel/aluminum consumption	51,835	14,234	16,468
Wood consumption	52	16	45

(1) Data that included composite materials in 2015.

The Environment Division is particularly advanced in the matter, as its constraints are less stringent. The containers are made of over 60% recycled plastic, which means a ten-fold reduction in their carbon footprint compared to containers made of 100% new plastic.

In 2018, the Auto Inergy Division is planning to update the data on the life cycle analysis of a tank based on a model whose design has evolved (production method and multi-layer product design).

The design of products also takes account of the weight issue, with constant research to optimize thickness while preserving the technical characteristics. This eco-design has a direct impact on the quantity of raw material purchased, and an indirect impact for customers by lightening the vehicles.

3.3 Responsible entrepreneurs

Plastic Omnium has seen sharp growth over recent years, as its revenue more than doubled in the past six years. The objective is to continue this strong growth, and achieve revenue of €10 billion by 2021. To this effect, a major investment program of €2.5 billion has been undertaken for the 2017-2021 period. Such economic performance, necessary for sustainable development, rests on the company's strong competitiveness. This competitiveness is ensured by Plastic Omnium's family business model, with the five pillars of the 'PO Way', called the 5Is, upholding the Company's dynamism and identity: Independence; Investment; Innovation; Internationalization; Integration.

3.3.1 BUSINESS ETHICS

Ethics is a cornerstone of the Plastic Omnium Group's operations, stated since 2003 through Plastic Omnium's membership of the United Nations Global Compact and its concomitant publication of the first version of its Code of Conduct, now translated into seven languages. Through this Code of Conduct, Plastic Omnium and its employees undertake to abide by 13 strong commitments concerning respect for employees, their health and safety, respect for the environment, respect for the confidentiality of partners' data, respect for competitors, and total rejection of discrimination, harassment, conflicts of interests, fraud and corruption. A Code of Conduct on the ethical management of competition has been distributed to buyers and sales representatives in four languages since 2010.

These codes are available on the TopNet intranet and are provided to each new employee. An e-learning module in Plastic Omnium's internal application "My Learning Place" is available to train employees in the Code of Conduct. In addition, classroom training sessions ensure buyers and sales representatives are trained in the Code of Conduct for Competition. In 2017, e-learning sessions on the Code of Conduct were provided to 894 employees.

Created in 2016, the leaflet "The Fundamentals and Golden Rules of Internal Control" sets out the essential compliance rules to avoid risks of internal and external fraud. Available on the TopNet intranet in four languages, these rules are applicable to all sites. An e-learning module was developed and will be deployed in 2018.

Classroom training sessions on compliance are available at all sites. In 2017, sessions dedicated to the risks of fraud, corruption and breaches of competition laws were conducted in Europe and Asia - China, India, Japan. The targeted audiences include: heads of business units, sales representatives, purchasing, financial, human resources and logistics.

In addition, specific training sessions are provided according to external and internal current events. External speakers such as lawyers specialized in competition law or corruption may be invited to take part in the training days. In Europe, training sessions on internal control were carried out in 10 countries of the Auto Inergy Division, while the Executive Committee of the Auto Exterior Division received training on the main risks of fraud.

To ensure that the rules are thoroughly understood and applied by everyone, independent internal audits are commissioned by the Group and conducted across all subsidiaries as either scheduled or unannounced: plants, R&D centers and administrative departments. During an audit, the entire scope of an entity is covered and the topics include financial and non-financial aspects: Compliance with the principles of the United Nations Global

Compact is verified with regard to: ethics, human rights, child labor and forced labor, safety, working time and overtime, environmental protection, etc., thus reinforcing the audits conducted by the EHS and Quality departments. In 2017, 52 entities were audited (up from 41 audits in 2016 and 37 in 2015). On average, entities are audited every two years and more frequently where major gaps are detected. All entities consolidated in July 2016 were audited in 2017, providing a measure of the new employees' adoption of Plastic Omnium's rules. A report of the major findings of the audits is sent monthly to the Management of the Divisions and to the Management of the support functions. In addition, the results of the audits are reviewed once a year by the Audit Committee.

3.3.2 DUTY OF VIGILANCE AND RESPONSIBLE PURCHASING

Within the subsidiaries and joint ventures

Human rights, fundamental freedoms, the health and safety of people and the environment are at the heart of Plastic Omnium's policies on Human Resources, EHS/CSR. The Group has publicly undertaken to comply with these principles by joining the United Nations Global Compact, as of 2003.

These policies are implemented in all Group subsidiaries through dedicated organizational entities. The Human Resources and EHS/CSR entities were created on the basis of the same multi-level model, whose efficiency has been demonstrated: The Group's Human Resources and EHS/CSR Departments identify the issues at stake, define the policies and strategies to address them, and develop corporate tools and resources for the networks. The Divisions, which have their own Human Resources and EHS/CSR entities, report to the Group's Human Resources and EHS/CSR Departments. Regional and/or local departments (countries and plants) implement the policies through dedicated Human Resources and EHS/CSR teams, using tools and resources developed by the Group or its Divisions. The Group Departments hold regular events within their networks to promote the co-development of best practices and their dissemination across the Group.

The rules of ethics, the Top Safety system (to manage the security of people and property) and the Top Planet system (for energy management), applicable across all subsidiaries and controlled joint-ventures, are detailed in sections 3.3.1 – Business ethics, 3.4 – Care for people, and 3.5 – Sustainable production.

As part of their day-to-day responsibilities, the HR and EHS/CSR networks ensure compliance with the Group's rules and policies through on-site checks supplemented with audits by the EHS/CSR Department and Internal Audit teams.

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The effectiveness of the policies and measures implemented is monitored on a regular basis through dedicated monthly or annual reports, depending on the type of indicators, and their main results are presented in this Sustainable Development chapter.

With suppliers, service providers and subcontractors

Plastic Omnium has progressively extended its internal requirements to its suppliers, service providers and subcontractors, to ensure that its work is carried out with partners having the same ethical standards. The General Terms and Conditions of Supply drafted by category of suppliers and reviewed on a regular basis by the Divisions' Purchasing Departments, thus include contractual clauses linked to the supplier's responsibility. In its General Terms and Conditions of Supply, available on its website, Plastic Omnium reserves the right to ask its suppliers and subcontractors to be ISO 14001 or OHSAS 18001 certified. At the end of 2017, 735 suppliers were ISO 14001 certified. Respect for human rights (with regard to child labor, forced labor, undeclared or illegal work, discrimination, etc.), respect for employee health and safety and respect for the environment are prerequisites for any partnership.

Launched in 2016, the Supplier CSR Charter was designed on the basis of the best practices for all of the activities of the Plastic Omnium Group and for all categories of purchases. This Charter rests on a reciprocal commitment embodied by a joint signature. The supplier also undertakes to ensure that its own suppliers, subcontractors and service providers comply with the principles of the Charter.

By undertaking to comply with the Charter, the supplier endeavors to comply with the 10 principles of the UN Global Compact. The supplier must also comply with:

- the United Nations' Universal Declaration of Human Rights and its two covenants (the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights);
- the Fundamental Conventions of the International Labor Organization (ILO), and the ILO Declaration on Fundamental Principles and Rights at Work;
- the OECD Guidelines.

Thus, all forms of illegal work, forced labor, child labor or discrimination must be banned. Equal pay, freedom of association and protection of the right to organize, as well as the right to a safe and healthy work environment must be guaranteed. The minimum wage and employee benefits, as well as the maximum number of working hours, must comply with applicable laws.

Respect for the environment is also a Plastic Omnium requirement: the supplier undertakes to comply with regulations in this respect, limit its environmental impacts (nuisances and pollution), use resources in a rational and traceable way, and replace toxic chemicals whenever possible.

At the end of 2017, more than 4,000 suppliers had signed this Charter.

Strengthening of requirements

In 2017, France introduced a law (no. 2017-399 of March 27, 2017) on the duty of vigilance of parent companies and contracting undertakings. Large companies, including Plastic Omnium, must report on the establishment and implementation of a vigilance plan with regard to the company's business and that of all subsidiaries and companies under its control. The plan comprises specific due diligence measures to identify and prevent risks of serious violations concerning human rights, fundamental freedoms, the health and safety of persons, and the environment.

Vigilance measures have been in place within Group subsidiaries and joint ventures for many years and have proven their effectiveness. The mapping of risks, evaluation procedures, risk prevention and mitigation measures, the whistleblowing procedure and the monitoring system for those measures are presented hereunder.

Concerning suppliers, the law on the duty of vigilance is an opportunity for Plastic Omnium to further increase the robustness of its practices and harmonize the tools and resources used by the Divisions. Thus, in 2017, the main departments concerned at Group level and within the Divisions (EHS/CSR, Purchasing, Human Resources, and Risk Management) defined a generic vigilance plan applicable to all Group activities. This plan is composed of several measures: a process to identify at-risk suppliers, supplier evaluation procedures, the monitoring of action plans following evaluations, a whistleblowing procedure, and a system to monitor the measures implemented and assess their effectiveness.

This plan will be submitted to the European Works Council, a body chosen to get input from internal stakeholders ahead of the meeting scheduled for June 2018, for discussions at the open questions session.

3.3.2.1 Mapping of internal risks and identification of at-risk suppliers

The internal risks to which Plastic Omnium is exposed are identified at several levels.

The materiality analysis conducted in 2017 identified Group-wide risk areas liable to impact the company's overall performance. Assessments were thus made on issues involving financial risks, business continuity risks, reputation risks, and regulatory compliance risks, in particular concerning human rights (responsible management, equal opportunities), freedom of association (social dialogue), health and safety, and the environment. The priority issues identified during this analysis – related to the duty of vigilance – are business ethics, health and safety, and responsible purchasing. Across the Group, the environmental risks identified are mainly linked to the product offering.

An analysis of the operational risks and industrial and environmental risks (health, safety and environment), also conducted at Group level, is presented in section 1.7 – Risk factors and Control of this Registration Document.

At the local level, the sites are required under internal rules to obtain the ISO 14001 and OHSAS 18001 certifications. For ISO 14001 certification, an analysis of environmental risks is required. For OHSAS 18001 certification a health and safety analysis is required: accidents, incidents and near-misses are subject to a report, an analysis of causes and experience-sharing among sites to avoid hazardous situations. Top Safety visits also provide opportunities for employees, and in particular operators, to report any hazardous situations observed.

Moreover, the engagement survey conducted in 2016, which will be repeated in 2019, comprises questions on personal safety and working conditions making it possible to detect, at the local level, the possible areas of progress. The implementation of actions will subsequently mitigate the risks identified.

Respect for human rights and fundamental freedoms (with regard to forced labor, child labor, employee remuneration, work organization, etc.) is part of the criteria examined during internal audits: the risks identified and managed mainly concern working hours and overtime, employee remuneration and the use of outsourced labor.

The suppliers, subcontractors and service providers liable to present operational and financial risks are identified by Plastic Omnium. Plastic Omnium's vigilance plan will eventually supplement this financial risk evaluation with an assessment of non-financial risks. To this effect, Plastic Omnium is reviewing its method for identifying at-risk suppliers which require special monitoring, as well as its method for assessing risks and implementing the required checks.

3.3.2.2 Evaluation procedures

The in-house rules that Plastic Omnium employees must comply with to minimize risks are laid down in various documents and in the deployment and control procedures presented in section 3.3.1 – “Business Ethics”. The Code of Conduct, translated into seven languages to ensure its adoption by everyone, applies to all employees of Compagnie Plastic Omnium, as well as those of its subsidiaries and the affiliated companies in which it holds a majority interest. The Code of Conduct states the commitment of the companies and employees to respect human rights, health and safety procedures, the environment, as well as the rules of ethics. Each Division, through the policies, resources and tools put in place, ensures that the risks are assessed and that the required preventative and corrective action plans are implemented.

To ensure everyone's knowledge of and compliance with this Code, an e-learning module and a dedicated intranet space are available.

The reports whose results are presented in this section are monitored at several levels, in order to ensure the effectiveness of the policies and actions. The main indicators are analyzed three times a year by the Executive Committee. Twice a year, the policies, tools and results are presented to the European Works Council. The continuous improvement of the results demonstrates the relevance of this global strategy.

In addition, the proper implementation of all these measures across all sites is verified through internal audits. Concerning health and safety in particular, Top Safety visits ensure that good working conditions are maintained and that any required adjustments are implemented.

The suppliers, subcontractors and service providers with whom Plastic Omnium works undergo a listing process and undertake to comply with the General Terms and Conditions of Supply and the Supplier CSR Charter. Quality audits integrating social and environmental criteria are conducted at supplier premises on a regular basis to ensure their compliance with Plastic Omnium's requirements. A total of 202 suppliers were thus audited in 2017. Plastic Omnium's various departments (EHS/CSR, Purchasing, Human Resources and Risk Management) are working on a revision of the evaluation methodology, based on the analysis of supplier documentation combined with on-site audits.

3.3.2.3 Equities to prevent or mitigate violations

In-house, the EHS plan and the Human Resources policies detailed in the section concerned make it possible to prevent risks. The good social and environmental results and their continuous improvement confirm the relevance of the choices made to reduce risks at source. The Human Resources and EHS networks enable rapid reporting of any major risk detected to the Group Management. This is supplemented with regular site audits, which detect rules gaps to be subsequently followed up with corrective action plans. Exchanges of best practices among sites and network members allow the set-up of preventative action plans on each of the sites that may be exposed to these same risks or gaps.

Based on this model of preventative and corrective action plans, which has demonstrated its efficiency for its subsidiaries, Plastic Omnium will be developing procedures for the implementation of preventative and corrective action plans for its suppliers, service providers and subcontractors. Should a supplier evaluation reveal one or more major gaps on non-negotiable issues, Plastic Omnium reserves the right to take all protective measures to ensure the integrity and sustainability of the Group.

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3.3.2.4 Whistleblowing procedure

A whistleblowing procedure has been in place for several years. Employees are encouraged to inform their line manager or the Group's Corporate Secretary of any situation which involves risks or is contrary to current regulations or Plastic Omnium's internal rules. Ways to extend this procedure to external third parties are currently being defined.

3.3.2.5 System to monitor the measures implemented and assess their effectiveness

The effectiveness of the measures implemented in subsidiaries and Group-controlled joint ventures to manage environmental, health and safety risks is measured on a monthly basis. A dedicated reporting tool enables consumption levels and discharges, tracking of discrimination incidents, and follow-up of accidents and near-misses to be monitored. Targets are set and results are monitored monthly by the Executive Committee. A dedicated team is tasked with the deployment of the measures. All of these measures are presented in sections 3.4 – "Care for people", and 3.5.1 – "Focus on responsible production".

Concerning human rights and fundamental freedoms, the Labor Relations Department keeps an annual record of employee representatives and the agreements signed in each country.

Concerning suppliers and subcontractors, the Group is set to finalize procedures in 2018 to initiate a test phase requiring the employees involved be informed and trained. Following an analysis of the efficiency of the procedures and their possible revision, the procedures will be implemented and any situations involving risks will be reported to the Executive Committee.

3.3.3 DATA PROTECTION

To address the growing threats stemming from cyberspace, the newly created Cyber-defense Department is tasked with protecting Plastic Omnium and its IT assets, including employee data, customer data, and the Group's essential operating data.

The legal and regulatory framework, which is constantly changing to cater for societal digitization and the transformation of uses, is reinforcing requirements for the protection of data in general, and personal data in particular.

Plastic Omnium uses all necessary technical and organizational means to meet these increasingly stringent requirements, against a backdrop of rapid change and stiff competition, in which data protection has become a major concern.

Through its Technical Division and its Cyberdefense Department, the Plastic Omnium Group defines norms and standards to adapt its IT infrastructure to the changes in its business activities and new uses, and to provide resources and services under safe conditions for the Company and for users, through a risk identification and management procedure.

Working alongside the Group's Cyber-defense Department, the Divisions' IT Departments make daily efforts to ensure the proper operation of infrastructure and the deployment of dedicated Group-wide safety rules.

Technology watch is one of the essential functions of the IT and Cyberdefense Departments. For this purpose, Plastic Omnium has joined two benchmark organizations dedicated to IT security and bringing together major French players, including automotive manufacturers: CLUSIF (French Information Security Club) and CESIN (Information and Digital Security Experts Club).

In addition, permanent contact is maintained with several government bodies, such as ANSSI⁽²⁾, to improve the detection of threats and develop an appropriate response capability.

To support this process, specific procedures and best practices guides have been developed and distributed across dedicated spaces, such as the TopNet intranet.

From a protection solution viewpoint, Plastic Omnium uses cutting-edge systems to protect the Company against the various types of attacks that could affect its data or its IT system as a whole.

The Company thus maintains a Security Operating Center (SOC) to detect, in real time, high-risk uses and behaviors that could undermine the integrity of the data.

Moreover, a Charter on the use of IT resources is being produced and will be deployed internationally in 2018.

The purpose of these measures is awareness and to prompt users to adopt good practices in the use of data and IT equipment.

(2) ANSSI: Agence Nationale de la Sécurité des Systèmes d'Information (French National IT Security Agency), attached to the French Secretary-General for National Security and Defense.

3.3.4 RELATIONS WITH LOCAL STAKEHOLDERS

In 2017, the Plastic Omnium Group and its joint ventures were present in 31 countries through 127 sites and 20 development centers and 4 research clusters. The production sites are located in the immediate vicinity of customer plants, to ensure optimum response time. Certain sites, known as forward supplier facilities, are directly integrated in customer sites. Other automotive manufacturers' suppliers also have their premises around them, making these areas highly dynamic in terms of local economic development and local employment.

Whenever possible, *i.e.* mainly for non-strategic purchasing categories, Plastic Omnium encourages the deployment of this model by also calling on local suppliers.

Whenever a new site is opened, whether through its creation or acquisition, Plastic Omnium encourages local employment, in order to fit into the local community, ensure local economic benefits, and profit from a strong local base. As mentioned in section 3.4.4 – Talent and skill management, Plastic Omnium strives to develop local employee skills rather than send expatriates, thereby increasing the local employability level.

These new sites are the focus of special attention, especially concerning applicable laws. All new sites must initiate ISO 14001 and OHSAS 18001 certification procedures upon the start-up of operations, including an analysis of environmental and health/safety risks. These certifications make it possible to identify and reduce impacts and thus implement the required corrective and preventative actions, ensuring harmonious relations with local residents. One German site has received a neighbor complaint about noise. After noise level measurement, several actions have been taken by the site to comply with the regulation: a noise protection wall was built; fan motor, cooling water pumps motors and cold water pipes received noise insulation.

For Plastic Omnium, one of the major areas of local integration is the development of partnerships with universities and schools. These partnerships boost local awareness of the Company and improve its attractiveness for the recruiting of young talents and make it possible to develop research and innovation partnerships.

Local social voluntary development actions

For Plastic Omnium, developing a strong local base also means participating in local voluntary social development initiatives. The Divisions, countries and sites that wish are free to participate in or set up philanthropic or sponsorship actions.

In the United States, for the third consecutive year, Plastic Omnium has supported the efforts of the "Focus Hope" nonprofit organization benefitting the dispossessed in the Detroit area: the Company donated \$333,000, in line with its commitment to donate \$1 million over a three-year period to fund education projects and help with the management of a food bank.

In Mexico, following the earthquake of September 2017 which resulted in numerous casualties, Plastic Omnium's Mexican sites moved into action. The Auto Inergy Division's Leon site organized the collection of staple products (hygiene products, cleaning products and foodstuffs) and donations. The funds were used locally to buy staples, thus helping the small businesses hit by the natural disaster. The Puebla, Ramos, Silao and San Luis Potosi sites also organized product donations for earthquake victims.

In Spain, in 2017, the Environment Division renewed its support to the Food Banks of Madrid and Valencia. The employees of the Santa Catalina, Ribarroja, Fuenlabrada and Gobelas sites collected 335 kilograms of food products for malnourished children and, for each kilo collected by the employees, Plastic Omnium added an extra kilo of food.

Initiatives in favor of sick children were conducted in various sites: the Auto Exterior Silao site collected donations for the Dr Sonrisas Foundation, which brings joy to sick children through various actions. The Auto Exterior Σ-Sigmatech site held an auction sale for the benefit of the nonprofit organization Vivre aux Éclats, which sends clowns into hospitals to cheer up sick children. Bottlecap drives were organized on the Spanish sites of Auto Exterior Redondela and Environment Madrid for the benefit of the SEUR Foundation which helps children with health problems. The Auto Exterior Pappenheim and Auto Inergy Togliatti sites organized Christmas toy drives for disadvantaged children.

Other local actions, benefitting health, the environment, sick children, or disadvantaged children were conducted on the sites' initiative.

3.4 Care for people

3.4.1 RESPONSIBLE MANAGEMENT

The Company's strong growth obviously means significant scope changes, and thus workforce changes, which the Human Resources Departments manage in a responsible way.

At the end of December 2017, the Group had 21,127 employees, a slight decrease compared to end-2016, due to the disposals of the composite activity, mainly located in France, leading to a decrease in the number of manufacturing workers.

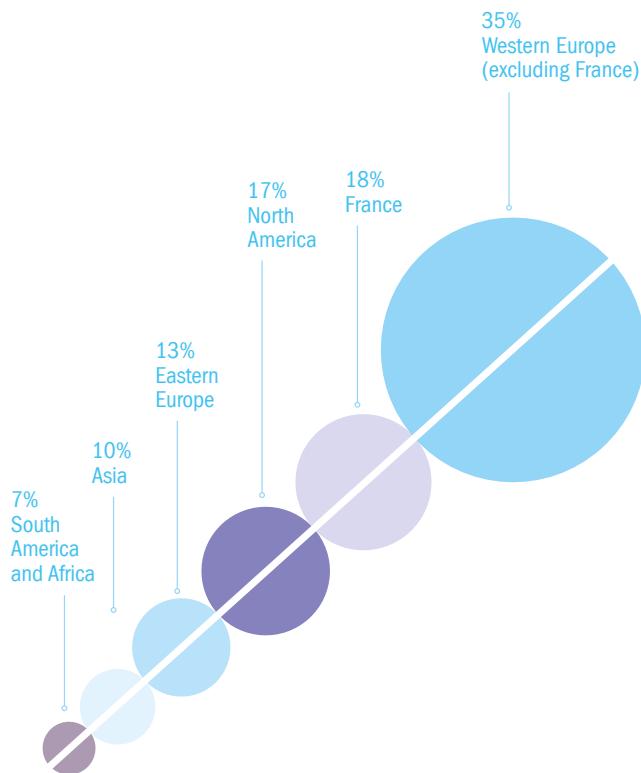
Workforce by type of employment contract

	2015	2016	2017
Permanent employment contracts	15,081	74%	19,720
Fixed-term employment contracts	1,547	8%	2,174
Registered employees	16,628		21,894
Temporary staff	3,661	18%	4,628
Total employees (registered and temporary)	20,289	26,522	25,503

Registered workforce by Socio-Professional Category

	2015	2016	2017
Manufacturing workers	8,801	53%	12,294
Administrative staff, technicians and supervisors	4,146	25%	5,044
Managers	3,681	22%	4,556

Breakdown of workforce by region, contract and category



	Permanent employment contract	Fixed-term employment contract	Total registered employees	Temporary staff	Total
France	3,682	17	3,699	866	4,565
Western Europe excluding France	6,502	765	7,267	1,649	8,916
Eastern Europe	2,323	620	2,943	463	3,406
North America	3,391	370	3,761	596	4,357
South America and Africa	1,584	3	1,587	68	1,655
Asia	1,713	157	1,870	734	2,604
Total	19,195	1,932	21,127	4,376	25,503

	Manufacturing workers	Administrative staff, technicians and supervisors	Managers	Total
France	1,180	1,041	1,478	3,699
Western Europe excluding France	4,186	1,900	1,181	7,267
Eastern Europe	1,874	662	407	2,943
North America	2,156	768	837	3,761
South America and Africa	1,030	361	196	1,587
Asia	898	354	618	1,870
Total	11,324	5,086	4,717	21,127

To unite all employees around the ‘PO Way’ and a common corporate culture, Plastic Omnium has, for a number of years, been implementing development programs for its current and future managers. The Starter, Booster, Driving Success and Leading Manufacturing programs aim to establish the same management methods worldwide. Specific actions strive to improve skills in particular areas. Phone conferences were thus organized for senior managers on topics linked to managerial skills: around 200 of them thus attended an awareness-raising session on “people reviews”. A second session, dedicated to feedback, took place at the end of the year.

Compensation

Fair compensation is a pillar of responsible management and a motivation and commitment factor for employees. Plastic Omnium's compensation policy is based on equity and non-discrimination with regard to gender, origin, religion, sexual orientation, disability or any other matter. This commitment is stated in the Code of Conduct and through joining the United Nations Global Compact.

The percentage increase from annual salary reviews of managers and engineers is equal between men and women at the global level.

An analysis of the compensation differentials for the same position identified the following differences:

- less than 5% for recent graduates, professionals, managers, specialists;
- less than 9% for the senior manager population.

For France, based on the coefficients in the collective bargaining agreement in the Plastics industry, differences have been measured:

- 8 coefficients have a gender difference of less than 8%;
- 4 coefficients have a difference greater than 8% with a maximum difference of 15%.

The compensation is supplemented with social benefits, defined at the local level. In keeping with applicable local regulations and social practices, collective incentive policies have been developed in a majority of countries, along the lines of the profit-sharing and incentive schemes in France.

At December 31, 2017, the Group stock ownership plan set up in France had 1,906 employee subscribers, holding a total of 1,476,225 Compagnie Plastic Omnium shares purchased on the market, representing 0.98% of the 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.

Since 2016, the Group rolled out a health insurance scheme, providing better health cover for French employees and their families.

CARE FOR PEOPLE

Employee benefit expense

In thousands of euros	2015	2016	2017	Change in 2016/2017
Wages and salaries	(585,620)	(690,904)	(820,074)	18.7%
Payroll taxes	(160,296)	(190,149)	(219,808)	15.6%
Non-discretionary profit-sharing	(12,418)	(14,181)	(18,115)	27.7%
Pension and other post-employment benefit costs	(798)	(1,602)	(2,840)	77.3%
Share-based compensation	(3,025)	(3,498)	(3,327)	(4.9%)
Other employee benefits expenses	(37,432)	(38,101)	(36,011)	(5.5%)
Total employee benefits expenses excluding temporary staff costs	(799,589)	(938,437)	(1,100,175)	17.2%
Temporary staff costs	(109,540)	(125,884)	(142,677)	13.3%
Total employee benefit expenses including temporary staff	(909,130)	(1,064,321)	(1,242,852)	16.7%

Organization of work

Work on Plastic Omnium sites is organized in compliance with applicable local legislation and the fundamental conventions of 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 2017, overtime and temporary employees decreased by respectively 7% and 5%, mainly due to site disposals.

Total number of employees working in shifts

	2015	2016	2017
Employees working in shifts	9,873	13,529	12,411
Of which employees working only nights	1,025	1,190	1,203
Of which employees working only weekends	122	166	118
Part-time employees	295	394	344

Overtime hours

	2015	2016	2017
Hours worked per week	From 35 hours to 48 hours	From 35 hours to 48 hours	From 35 hours to 48 hours
Overtime (full-time equivalent)	999	1,154	1,074

3.4.2 SOCIAL DIALOGUE

Plastic Omnium wants to build long-term relations with its employees. Changes in scope resulting in site closures or disposals are planned well in advance: At a very early stage, the Management announces its decisions to the trade unions and employees, and takes the required time to engage in constructive, open and transparent dialogue with them, as was the case for the sale of Plastic Omnium's truck composite parts business. Consultation meetings were thus held with the European Works Council and at the local level. Discussions proved constructive and the negotiation of an agreement was not deemed necessary.

Locally, labor relations are managed by the Human Resources Departments of the Divisions or countries, in compliance with applicable local regulations. The Labor Relations Department

ensures the decisions and practices implemented are the same in all countries.

Following the acquisition of sites in Germany in 2016, the Group set up a dual structure comprising a Supervisory Board and an equal employee representation.

Plastic Omnium Auto Exterior SA France has changed the composition of its Board of Directors to include an employee administrator, appointed by the Works Council.

The European Works Council, which is made up of 35 members representing eight countries, meets annually. Within the Group, 33 trade unions are represented.

In 2017, 163 agreements were concluded, 16 of which concerned health and safety. At the end of 2017, 67% of employees worldwide were covered by a collective agreement.

	2015	2016	2017
Existing committees	165	195	164
Of which Works Councils	62	78	66
Other committees (training/ideas)	74	95	78
Number of trade unions represented	31	34	33
Number of Company agreements signed during the year	120	191	163
Agreements on health and safety at work	15	13	16
Percentage of employees covered by a collective agreement	63%	67%	67%

	2015	2016	2017
Total contribution to works council employee welfare programs (in thousands of euros)	1,456	1,438	914

3.4.3 HEALTH AND SAFETY

Ensuring the health and safety of employees is one of the foundations of responsible management. Present in the Code of Conduct, this commitment is shared by everyone within the Group: a dedicated EHS organization creates and deploys the procedures and steers the results, building on the commitment from all employees, from top management to operators.

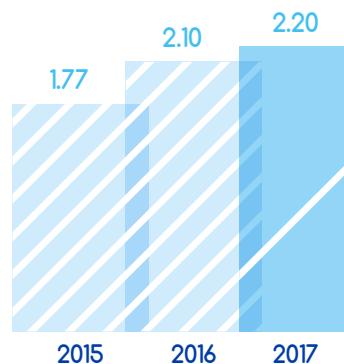
Each Division has its own EHS Department, reporting to the Group EHS/CSR Department, which coordinates and supervises a network of EHS coordinators present at site level. These coordinators meet monthly to identify best practice and areas for improvement as well as the action plans to be created and implemented.

All managers are trained in safety and have targets to achieve. They are trained to carry out Top Safety visits, i.e. to identify gaps compared to Group rules and report them for corrective actions. In 2017, 24 training sessions took place across 10 countries, attended by 278 participants. 163 technicians were also trained during 18 "Stop 5" sessions in 11 countries. Thus, 441 employees were trained (464 in 2016), allowing 45,729 visits, i.e. 2.20 visits per employee to be performed, compared to 45,351 visits in 2016, corresponding to 2.10 visits per employee.

Number of employees who have received Top Safety Training



Number of Top Safety visits per year⁽¹⁾



(1) This calculation excludes the Auto Exterior sites acquired in 2016.

All employees were also trained in safety via the internal e-learning platform, "My Learning Place", where dedicated modules are available: an awareness module and three modules related to ergonomics.

During the annual "Top 100" Senior managers meeting, "Safety Awards" were distributed to the highest-performing sites in five categories: the best safety result, the best safety improvement and the highest number of accident-free days, the best ergonomics performance and the best environmental performance. In 2017, the Auto Exteriors Division sites, Redondela, Anderson, Silao and Puebla as well as the Auto Inergy Division sites, Rayong, Adrian, Eisenach, Brits and Sorocaba were recognized for the three safety categories.

The fourth World Safety Day is also a defining event in the safety program. Workshops are carried out locally to continue to develop the safety culture with all Group employees. The key event of the day was a multiplex enabling four sites, Levallois in France, Shenyang in China, Arevalo in Spain and San Luis Potosi in Mexico, to take part and ask questions directly to the Chairman and Executive Committee during the conference. In total, 10,000 employees were able to view this presentation live.

CARE FOR PEOPLE

This day is a new occasion to demonstrate the management teams and all sites' commitment to serve the Group's ambition of achieving "zero accidents". This ambition is reflected in the aim not to have any serious accidents and to reduce accident frequency (Tf2⁽³⁾) to one in 2020.

In 2017, results showed a 22% improvement in the Tf1⁽⁴⁾ at 1.98, compared to 2.54 in 2016, and 22% in the Tf2 at 2.87, compared to 3.67 in 2016. This decrease is part of a general improvement trend with a division by 2 of the frequency rate (Tf1) in five years and almost by three for the Tf2. Tg⁽⁵⁾ is stable at 0.06, same as 2016, but is also in a global improvement dynamic.

Absenteeism rate is globally stable as well as the causes of these absences.

Safety indicators (including temporary staff)

	2015	2016	2017
Number of first aid cases	2,186	1,897	2,146
Number of workplace accidents without lost time	76	50	45
Number of workplace accidents with lost time	113	112	99
Number of days of workplace accident-related lost time	3,803	2,521	2,941

Accident Frequency and Severity Rates (temporary staff included)

	2015	2016	2017
Tf1: Lost time injury frequency rate <i>in number of accidents per million hours worked</i>	2.87	2.54	1.98
Tf2: Total recordable injury frequency rate <i>in number of accidents per million hours worked</i>	4.80	3.67	2.87
Tg: Severity rate of workplace accidents <i>in number of days lost per thousand hours worked</i>	0.10	0.06	0.06

Accident Frequency and Severity Rates (excluding temporary staff)

	2015	2016	2017
Tf1: Lost time injury frequency rate <i>in number of accidents per million hours worked</i>	2.95	2.40	1.86
Tf2: Total recordable injury frequency rate <i>in number of accidents per million hours worked</i>	4.87	3.59	2.72
Tg: Severity rate of workplace accidents <i>in number of days lost per thousand hours worked</i>	0.11	0.06	0.07

Absenteeism related to workplace accidents is globally stable

	2015	2016	2017
Absenteeism rate due to workplace accidents	0.10%	0.08%	0.07%
Absenteeism rate due to other causes	2.67%	2.67%	2.73%
Total absenteeism rate	2.77%	2.75%	2.80%

(3) 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.

(4) Tf1 = Lost time injury frequency rate = Number of workplace accidents with lost time, including temporary staff × 1,000,000/Number of hours worked.

(5) Tg = Severity rate = Number of days of workplace accident-related lost time × 1,000/Number of hours worked.

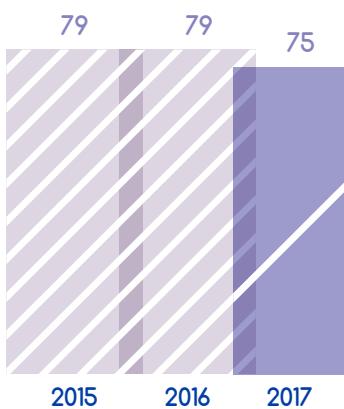
To achieve this performance, the EHS Department continues to steer the deployment of its Top Safety program across all the sites. The sites self-assess their progress annually for each of the pillars, including a total of 75 actions. In 2017, on average, the sites considered they achieved 81% progress in the actions.

The safety policy is based on five pillars: machines and equipment, employees and managers, sites and projects, benchmarks and management, and working conditions. These notably include management systems, behaviors, working conditions, including chemical and noise pollution risks and equipment and site safety.

The management system

To ensure risk management and action steering, the sites must be certified to OHSAS 18001. In 2017, the number of certified sites has decreased: the disposal of PO Composite reduced the number of certified sites by nine, which were not offset by the 5 new certifications.

Number of sites certified to OHSAS 18001 standards



The deployment of non-negotiable rules

The EHS Department requires all the sites, whatever their country or current regulations, to comply with 6 rules, known as the "six non-negotiables", with regard to pedestrian traffic, the wearing of personal protective equipment, self-propelled trucks, suspended loads, stop and start operations and working at heights. These

rules are constantly reminded via safety posters or minutes and compliance is monitored both during Top Safety visits and also by internal auditors.

Working conditions and ergonomics

The engagement survey carried out in 2016 included questions on health, safety, working conditions and ergonomics. The results of this survey led to strengthened efforts and investments in the area of ergonomics. Drivers to improve working conditions are different depending on the countries, sites and business lines. Thus, actions have been carried out locally on sites where a margin of improvement was highlighted in the engagement survey. The management of overtime hours was reorganized at three sites in the United States and Poland. A new policy for the number of days worked was defined for a site in India. Teleworking is currently being tested in Germany, Poland and Slovakia. Childcare or concierge services have been implemented in France. Another outstanding example: the United Kingdom created a well-being at work policy including sabbatical leaves, participation in sporting activities, flu vaccinations, etc.

For its first year, the actions were recognized by the Best Working Conditions Award at the Top 100.

Ergonomics measurement tools were also improved. Within the Auto Inergy Division, 92% of work stations were assessed and two indicators were monitored: the number of work stations requiring changes and the number of work stations that could be improved. In 2017, the Auto Exterior Division defined its accounting standards to assess and improve ergonomics in its plants (work stations and movements) and during project phases. Following the definition of this accounting standard, the aim is now to assess all of the work stations. The ergonomics issue will be monitored using two indicators: the number of stations requiring changes and an indicator measuring the quality of ergonomics assessments during project phases.

The Group pays particular attention to the issue of ergonomics as it contributes to reducing occupational illnesses, most of which are muscular-skeletal problems (seven out of nine of the illnesses recognized in 2017). For this, the Alphavision virtual reality room on the α-Alphatech site enables the Auto Exterior Division to optimize work stations by improving operator positioning.

	2015	2016	2017
Number of occupational illnesses declared	34	17	12
Number of occupational illnesses recognized	32	15	9

CARE FOR PEOPLE

Plastic Omnium takes into account the health issue of air quality. Solvent emissions and exposure to dust from materials and chemical products are monitored and actions are implemented to achieve the most ambitious international legislative thresholds for all sites.

With regard to chemical risk management, 2,487 out of the 2,907 products used by Plastic Omnium have been checked for chemical risks, with specific monitoring of CMR (Carcinogenic, Mutagenic and Reprotoxic) products and substances of very high concern (SVHC). Corporate policy aims to go further than the law and replace these products as soon as possible. These products are used in compliance with current regulations until better alternative techniques have been identified.

Sites have produced noise pollution mappings to reduce noise at its source, with the aim of having ambient sound close to 80 dB. Light and heat environments are studied in the risk analyses and investments made to optimize working conditions where necessary.

Equipment and site safety

In 2017, Plastic Omnium began to apply safety criteria for its machines that exceed current regulations. Nine of Plastic Omnium's sites received the HPR (Highly Protected Risk) label issued by insurers thanks to regular analysis of the risks, particularly the fire risk, and the subsequent implementation of effective preventative actions. All new site buildings must obtain this certification and all sites audited by insurers must obtain an above-average score.

3.4.4 MANAGEMENT OF SKILLS AND TALENTS

Attractiveness and recruitment

Plastic Omnium's growth ambitions are supported by a necessary increase in its workforce. Forecasts plan for the recruitment of 500 managers and engineers each year by 2020. Actual recruitment of managers exceeded forecasts with 746 recruited in 2017, highlighting Plastic Omnium's dynamism and appeal.

Number of employees hired during the year

	2015	2016	2017
Managers & Engineers hired	611	634	746
Non-Managers hired	2,958	3,509	4,048
Total	3,569	4,143	4,794

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

	2015	2016	2017
France	186	164	181
Western Europe excluding France	108	113	143
Eastern Europe	68	63	70
North America	114	154	166
South America and Africa	16	28	42
Asia	119	112	144
Total	611	634	746

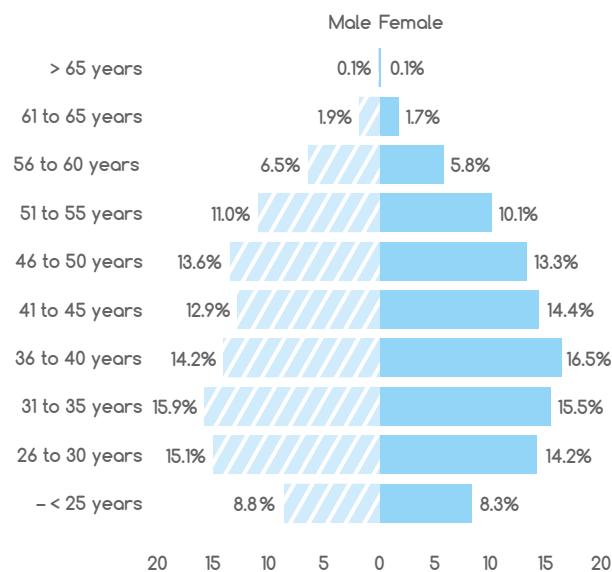
To obtain this performance, the focus has been on reinforcing attractiveness and visibility as an employer of choice. Local Human Resources staff use the tools developed by the Group Human Resources Department to ensure a single visual identity, uniform communications and to spread proven best practices. The development of the Career site continues: the global site hosts six local internet sites (for the United States, France, China, Germany, Spain and Poland) and enabled the publication of 855 job offers and internships in 2017. Over half of the unique visitors, totaling 137,346 (+11% compared to 2016), came from France and the United States.

The LinkedIn social network is also a tool used by the Group to develop its recognition amongst workers. The number of people following the Company's account increased by 37% in 2017 to reach 49,307. Additionally, the Group uses a multi-publication solution for job and internship offers on internet. In 2017, over 300 offers were published on different job search sites and school/university sites.

Plastic Omnium aims to recruit between 25 and 30% of junior level staff (young graduates or those with a first professional experience) in order to ensure generational renewal. To reach young graduates, the Group took part in nearly 80 school relations events in 2017: recruitment fairs, presence in schools, student reception on-site, university lessons... New event formats were tested this year. For example, during the Equip'Auto fair organized in France, the Vice-Chairman R&D of the Auto Inergy Division held a conference organized by the SIA – Automotive Engineers' Society – for 700 future engineers.

A partnership signed with CentraleSupélec enabled Plastic Omnium to take part in several schools' events. The Group renewed its sponsorship of the Raid CentraleSupélec student challenge and its partnership with Centrale Beijing was also renewed during the year.

Breakdown of employees by gender and by age bracket



Another interesting recruitment source for young talent is through work-study programs. Plastic Omnium would like to develop these contracts that enable it to recruit young people already trained in the company's tools and methods. In 2017, 340 young people signed work-study and apprenticeship contracts.

Volunteer for International Experience (VIE) schemes are also a useful tool to attract young talent. In 2017, 48 young people had the chance to work in another country within a Plastic Omnium site. 26 young people achieving their VIE in 2017 were recruited by the Group at the end of their contracts.

An integration seminar was once again organized in 2017 for new talent hired during the year to share the 'PO Way' and the Group's strategy. Around 350 participants, from all business lines and from 17 countries, had the chance to meet the Management Team and create an internal network.

The recruitment of talent supports growth whilst offsetting departures. Manager turnover has slightly increased up to 13.5%, due to tight labor market conditions. The study carried out in 2016 on the causes of departure and the profiles of resigning employees enabled numerous actions, both on a global and local scale, to be implemented. A questionnaire created by the Human Resources Department gives feedback on the reasons for the departures. The Stay Interview process – an interview carried out with managers who have been with the Company for less than three years – was continued in 2017 and is part of the process to improve retention of these people.

Number of departures during the year

	2015	2016	2017
Redundancies	338	227	443
Terminations for other reasons	565	705	794
Other departures	1,238	1,252	1,987
Total	2,141	2,184	3,224

CARE FOR PEOPLE

Development of loyalty and skills management

To develop the loyalty of its employees, Plastic Omnium has chosen to develop an ambitious internal mobility and training policy.

A career management tool – the people review – makes it possible to determine future skills needs and to map the existing profiles that correspond to those needs. The aim is to identify potential and the likely training required to develop employees and their employability. These analyses are carried out at Group level and at each Division and enable succession plans and career plans to be matched, thus offering employees a motivating professional outlook.

Annual assessment interviews are the chance for employees to discuss with their managers their development goals, which are then fed into the people review process. These interviews take

place annually basis with over 5,000 managers according to a specific procedure prepared by the Group: the form used is available in eight languages in the OPteam tool, the Human Resources information system. Employees' general and managerial skills are assessed by their managers, who have taken part in conferences carried out by the Group Human Resources Department. These conferences enable managers' practices to be harmonized and make the quality of the information reported during these interviews more reliable.

Mobility goals are identified during these interviews. Plastic Omnium's aim is to focus on internal mobility and be able to fill 75% of managerial positions internally. The list of available positions can be consulted by employees in the internal OPteam tool, where they can apply directly. Thus, the mobility rate for managers reached 11.6% in 2017. International mobility is also encouraged and benefited 108 Group employees, who were expatriated, including 36% employed outside of France.

Mobility rate for managers

	2015	2016	2017
France	11.5%	7.2%	9.3%
Western Europe excluding France	9%	3.8%	12.5%
Eastern Europe	15.5%	12.5%	11%
North America	19%	17.3%	13.3%
South America and Africa	23%	13%	13.4%
Asia	17%	9.8%	11.8%
Total	13.4%	9%	11.6%

Training is the second pillar of the skills management policy. Four development programs for managers and executives have been created and deployed since 2014.

The "Starter" program for young talent aims to support participants during 12 to 18 months so that they can develop their leadership and adoption of the 'PO Way'. Over 150 employees have so far benefited from this program, with a significant reduction in their departure rate as a result.

"Driving Success" is a program destined for managers of local teams, in order to work on the development of their communication, team management and leadership skills. These training courses lasting several days meet Plastic Omnium's aim to develop a uniform managerial approach across its sites. 420 team managers have benefited from this program since its launch in 2016.

A new program – "Leading Manufacturing" – complements the previous programs with a different audience: directors of current and future plants. This program aims to create a uniform plant management dynamic for all directors. 15 participants were brought together for the first session at the end of 2017.

A fourth development program is currently being finalized to start in 2018.

During annual assessment interviews, the training courses required to develop skills are identified. The resulting training programs are managed in the global training administration tool, "My Learning Place". E-learning training modules covering, amongst other topics, ethics, Codes of conduct, Golden Rules of internal control and health and safety are also offered there. The training programs of 18,200 employees are managed in this tool, (i.e. 86% of employees in 2017). Plastic Omnium offers face-to-face training, virtual classes as well as blended learning on the following main themes: languages, health/safety/environment, software, management, continuous improvement, occupation skills and techniques.

	2015	2016	2017
Training commissions	38	40	36
Number of attendees	106,405	97,373	122,601
Number of training sessions per employee per year	6.40	5.53	5.80
Total training hours	424,446	513,515	531,130
Training hours per year per employee	25.53	29.19	25.14
Total expenditure on external training bodies (in thousands of euros)	4,779	4,380	5,262

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

3.4.5 EMPLOYEE ENGAGEMENT

The engagement survey conducted internationally at the end of 2016 has been fully analyzed in order to identify the areas of improvement to be deployed, the results show that while 77% of employees are satisfied and that this satisfaction has improved compared to the survey carried out in 2013, the commitment rate is 42%. The survey enabled four priorities to be identified, for which action plans have been deployed:

- team management;
- organizational efficiency and well-being in the workplace;
- career management and development;
- recognition of work accomplished.

These four themes, falling partly under a global policy, and also that of site management, meet the global objective of combining quality of life in the workplace and efficiency to guarantee the durability of operational performance and team satisfaction. Each site has received its results, enabling them to identify their own improvement focuses and decide the best action plan to implement.

Over 600 actions were identified, including two-thirds that fall under the four priorities, and are currently being implemented. A new engagement survey will be carried out in 2019 to measure the impact on employee engagement.

For example, in the area of management, role playing on how to give and receive constructive feedback was carried out at a Polish site, group coaching was offered to new managers at a French site, and four sites (Korea, Brazil, Japan and United States) moderated "skip level events" where employees can directly

discuss with the management team, in the absence of their managers.

At Group level, the "Starter" and "Driving Success" development programs and the future "Leading Manufacturing" and "Booster" programs aim to train managers in a uniform management culture and also help improve career management and development.

To improve in the area of work recognition, the Awards given to the best sites during the Top 100 were widened to new categories: in addition to the three awards for safety, the site with the best working conditions is now recognized. The award for energy and greenhouse gas emissions management (formerly Top Planet Award) was replaced by the best environmental management award. Locally, some sites have implemented best employee nominations, recognition of the best idea (with a suggestion box system) or innovation competitions. As recognition also includes recognition by families, numerous sites have organized open-day events to let families discover the work place.

3.4.6 EQUAL OPPORTUNITY

Promotion of diversity and equal opportunity are imperatives in Plastic Omnium's culture. The Group affirms its commitment to fight all types of discrimination and to promote the integration of each person in its Code of Conduct and through its membership of the UN Global Compact, one of the principles of which is the contribution of companies to eliminating all job and professional discrimination.

Plastic Omnium ensures compliance with these principles through annual monitoring of discrimination incidents.

	2015	2016	2017
Number of incidents of discrimination ⁽¹⁾	1 ⁽²⁾	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, has been closed by the competent authorities, with no charge against Plastic Omnium.

CARE FOR PEOPLE

A diagnosis carried out in France on how disabilities are taken into consideration in sites showed that 95% of disabled employees at Plastic Omnium have permanent contracts and that the areas for improvement are information and awareness, recruitment and continued employment and the development of subcontracting with protected worker sectors.

Following this analysis, a Disability Policy, implemented by the Executive Committee, has been defined and is guided by a dedicated organization, the Disability Mission.

The aims are to inform and train key actors, to maintain employees in their jobs via work station adaptations, to recruit and integrate disabled employees by adapting the recruitment processes and sources, and to strengthen collaboration with the protected worker sector.

The three members appointed within this Disability Mission:

- support the HR Division point persons responsible for coordinating the Disability Policy in their respective Divisions;
- are privileged contacts for external organizations;
- coordinate and monitor the actions implemented as part of an agreement with the AGEFIPH.

On-site, the HR point people are responsible for:

- deploying the actions guided by the Disability Mission and report back information;
- support and monitor disabled employees;
- support managers;
- inform site employees about Plastic Omnium's Disability Policy;
- monitor work station adaptations.

Numerous stakeholders have been included in this policy: trade unions, the Health and Safety Committees (CHSCT), the Works Councils and nurses as well as the Occupational Health Service and Social Assistant.

This policy will be deployed via communications drivers (the usual internal communications channels), awareness raising sessions for all French employees and training for employees involved in the process, including managers and recruiters.

	2015	2016	2017
Number of disabled workers	310	439	390
Workstations adapted for disabled workers	31	25	17
Number of disabled workers recruited in the year	26	24	27

Regarding gender equality, Plastic Omnium ranked in 2017 in 44th place for the feminization of governance bodies of Major Companies in the SBF 120, published by the State Secretary for Gender Equality. The criteria used for this ranking are:

- the proportion of women in the Board of Directors and Compensation Committee as well as their presence in one of the Board of Directors' committees;

- the proportion of women in the Executive Committee;
- the proportion of women in the Top 100;
- the presence of diversity goals in compensation;
- the presence of a women's network in the company.

In 2018, the company intends to accelerate its commitment by implementing initiatives to promote gender equality, in particular by setting up a Women's network.

	2015	2016		2017	
Number of women Managers & Engineers at December 31	758	20.8%	946	20.8%	986
Proportion of women at executive level					20.9%
Number of women Managers & Engineers hired during the year	125	20.5%	157	24.8%	185
Proportion of women executives hired					24.8%

The Group has stepped up its efforts to recruit female managers and engineers, who account for 25% of new hires. This has leveled the share of this population at 21%.

	2015	2016		2017	
Men	12,737	76.6%	16,874	77.1%	16,146
Women	3,891	23.4%	5,020	22.9%	4,981

Compagnie Plastic Omnium is a partner of the “Elles Bougent” association to promote engineering and technical professions with young women, few of whom choose technical and scientific careers in general.

25 women engineers at Plastic Omnium are sponsors for the association and go out to meet young women and present their careers. Plastic Omnium wanted to support the association’s development in Spain by welcoming around thirty students from the French High School in Madrid to its Arevalo site for the Women’s Rights Day.

3.5 Sustainable production

3.5.1 FOCUS ON RESPONSIBLE PRODUCTION

Plastic Omnium is building a new production site in Greer, United States, which will be a 4.0 pilot plant. After mechanization, industrialization and automation, digitalization is the fourth revolution to occur in the industrial world, which will transform design and production. With connections to machines, systems and products, real-time analysis of production and logistics data is now possible. Process quality is improved, as anomalies are detected instantly, leading to cost savings.

Inventories and production processes will be optimized, leading to the overall improvement of the corporate supply chain by Plastic Omnium over several years. Good supply chain operations are essential in a company such as Plastic Omnium which delivers to its customers just-in-time: sites are as close as possible to customer plants, and deliveries take place as required. The aim for the company is to be capable of efficiently managing information flows (customer requests, supplier orders) and physical flows (raw materials, components, semi-finished products). A dedicated customer communications system has been implemented to monitor needs in real time and internet communications tools are used for connections internally and with suppliers.

The simplification and standardization of the supply chain with sites closest to customer plants and inventory reductions also reduce the impact on the environment: reduced transport, smaller storage areas with lower footprints and reduced energy consumption.

For all sites, the certification of environmental management systems is a prerequisite for the EHS/CSR Department. Each new site that is opened or acquired must implement the ISO 14001 certification process as soon as possible, thus enabling a risk analysis to be carried out and limiting impacts.

In 2017, 90% of the scope is ISO 14001 certified. Eleven disposed of or closed sites were certified, and four new sites have been certified in 2017. The transition to the 2015 version of the standard is on-going and will be completed during the 2018 renewal audits.

Number of sites certified to ISO 14001 standards

	2015	2016	2017
ISO 14001 certified sites	82	93	86

A global risk mapping for natural disasters was conducted. Sites located in risk zones, particularly due to climate change (typhoon passage zones, flood zones) have been identified and the necessary investments made to reduce risks.

In its Code of Conduct, Plastic Omnium is committed to complying with international environmental standards that may exceed local regulations.

To ensure that environmental impacts are uniformly taken into account, the EHS/CSR Department implements the major directions chosen by Senior Management, then each entity is locally entrusted with implementing this EHS plan. For this, the Group EHS/CSR Department is supported by the EHS Departments within each Division, and relies on an EHS network of over one hundred people.

The Group and Division EHS/CSR Departments meet monthly to steer the approach via monitoring indicators dealing mainly with

certification and energy consumption, EHS awareness raising and audits. Some of these indicators are then reported on a monthly basis to the Group Executive Committee.

Three times per year, the Senior Management, the Human Resources Department and the EHS/CSR Department meet to steer the approach and decide the major directions.

Employee awareness raising and training is at the heart of ISO 14001 certification, and the Company must ensure that each person with an impact on the environment is made aware or trained on the environment.

To meet these requirements, employees are made aware or trained in Plastic Omnium’s environmental policy, environmental risks, the importance of their role in the effectiveness of the environmental management system and lastly, on the consequences of not complying with regulatory requirements or the ISO 14001 requirements.

SUSTAINABLE PRODUCTION

In 2017, 26,599 participants participated in 13,803 awareness raising hours on environmental themes and 13,745 employees received 19,006 training hours on taking the environment into account. In total, 32,809 awareness and training hours were provided.

ISO 14001 compliance requires sites to implement the necessary action plans to limit impacts.

The sites occupy a surface area of 4,474,456 m². 22.6% of this surface area is permeable and thus allows the filtering of rainwater through a natural process. Potential sources of ground or water pollution are accidental spillages of products used on the sites (paints, solvents or oils, for example), although the products are stored above retention tanks. Work is also on-going to replace CMR (Carcinogenic, Mutagenic and Reprotoxic) products and products containing SVHC (Substances of Very High Concern) that may also impact the environment as soon as technically possible. When a new site is acquired, Plastic Omnium carries out an impact study to ensure that the natural environment and the quality of life of residents will be protected. The presence of contaminants in higher concentrations than the authorized thresholds is studied as part of an environmental assessment.

For this, a significant budget is dedicated to carrying out the EHS plan. Environmental and safety expenses were €18 million in 2017. Specific Environment and Safety investments amounted to €9.2 million in 2017, i.e. an increase of 39% compared to 2016 (€6.6 million).

Environmental risks are covered by a provision totaling €9 million.

ISO 14001 certification applied to sites from their commissioning also enables impacts on biodiversity to be removed: soil and water are protected through the implementation of preventative actions, whilst natural habitats for species are also protected. Sites are also encouraged to carry out biodiversity protection actions.

3.5.2 ENERGY EFFICIENCY AND GREENHOUSE GAS EMISSIONS

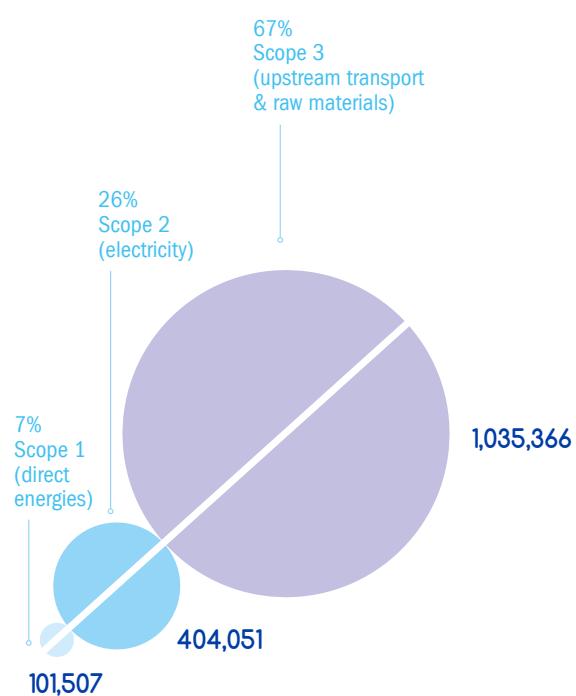
One of Plastic Omnium's major concerns is taking into account climate change. Products proposed by Plastic Omnium aim to support customers in reducing the emissions of their products, and since 2008, an internal "Top Planet" policy has been implemented on all sites to reduce the direct impact of plants. Greenhouse gas emissions have been monitored for energy and electricity consumption since the start of this policy.

Work is on-going to identify a benchmark indicator for each Division (in equivalent parts produced) enabling the carbon intensity of the activities to be measured.

In 2017, emissions monitoring was widened to two other significant emissions items: upstream transport and production of raw materials. This data is collected at level of the purchasing departments.

Greenhouse gas emissions and energy consumption

Total emissions in metric tons of CO₂ equivalent



CO₂ emissions in metric tons of CO₂ equivalent	2017
Scope 1	101,507
Scope 2	404,051
Scope 3	1,035,366

Greenhouse gas emissions (GHG) in 2017 – Scopes 1, 2 and 3

In metric tons of CO₂ equivalent	2015⁽²⁾	2016⁽²⁾	2017
CO ₂ ⁽¹⁾	392,143	437,403	1,540,924
CH ₄	5	0.4	0.2
HFCs	735	1,044	941
Total GHG (in metric tons of CO₂ equivalent)	392,883	438,447	1,541,865

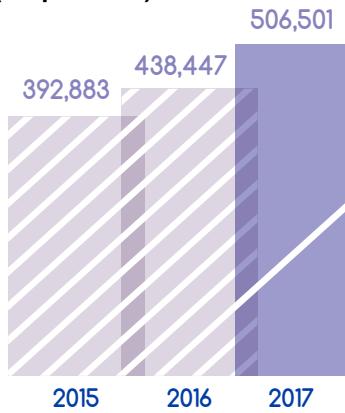
(1) These figures correspond to CO₂ emissions from energy consumed in industrial facilities, including in 2017 the emissions from the raw material production and the up-stream logistics.

(2) Data for scopes 1 and 2 only.

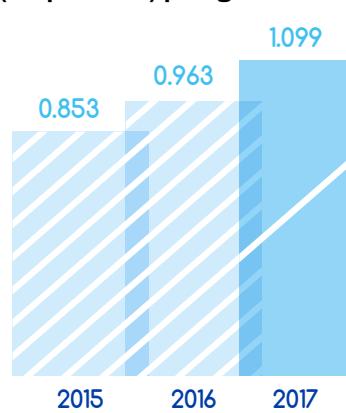
To calculate the ratio per kilogram of material processed, are taken into account all processed raw materials that go into the manufacturing of products and that require energy consumption for implementation: plastics, paint, wood and metals.

Group

Greenhouse gas emissions in metric tons of CO₂ equivalent (Scopes 1 & 2)

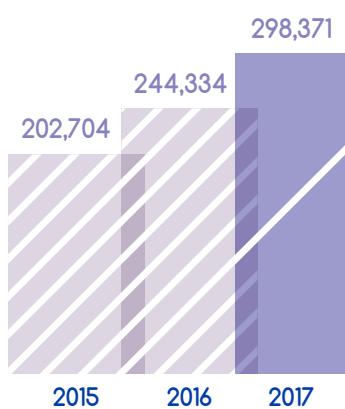


Ratio of greenhouse gas emissions in kg of CO₂ equivalent (Scopes 1 & 2) per kg of material processed

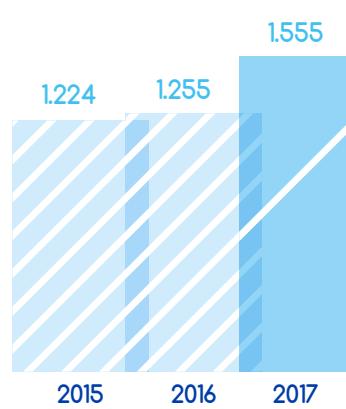


Auto Exterior Division

Greenhouse gas emissions in metric tons of CO₂ equivalent (Scopes 1 & 2)



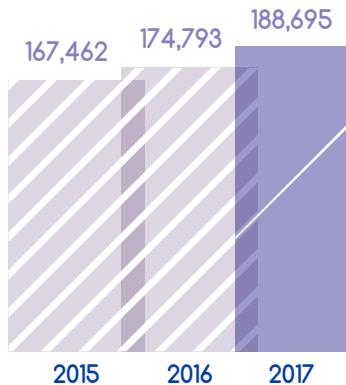
Ratio of greenhouse gas emissions in kg of CO₂ equivalent (Scopes 1 & 2) per kg of material processed



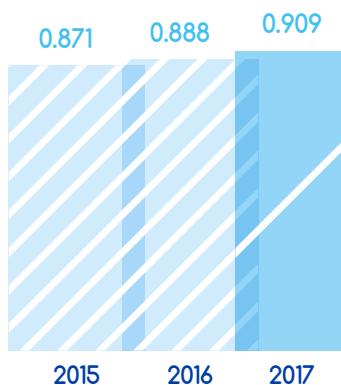
SUSTAINABLE PRODUCTION

Auto Inergy Division

Greenhouse gas emissions in metric tons of CO₂ equivalent (Scopes 1 & 2)

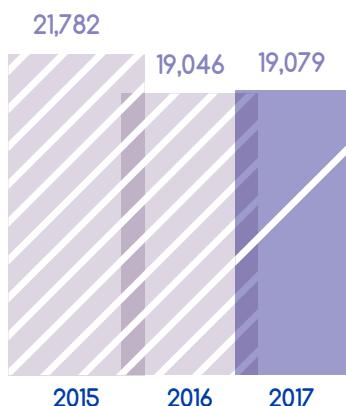


Ratio of greenhouse gas emissions in kg of CO₂ equivalent (Scopes 1 & 2) per kg of material processed

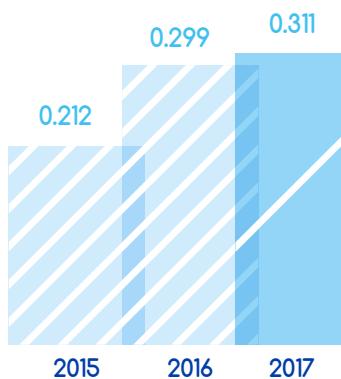


Environment Division

Greenhouse gas emissions in metric tons of CO₂ equivalent (Scopes 1 & 2)



Ratio of greenhouse gas emissions in kg of CO₂ equivalent (Scopes 1 & 2) per kg of material processed



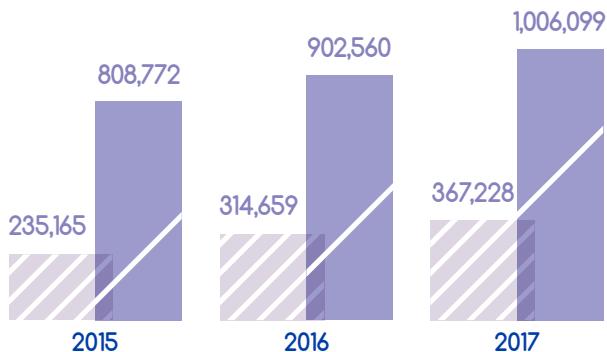
Observed variations are due to the combination of several factors:

- integration of the sites bought in 2016 on a full year (integrated on a 5 months period in 2016): these sites use processes which require more gas than the other sites, inducing an increase of gas consumption greater than the increase of electricity consumption;

- the composite sites disposed of in 2017 used transformation processes which require less energy than the injection and blow-molding processes mainly used inside the Group. This have a negative impact on the ratios of energy consumption and GHG emissions per kg of processed material;
- the sites sold during the year from the composites business used less energy-consuming processing methods than the injection and molding processes mainly used within the Group. Therefore, this had a negative impact on the ratios for greenhouse gas emissions and energy consumption per kilogram of material processed.

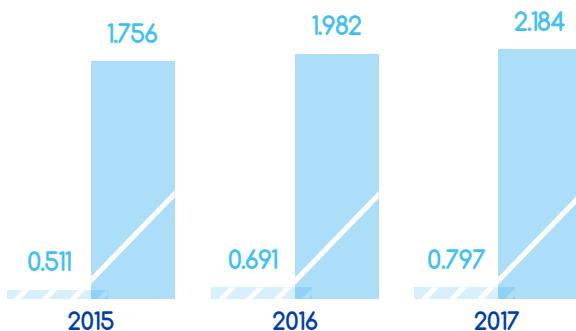
Group

Energy consumption



Group gas consumption (MWh)
 Group electricity consumption (MWh)

Ratio of energy consumption (in kWh per kg of material processed)

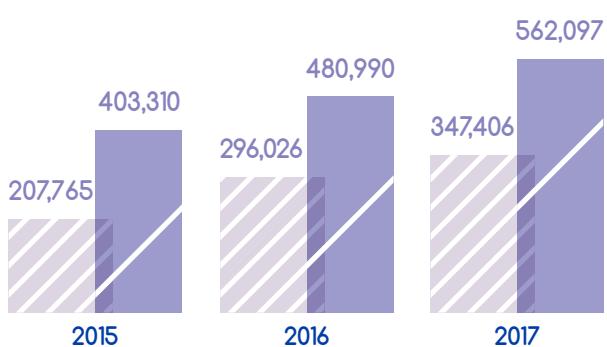


03

SUSTAINABLE
DEVELOPMENT

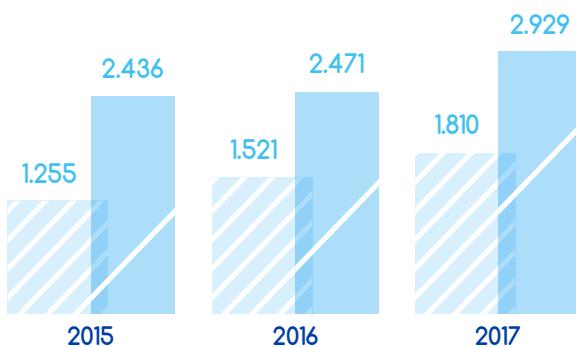
Auto Exterior Division

Energy consumption



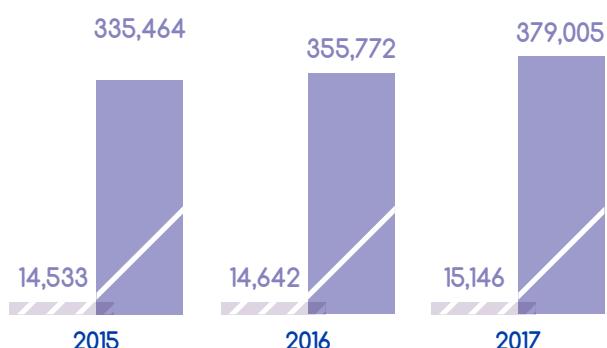
AE Division gas consumption (MWh)
 AE Division electricity consumption (MWh)

Ratio of energy consumption (in kWh per kg of material processed)



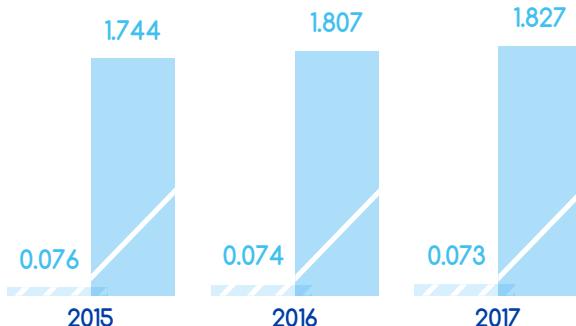
Auto Interior Division

Energy consumption



AI Division gas consumption (MWh)
 AI Division electricity consumption (MWh)

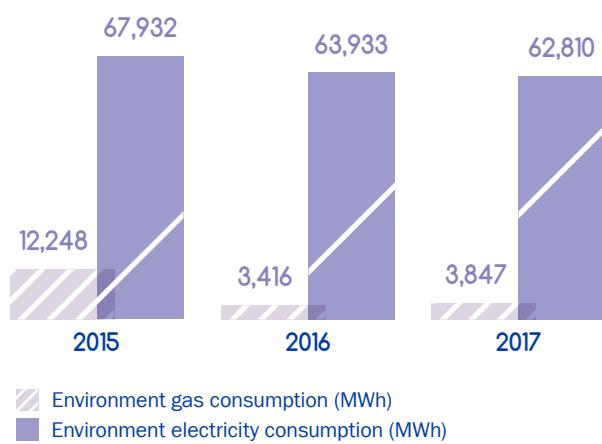
Ratio of energy consumption (in kWh per kg of material processed)



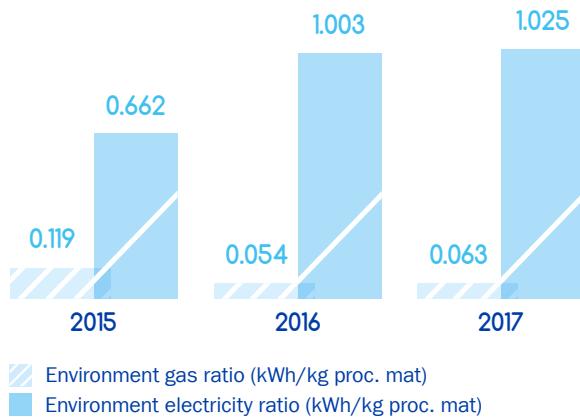
SUSTAINABLE PRODUCTION

Environment Division

Energy consumption



Ratio of energy consumption (in kWh per kg of material processed)



The Top Planet program

In order to improve the energy performance of plants, the Top Planet program is based on four Management commitments.

- The deployment of the ISO 50001 accounting standard: sites already ISO 14001 certified and OHSAS 18001 are encouraged to implement ISO 50001, certifying the implementation

of an energy management system. The Group wants to promote this management system for its European sites subject to the mandatory energy audit since 2015. All of the European sites in the Auto Exterior Division should be certified by 2020.

Number of sites certified to ISO 50001 standards

	2015	2016	2017
ISO 50001 certified sites	15	24	24

- The definition of annual targets for the reduction of greenhouse gas emissions and energy consumption. As the measurement of Scope 3 is new this year, it was necessary to analyze the results over several reporting periods before being able to set relevant targets. The aims are to carry out Life Cycle Analysis (LCA) in order to study emissions during the product life cycle and identify the periods with the highest emissions, to optimize upstream logistics and lastly, to promote the purchase of recycled raw materials with lower impacts. The use of measurement kits enables the consumption of machines and equipment to be identified very precisely. Thus, improvement areas can be easily identified. Kits are available within each Division and at Group level for use on all sites. In addition to these kits, many sites are equipped with sensors or permanent counters to monitor changes in consumption directly and efficiently steer their energy performance.
- The integration of the concept of energy efficiency into the purchase of services, the design of products, production equipment and infrastructure are now operational.

When purchasing new equipment and production machines, the cost criterion includes the total cost of use, i.e. energy consumption throughout the machine's life. This criterion enables the Group to acquire more energy-efficient equipment that emits less greenhouse gas. From its design, the Greer 4.0 plant (USA) included these criteria. Product design, particularly for the Automotive Divisions, includes their impact on fuel consumption and therefore, greenhouse gas emissions via improvements to the weight of parts, aerodynamics and water injection systems.

- The assessment and control of the quality of energy efficiency with the deployment of Top Planet Best Practice sheets: the Top Planet sheets are part of the tool box developed by the Group EHS/CSR Department. These very operational sheets explain best practices that can be deployed at all sites aiming to measure and reduce energy consumption.

The Top Planet Awards

In 2016, the assessment criteria to award the “Top Planet Awards” were updated, going from 4 to 15 with more precise definitions. Thus the objectivity of the self-assessments increased. The awards are now given at Group level and not at Division level. The sites with the best environmental performance across four themes (energy and environmental management; improvement to indicators; regulatory compliance; initiatives to protect the planet and prevention) receive Gold or Silver Awards.

In 2017, eight sites received the Gold level to recognize their 2016 performance (sites on the European and American continents) and 17 sites, across the four continents where Plastic Omnium is present, received a Silver Award.

3.5.3 WASTE MANAGEMENT

Waste management is an important issue for Plastic Omnium. Its main raw material, plastic, is particularly suited to the implementation of a circular economy as its characteristics make it an easily recyclable material. All the Divisions constantly improve the efficiency of the processes that allow reductions in the waste generated during manufacturing.

03

SUSTAINABLE
DEVELOPMENT

Waste generated annually per type of waste In metric tons	2015	2016	2017
Plastic parts ⁽¹⁾	29,141	38,872	42,108
Common industrial waste	11,076	14,535	15,551
Metals	8,477	7,404	7,705
Cardboard	4,689	6,319	7,737
Wood	3,456	5,018	5,692
Plastic packaging	1,122	1,142	1,128
Glass	21	6	7
Solvents	4,036	4,269	4,145
Paint sludge	3,968	5,393	5,653
Oils	908	1,221	1,626
Other waste ⁽²⁾	6,012	5,285	6,726
Waste generated annually per type of waste	72,905	89,464	98,078

(1) Plastic parts: also include composite material waste.

(2) Other waste: washing and maintenance water, sundry special industrial waste.

Plastic Omnium has identified three main treatment systems for its waste:

- 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.

The resale of recycled and reused waste for incorporation into new products amounted to €11.1 million in 2017 (€8.8 million in 2016), offsetting the waste management cost which amounted to €6.5 million in 2017 (€5.6 million in 2016).

Recycled or reused waste represented 89% of the waste generated by the Group this year, *i.e.* an improvement compared to the 88% recycled or reused in 2016.

Waste generated annually per type of treatment In metric tons	2015	2016	2017
Recycling	50,550	64,556	69,771
Recovery	13,587	14,343	17,631
Incineration or disposal in landfills	8,768	10,565	10,676
Total waste	72,905	89,464	98,078

SUSTAINABLE PRODUCTION

3.5.4 AIR QUALITY

Air quality is one of Plastic Omnium's major concerns on several levels:

- the reduction in vehicle-emitted pollutants with the SCR offer enables drastic reductions in NOx emissions (nitrogen oxides with harmful effects on health);
- interior air quality and at plant exit: paint shops use paints with solvents emitting VOCs (Volatile Organic Compounds) that contribute to the formation of ozone in the lower atmosphere

and are thus indirectly responsible for global warming. Certain VOCs are classified as CMR (Carcinogenic, Mutagenic, Reprotoxic) and are subject to stricter regulations.

The concerned sites are equipped with VOCs incinerators that destroy them at the end of the production lines. Lower-emitting hydro-soluble paints are also encouraged when technically possible.

Consumption of paint and solvents and VOC emissions

Annual consumption of raw materials In metric tons	2015	2016	2017
Paint ⁽¹⁾	6,055	6,464	6,695
Solvents ⁽²⁾	7,495	11,199	12,023
Total	13,550	17,663	18,718

(1) Dry matter contained in the paint, excluding solvent.

(2) Solvents used undiluted and solvents contained in paints.

VOC emissions In metric tons	2015	2016	2017
VOCs	1,170	2,140	2,157

3.5.5 WATER MANAGEMENT

The water consumed by Plastic Omnium has two main uses: cooling of machines and equipment functioning in a generalized closed circuit. In 2017, no site was subject to water restrictions or was in a water-stressed area during the year.

97% of the water used comes from urban networks and 3% from groundwater.

Plastic Omnium's activities do not reject effluents; any pollution due to accidental spillage is identified and prevention actions implemented (retention tank, specific storage zone...).

Water consumption

	2015	2016	2017
Annual consumption (in m ³)	934,118 excl Saint-Désirat ⁽¹⁾	1,142,753 excl Saint-Désirat ⁽¹⁾	1,218,519
Consumption in l/kg of processed material	2.028 excl Saint-Désirat ⁽¹⁾	2.510 excl Saint-Désirat ⁽¹⁾	2.645 ⁽¹⁾

(1) In order to improve comparability, consumption for the Saint-Désirat site in France (disposed of in 2017 and therefore not recorded in 2017), has been deleted from 2015 and 2016 consumption as it represented a very significant share of total consumption (702,238 m³ in 2015 and 528,190 in 2016).

3.6 Methodology

This chapter presents Plastic Omnium's approach for social, societal and environmental responsibility as well as non-financial information meeting the requirements of Article 225 of law no. 2010-788 of July 12, 2010, known as "Grenelle II" and the application decree no. 2016-1138 of August 19, 2016 on the environmental information to be included in companies' management report. The last sub-chapter presents a cross-reference table with the ten principles of the UN Global Compact of which Plastic Omnium has been a member since 2003, as well as the indicators of the international benchmark, GRI Standards.

Compagnie Plastic Omnium, which is listed on Euronext Paris, is a company with industrial operations and employees.

The CSR indicators are collected separately by the EHS and Human Resources Departments from all sites included in the reporting scope, and are subject to consistency checks during 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 EHS policy integrated into the Company's strategy and management.

The information required to be published by the due diligence law no 2017-399 dated March 27, 2017 is presented in this non-financial chapter.

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 General Terms and Conditions of Supply 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 2017 fiscal year therefore, social, environmental and societal reporting covered the entire 2017 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 Vendor Managed Inventory (VMI) managed by the Auto Exterior Division and the Auto Energy Division are also taken into account, together with their CO₂ emissions.

The Group has 12 Installations Classified for the Protection of the Environment (ICPE) subject to authorization and 1 ICPE subject to registration. These ICPE 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 at December 31 includes all the legal entities in the management accounts' scope of consolidation.

1.2 Likewise, registered employees are broken down 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:

Social reporting indicators are reported right from the establishment or consolidation of the site. In 2017, newly opened or acquired sites were consolidated into the Human Resources reporting: AE Greer, AI Smyrna, AI Hansalpur.

Site acquisitions and creations are included in the scope of EHS data as from the date of start of operations.

Only one new site was consolidated into the HSE reporting for 2017: AI Chongqing (consolidated in the Human Resources reporting in 2016).

Sites disposed of or closed during the year are not included in the scope: AE Blainville Composites, Félines Composites, St-Désirat Composites, MCR Tournon, Ramos Composites, Kandel Composites, POCC Quindao, POCC Jiangyin and AE São Bernardo.

METHODOLOGY

INDICATOR CALCULATION METHODS

Indicators are approved on December 31, 2017, except for the following indicators:

- 2.1 The indicators approved on November 30, 2017 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, number of disabled people.
- 2.2 The indicators approved on November 30, 2017 and prorated 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).
- 2.3 The indicators approved on November 30, 2017 and considered as valid for the entire year: hours worked per week, 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, 2017 and considered as valid for the entire year: number of incidents of discrimination, number of measures taken following incidents of discrimination, committees, other commissions, number of trade unions represented, company agreements, agreements on health and safety in the workplace.

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 2016 further to a subsequent detection of errors of little consequence that concerned 14 sites.

EXTERNAL PROCEDURES AND CONTROLS

A specific reporting protocol for the EHS 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.

For 2017, 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 at eleven sites representative of Plastic Omnium's activities in order to validate the quality and overall credibility of the reporting system:

The sites audited in 2017 (AE: Auto Exterior, AI: Auto Inergy): AE Bratislava, AE Anderson, AE Measham, AE Pappenheim, AE Reinsdorf, AE Gliwice, AE Ruitz, AE Valencia, AI Anderson, AI α-Alphatech, AI Lublin.

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 EHS/CSR Department.

3.7 Cross-reference table

Categories of Article 225 (Grenelle Act)	Information	Pages	Correspondence between Article 225/GRI Standards	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).	102	GRI 102-48 GRI 102-49	
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).	101		
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).	101	GRI 102-12	
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).	101	GRI 102-45 GRI 102-46	
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).	102, 107-109	GRI 102-56	

CROSS-REFERENCE TABLE

Categories of Article 225 (Grenelle Act)	Information	Pages	Correspondence between Article 225 and GRI Standards	Correspondence with the UN Global Compact
I. Social information				
I. a) Employment	Total workforce and breakdown of the workforce by gender, age and region	82, 83 89, 92	GRI 102-7 GRI 102-8 GRI 401-1 GRI 405-1	
	New hires and terminations	88, 89, 92	GRI 202-2 GRI 401-1	
	Compensation and changes in compensation	83, 84	GRI 102-35 GRI 102-36 GRI 401-2	
I. b) Organization of working hours	Organization of working hours	84	GRI 102-8	
	Absenteeism	86	GRI 403-2	
I. c) Labor relations	Organization of industrial dialogue, procedures for informing and consulting employees and negotiating with them	84		3. Companies are invited to uphold freedom of association and to recognize the right to collective bargaining
	Review of collective agreements	85	GRI 102-41	
I. d) Health and safety	Conditions of occupational health and safety	85-88		
	Review of agreements signed with labor union organizations or employee representatives regarding occupational health and safety	84, 85		
	Occupational accidents, in particular their frequency and severity, as well as occupational illnesses	69, 86	GRI 403-2 GRI 403-3	
I. e) Training	Training policies	90	GRI 404-2 GRI 404-3	
	Total number of training hours	91	GRI 404-1 GRI 412-2	
I. f) Equal treatment	Measures taken in favor of gender equality	92, 93	GRI 405-1	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	92	GRI 405-1	
	Anti-discrimination policy	77, 91	GRI 405-1 GRI 406-1	
I. g) Promotion and enforcement of the provisions of the core conventions of the International Labor Organization (ILO) relating to:	• the upholding of freedom of association and the right to collective bargaining	77-80	GRI 407-1	4. The elimination of all forms of forced or compulsory labor. 5. The effective abolition of child labor. 6. Elimination of discrimination in respect of employment and occupation.
	the elimination of discrimination in respect of employment and occupation	77-80	GRI 406-1	
	the elimination of forced or compulsory labor	77-80	GRI 409-1	
	the effective abolition of child labor	77-80	GRI 408-1	

Categories of Article 225 (Grenelle Act)	Information	Pages	Correspondence between Article 225 and GRI Standards	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	93	GRI 102-14 GRI 102-28	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	93, 94	GRI 102-27	
	Resources devoted to the prevention of environmental risks and pollution	94		
	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	94	GRI 307-1 GRI 103-2	
II. b) Pollution	Measures for the prevention, reduction or compensation for air, water and soil emissions seriously affecting the environment	74, 94, 100	GRI 303-3 GRI 305-6 GRI 305-7	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	81, 88		
II. c) Circular economy	i) Waste prevention and management			7. Companies are invited to apply a precautionary approach to environmental issues.
	Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	99, 100	GRI 306-2 GRI 306-4	
	Actions to fight against food waste	101		
	ii) Sustainable use of resources			9. To favor the development and dissemination of environmentally friendly technologies.
	Water consumption and water supply according to local constraints	100	GRI 303-1	
	Consumption of raw materials and measures to improve efficiency in their use	76, 100	GRI 301-1 GRI 301-2	
	Energy consumption, measures to improve energy efficiency and use of renewable energy	94-99	GRI 302-1 GRI 302-3 GRI 302-4	
	Land use	94		
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	73-75, 94-99	GRI 305-1 GRI 305-2 GRI 305-4 GRI 305-5	
	Adaptation to the impacts of climate change	93		
II. e) Protection of biodiversity	Measures taken to preserve or develop biodiversity	94	GRI 304-3	

CROSS-REFERENCE TABLE

Categories of Article 225 (Grenelle Act)	Information	Pages	Correspondence between Article 225 and GRI Standards	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 On local or neighboring populations	81 81		
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 Partnership or sponsorship actions	71, 81 81	GRI 102-40 GRI 102-43 GRI 102-44	
III. c) Outsourcing and suppliers	Taking social and environmental challenges into account in the purchasing policy Importance of outsourcing and taking the social and environmental responsibility of suppliers and subcontractors into account	77-80 77-80	GRI 308-2 GRI 414-2 GRI 308-1 GRI 414-1	1. Companies are invited to promote and comply with 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.
III. d) Fair practices	Measures taken in favor of consumer health and safety Actions undertaken to prevent corruption	75, 76 77		1. Companies are invited to promote and comply with 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. The 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		77-80	GRI 102-16 GRI 102-17 GRI 412-2 GRI 412-1	

3.8 Report by the Statutory Auditors, appointed as the independent third-party, on the consolidated human resources, environmental and social information included in the management report

FINANCIAL YEAR ENDED DECEMBER 31, 2017

To the Shareholders,

As the independent third party (members of the Mazars' network), Statutory Auditors of Compagnie Plastic Omnium, accredited by COFRAC Inspection under number 3-1058 (scope available on the site www.cofrac.fr), 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, 2017 (herein after referred to as the "CSR information"), pursuant to the provisions of article L. 225-102-1 of the French Commercial Code.

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 Framework"), a summary of which is given in the management report and is available on request from the Company's head office.

03
SUSTAINABLE
DEVELOPMENT

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 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 Framework (Fairness report regarding CSR information).

It is not our role, however, to provide an opinion on the compliance with the other applicable legal provisions, and specifically those stipulated in article L. 225-102-4 of the French Commercial Code (vigilance plan) and in law no. 2016-1691 of December 9, 2016 (Sapin II) (fight against corruption).

Our work was carried out by a team of eight people during an approximately nine-week period between October 2017 and February 2018.

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, for the reasoned fairness opinion, in accordance with the international standard, ISAE 3000⁽¹⁾.

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) ISAE 3000 – Insurance engagements other than audits or reviews of historical information.

REPORT BY THE STATUTORY AUDITORS, APPOINTED AS THE INDEPENDENT THIRD-PARTY

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. Reasoned fairness opinion on the 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 information gathering processes and, where appropriate, those responsible for internal control and risk management to:

- assess the appropriateness of the Reporting Framework 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 the 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⁽²⁾:

- at Group level (consolidating the 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 correlation with the other information contained in the management report;
- at the level of a representative sample of sites and departments selected⁽³⁾ 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 sample represents 18% of headcount, considered to be a representative size for human resources data, and between 19% and 39% of environmental data, considered to be a sufficient representative⁽⁴⁾ size for the environmental aspect.

(2) Human resources information: workforce (by type of employment contract, status, gender, age and region), manager turnover, 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, recycled and recovered waste, greenhouse gases (GHG).

Social information: number of supplier CSR audits, number of people trained in the Code of Conduct, business ethics, Product safety and quality.

(3) For all selected human resources and environmental data cited above: AE Bratislava, AE Maesham, AE Pappenheim, AE Valencia and AE Ruitz; AE Gliwice (excluding gas consumption); AE Reinsdorf (excluding electricity and gas consumption and manager turnover); Al AlphaTech (excluding electricity consumption and manager turnover); AE Anderson and Al Anderson (excluding gas consumption and manager turnover).

In addition, for information on workforce (by type of employment contract, status, gender, age and region): Al Lublin.

For the social information: centrally from the Al and AE Human Resources and Supplier Quality Departments.

(4) Electricity consumption, gas consumption, recycled and recovered waste, greenhouse gases linked to HFC leaks

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 total or partial omission of certain information.

We deem that the sampling methods and sample sizes we have used 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 limitations inherent in any information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be completely eliminated.

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 Framework.

Paris-la-Défense, February 14, 2018

The independent third-party

Mazars SAS

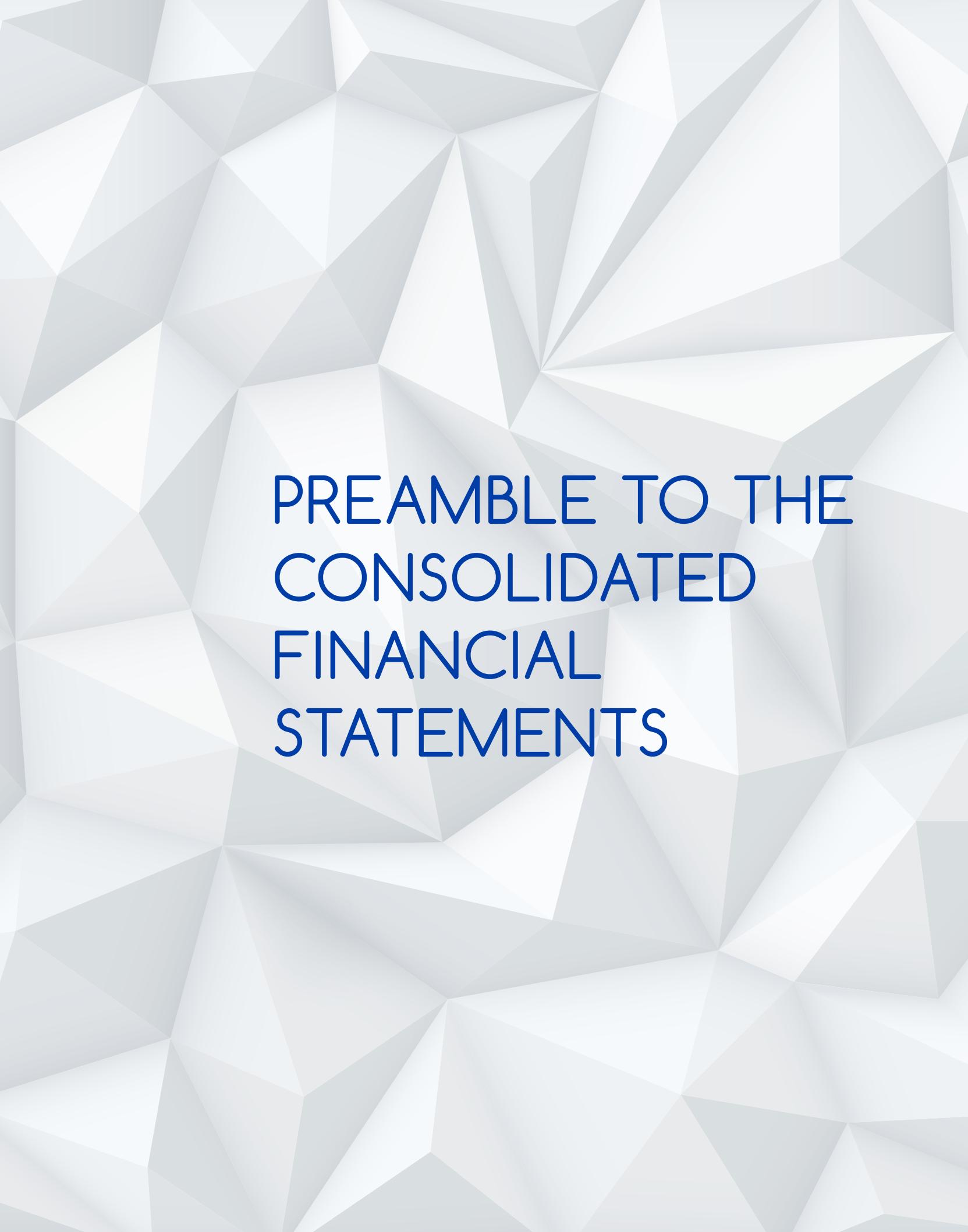
Juliette Decoux

Partner

Edwige Rey

CSR & Sustainable Development Partner

03
SUSTAINABLE
DEVELOPMENT



PREAMBLE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial indicators

In the context of its financial communication, the Group uses financial indicators based on the consolidated financial statements drawn up in accordance with IFRS, as adopted in the European Union.

As indicated in Note 3.1 of the consolidated financial statements as of December 31, 2017 relating to segment information, the Group uses the concept of "economic revenue" for operational management purposes, 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 thousand of euros	2017	2016
Economic revenue	8,000,618	6,935,732
Including Sales from joint ventures at the Group's percentage stake	1,232,141	1,078,481
Consolidated revenue	6,768,477	5,857,251

04

2017 CONSOLIDATED

FINANCIAL

STATEMENTS (AFR)

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4.1 Comments on the Consolidated Financial Statements

4.1.1 COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2017, Compagnie Plastic Omnium's economic revenue amounted to €8,000.6 million, up by 15.4%. For the year, the currency effect stood at -€98.6 million, and the scope effect at +€707.7 million (including +€558.4 million from the acquisition of the Faurecia's Exterior Systems business on July 29, 2016).

This sharp increase is attributable to:

- organic growth of 10.8% in the Automotive business, which outperformed global automotive production by 8.6 points;
- the Exterior Systems acquired on July 29, 2016.

At December 31, 2017, a Compagnie Plastic Omnium's consolidated sales amounted⁽²⁾ to €6,768.5 million, up by 15.6% as reported and by 9.6% at constant scope and exchange rates. There was a negative currency effect of -€68.8 million and the scope effect stood at +€684.5 million.

In late 2017, Plastic Omnium launched its project to dispose its Environment Division.

The Environment Division's activity, after the disposal of peripheral activities in mid-2016 (Signature Limited, a United Kingdom-based subsidiary specializing in highway signage, and Emballagen GmbH, a Germany-based subsidiary specializing in the development, production, and marketing of metal drums for the chemicals industry), is now fully refocused on products and services for optimizing waste management for local authorities and industry. At December 31, 2017, its revenue amounted to €335.5 million, up 2.5% at constant scope and exchange rates.

In €millions, by business segment	2016	2017	Change	At constant scope and exchange rates
Automotive	6,566.8	7,665.1	+16.7%	+10.8%
Environment	368.9	335.5	-9.1%	+2.5%
Economic revenue⁽¹⁾	6,935.7	8,000.6	+15.4%	+10.4%
Automotive	5,488.3	6,433.0	+17.2%	+10.0%
Environment	368.9	335.5	-9.1%	+2.5%
Consolidated revenue⁽²⁾	5,857.3	6,768.5	+15.6%	+9.6%

In € millions and as a % of revenue, by region	2016	2017	Change	At constant scope and exchange rates
Europe/Africa	3,738.5	4,359.4	+16.6%	+6.0%
54%	54%			
North America	1,810.5	2,044.9	+12.9%	+15.5%
26%	26%			
South America	198.4	269.5	+35.9%	+23.8%
3%	3%			
Asia	1,188.4	1,326.8	+11.7%	+14.0%
17%	17%			
Economic revenue⁽¹⁾	6,935.7	8,000.6	+15.4%	+10.4%

(1) Economic revenue corresponds to consolidated sales, plus revenue from the Group's joint ventures, at their percentage of ownership: BPO, HBPO and YFPO for Plastic Omnium Automotive. The figure reflects the operational and managerial realities of the Group.

(2) 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.

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Automotive Division: robust growth in all geographic areas in 2017

The economic revenue⁽¹⁾ of Plastic Omnium Automotive stood at €7,665.1 million. It grew by 16.7% as reported and by **10.8%** at constant scope and exchange rates within a 2.2% increase in worldwide automotive production over 2017 (source: IHS January 2018), **outperforming the market by 8.6 points**. This is the result to market share gains, the ramp-up of new production capacities, and the success of the innovative products launched. All geographical areas contributed to the strong growth in sales.

Business was sustained in **Europe**, which accounts for 53% of total automotive revenue⁽¹⁾. It increased by 19.2%, benefiting from the acquisition of External Systems, a mainly European business. Plastic Omnium grew by 6.3% at constant scope and exchange rates as production increased by 3.3%. Business was particularly strong in 2017 in **France** (up by 12.0% at constant scope and exchange rates), in the **United Kingdom** (up by 14.1% at constant scope and exchange rates) thanks in particular to the commissioning of the Warrington-Liverpool plant for exterior parts for Jaguar Land-Rover in June 2016, and in **Germany** (up by 8.3% at constant scope and exchange rates).

Business in **North America** grew by 12.8% and **15.3%** at constant scope and exchange rates over the year, **outperforming** automotive production by **19.8 points**. The business benefited from the new capacities that have come on stream over the past 3 years (2 plants commissioned in the United States in 2015, followed by 3 plants in Mexico in 2016-2017), and the expected ramp-up of SCR systems to reduce diesel vehicle emissions in the United States. And in North America, the Group benefited from a significant exposure on SUV/Light Truck models, which account for more than 80% of its business.

Business in Asia, including China, grew by 14.3% at constant scope and exchange rates. In **China**, where economic revenue amounted to €721 million, or 9% of total Automotive revenue, business grew by **17.0%** at constant exchange rates within a 2.7% increase in global automotive production over the year, **outperforming** the market by **14.3 points**. The Group benefited from strong investments made over the last three years to develop the industrial footprint, consisting of 26 plants, and increase market shares, particularly with Chinese manufacturers. Plastic Omnium has 25 local brands in its customer portfolio, which represent a growing share of revenue produced in China (currently 16%), particularly with SUVs.

In the rest of Asia, business growth was 11.2% at constant scope and exchange rates, driven by Japan, India and South Korea.

Also contributing to the Group's growth dynamic, the innovation portfolio continues to strengthen, with in particular:

- further growth worldwide of SCR systems for reducing diesel vehicle emissions, with an increase of 28% over the year to reach revenue of €390 million. Eight new contracts were signed in 2017, four of which are with new customers for China, India, and Thailand;
- the range of tailgate and spoiler products, which represented €255 million in revenue in 2017, was expanded by 21 new contracts including five additional customers (including 3 new electric entrants);
- production of the first pressurized tanks for plug-in hybrid vehicles started in December 2016 in South Korea for Hyundai. A second contract started production in January 2018 in China for Geely/Volvo. 5 new programs are in development in Asia and North America, including 2 additional customers. Thanks to its technology, the Group is poised to serve the strong growth of hybrid electric vehicles around the world in the years to come.

In 2017, Volkswagen remained the Group's leading customer with 21% of Automotive revenue, ahead of PSA Peugeot Citroën with 13% and General Motors with 12%.

In 2017, German carmakers remained the top contributors to Automotive revenue with 35% of the business (versus 33% in 2016), ahead of American carmakers with 25% (versus 28% in 2016), Asian carmakers with 22% (versus 19% in 2016), and French carmakers with 16% (versus 17% in 2016). In total, the Group has a portfolio of 78 customer brands, 25 of which are Chinese customers and 7 pure electrics.

Consolidated gross profit was €1,101 million, versus €975 million in 2016. It represented 16.3% of consolidated sales, versus 16.6% in 2016.

Gross R&D spend was €401 million, compared with €339 million in 2016, an increase of 18.2%. Net R&D spend, after deduction of capitalized development costs and amounts re-invoiced to customers, was €170 million (2.5% of consolidated sales), stable compared with €146 million in 2016.

Selling costs were €61 million (0.9% of consolidated sales) compared with €55 million (0.9% of consolidated sales) in 2016.

Administrative expenses rose from €246 million in 2016 to €270 million in 2017 and represent 4.0% of consolidated sales, versus 4.2% in 2016.

Amortization of intangible assets acquired in business combinations amounted to an expense of €20 million in 2017, compared with €22 million in 2016.

(1) Economic revenue corresponds to consolidated sales, plus revenue from the Group's joint ventures, at their percentage of ownership: BPO, HBPO and YFPO for Plastic Omnium Automotive. The figure reflects the operational and managerial realities of the Group.

The share of profit of associates and joint ventures amounted to €62 million in 2017, versus €52 million in 2016. This strong growth mainly comes from the Chinese joint venture YFPO.

The operating margin, after amortization of intangible assets acquired in business combinations and after share of profit of associates and joint ventures, amounts to €641 million in 2017 (9.5% of consolidated sales), versus €558 million in 2016 (9.5% of consolidated sales; 9.0% of revenue on a comparable basis, i.e. integrating at January 1, 2016 the External Systems business acquired on July 29, 2016). For the year, it was up 14.9%.

Operating margin for the Automotive business amounted to €619.8 million at December 31, 2017, or 9.6% of consolidated sales (compared with 9.1% proforma 2016). On a comparable basis, the Automotive Division improved its operating margin with:

- a high utilization rate of its production capacity worldwide (85%, based on three teams per day for five days);

- the operational excellence achieved with the 126 new programs launched during the year;
- strict cost controls;
- and the earlier than expected success of turnaround measures aimed at the Exterior Systems business acquired in July 2016 (merger of 2 organizations, adjustment of the program portfolio, the closure of plants in the United States in 2016 and in Brazil early 2017, and of 2 paint lines in Germany in 2017, streamlining of the workforce, etc.).

Plastic Omnium Environment produced an operating margin of €21.1 million in 2017, i.e. 6.3% of consolidated sales, versus €24.4 million in 2016 (6.6% of consolidated sales) and €22.7 million and 6.8% of consolidated sales in pro forma 2016 data (i.e. by accounting for the disposal of non-strategic businesses in highway signage and metal drums).

Consolidated revenue and operating margin by business Aggregates expressed in € millions	2016			2017		
	Revenue	Operating margin	%	Revenue	Operating margin	%
Plastic Omnium Automotive	5,488	533	9.7%	6,433	620	9.6%
Plastic Omnium Environment	369	24	6.6%	335	21	6.3%
Total	5,857	558	9.5%	6,768	641	9.5%

Other operating income and expense resulted in a net expense of €59 million in 2017, versus net expense of €85 million in 2016. This includes €119 million in non-current expenses, of which €44.2 million in restructuring costs, +€43.7 million in value adjustment on the acquisition of the Exterior Systems business, and +€15.9 million recognized in CICE research tax credits for 2014, 2015, and 2016.

Net finance costs amounted to €67 million, versus €68 million in 2016. These costs account for 1.0% of revenue.

In 2017, the Group recorded income tax expense of €85 million, versus €86 million in 2016. The Group's effective "tax rate" was 18.7% in 2017 (versus 24.5% in 2016). It recognizes net income of €12 million corresponding to changes in the tax rate, particularly in the United States.

Thus net income rose by 35.2% to €430.5 million and represents 6.4% of consolidated revenue (from €318 million and 5.4% of consolidated revenue in 2016). **The Group's share of net income** amounted to **€425.2 million**, or 6.3% of consolidated revenue (compared with €312 million and 5.3% of consolidated revenue in 2016), **an increase of 36.2%**.

Basic earnings per share amounted to €2.88, versus €2.11 in 2016 (+36.5%).

Cash flow and capital

Group **EBITDA** was up by 15.2% to €933.0 million (**13.8%** of consolidated sales) and cash flow from operations was up by 17.3% to €859.4 million (12.7% of consolidated sales).

Engaged in a sustained investment program totaling €2.5 billion over the 2017-2021 period, the Group invested €457.1 million in 2017, i.e. 6.8% of consolidated revenue (versus €402.0 million i.e. 6.9% of consolidated revenue in 2016), a rise of 13.7%. The plant for exterior body parts at San Luis Potosi (Mexico) and the fuel systems plant in Chongqing (China) began production. 6 plants are currently under construction: 2 in India, 1 in Slovakia, 1 in Morocco and 2 in the United States, including the Greer pilot plant (South Carolina) for the Group's Industry 4.0 program.

A €100 million program has been undertaken for the development of R&D capabilities: creation of an advanced new energy research center which will open in Brussels in mid-2019; a new development and test center for fuel systems in Wuhan (China) in 2019, and the digitization and expansion by 2020 of the worldwide R&D center for exterior body parts in Lyon.

OUTLOOK AND POST-BALANCE SHEET EVENTS

In this context of robust investment, the Group generated free **cash flow of €185.8 million** in 2017, i.e. 2.7% of consolidated sales.

Net debt amounted to €563 million at December 31, 2017, down by €237 million compared with December 31, 2016, after the payment of €73 million in dividends and the buyback of treasury shares for a net amount of €42 million. The Group's net debt now represents 32% of equity and 0.6x EBITDA.

As a reminder, on March 31, 2017, the Group finalized the sale of the French operations of the exteriors systems and the front-end module businesses in Germany acquired in 2016, at an enterprise value of €200 million, in accordance with the European Commission decision. Moreover, Plastic Omnium sold, on June 30, 2017, its truck composites business, which had annual revenues of about €200 million in France, Mexico and China.

Lastly, Compagnie Plastic Omnium completed on June 19, 2017, the placement of a €500 million bond issue with European investors without covenants or rating, with a 7-year maturity and 1.25% coupon.

4.1.2 INVESTMENTS 2017-2021

To respond to the commercial success with the world's major carmakers and to the market's future needs, Plastic Omnium plans to invest €2.5 billion over the 2017-2021 period. These investments will be in new capacities, the ongoing optimization of the manufacturing base (Industry 4.0 and operational excellence), the development of new programs, and the launch of new research projects.

4.2 Outlook and Post-balance Sheet Events

In 2018, with an expected slight rise of around 2% in global automotive production, the Group should see a further improvement in results.

For the 2017-2021 period, Plastic Omnium confirms its financial outlook announced in December 2017:

- its automotive activities should continue to outperform global automotive production by an average of around 5 points per year over the period, reaching revenue of €10 billion in 2021 (including €1.7 billion from joint ventures);
- the Group's operating margin should continue to steadily increase throughout the period;
- the Group will pursue its investment program of €2.5 billion over the 2017-2021 period while generating free cash flow of over €1 billion.

The Group is actively preparing for the upcoming changes in the automotive industry, by investing in innovation, research and high-tech acquisitions.

On March 1st, 2018, Compagnie Plastic Omnium signed an agreement with the German group Mahle to acquire its 33.33% shareholding in the HBPO joint venture (world leader in front-end modules), up to then held equally by Plastic Omnium, Hella and Mahle-Behr.

Following completion of this acquisition for an enterprise value of €350 million (financed through the Group's own resources), Plastic Omnium will hold 66.66% of HBPO.

The transaction shall be submitted to the relevant competition authorities and should be finalized during 2018.

No other event likely to have a material impact on the Group's business, financial position, earnings or assets and liabilities at December 31, 2017 has occurred since the closing date.

4.3 Balance sheet

ASSETS

In thousand of euros	Notes	December 31, 2017	December 31, 2016 adjusted ⁽¹⁾
Goodwill	3.2 – 5.1.1 – 5.1.2	584,685	579,958
Other intangible assets	3.2 – 5.1.2	497,857	484,321
Property, plant and equipment	3.2 – 3.3 – 5.1.3 – 5.1.4	1,410,465	1,353,589
Investment property	3.2 – 5.1.5	93,263	93,263
Investments in associates and joint ventures	5.1.6	211,174	190,192
Available-for-sale financial assets	5.1.7.1 – 6.7	316	394
Other available-for-sale financial assets ⁽²⁾	5.1.7.2 – 5.2.7.5 – 6.4.2 – 6.7	27,514	30,451
Other non-current financial assets ⁽²⁾	5.1.8 – 5.2.7.5 – 6.7	59,060	54,449
Deferred tax assets	5.1.12	96,663	143,657
Total non-current assets		2,980,997	2,930,274
Inventories	5.1.9	414,013	388,689
Finance receivables ⁽²⁾	5.1.10 – 5.2.7.5 – 6.7	42,807	33,918
Trade receivables	5.1.11.2 – 5.1.11.4 – 6.3.1 – 6.4.2 – 6.7	940,084	809,419
Other	5.1.11.3 – 5.1.11.4	354,602	347,160
Other financial assets and financial receivables ⁽²⁾	5.1.10 – 5.2.7.5 – 6.4.2 – 6.7	83,209	62,388
Hedging instruments ⁽²⁾	5.2.7.5 – 5.2.8 – 6.4.2 – 6.7	5,254	499
Cash and cash equivalents ⁽²⁾	5.1.13.1 – 5.1.13.2 – 5.2.7.5 – 6.4.2 – 6.7	939,635	334,189
Total current assets		2,779,604	1,976,262
Assets held for sale	5.1.16	846	238,883
Total assets		5,761,447	5,145,419

(1) In accordance with IFRS 3R, the published balance sheet as at December 31, 2016 has been restated to reflect asset and liability value adjustments to the Faurecia Exterior Systems business, acquired in 2016 during the purchase price allocation period. These adjustments are presented in Note 2.1.1 and in the schedule which follows the Group summary statements.

(2) Components of net debt: Net debt stands at €563 million at December 31, 2017 compared with €799.9 million at December 31, 2016 (see Note 5.2.7.5).

BALANCE SHEET

EQUITY AND LIABILITIES

In thousand of euros	Notes	December 31, 2017	December 31, 2016 adjusted ⁽¹⁾
Capital	5.2.1.1	9,059	9,149
Treasury stock		(61,764)	(61,192)
Additional paid-in capital		17,389	17,389
Consolidated reserves		1,337,759	1,202,579
Net income for the period		425,177	312,112
Equity attributable to owners of the parent		1,727,620	1,480,037
Attributable to non-controlling interests		26,614	23,674
Total equity		1,754,234	1,503,711
Non-current borrowings ⁽²⁾	5.2.7.5 – 6.7	1,323,771	1,119,337
Provisions for pensions and other post-employment benefits	5.2.5 – 5.2.6.5	106,517	109,718
Provisions for liabilities and charges	5.2.5	54,689	64,470
Non-current government grants	5.2.4	6,557	12,420
Deferred tax liabilities	5.1.12	20,975	78,460
Total non-current liabilities		1,512,509	1,384,405
Bank overdrafts ⁽²⁾	5.1.13.2 – 5.2.7.5 – 6.4.2 – 6.7	9,993	10,307
Current borrowings ⁽²⁾	5.2.7.5 – 6.7	381,078	168,320
Current debt ⁽²⁾	5.2.7.5 – 6.4.2 – 6.7	4	5
Hedging instruments ⁽²⁾	5.2.7.5 – 5.2.8 – 6.4.2 – 6.7	5,618	17,870
Provisions for liabilities and charges	5.2.5	70,944	67,122
Current government grants	5.2.4	3,948	–
Trade payables	5.2.9.1 – 5.2.9.3 – 6.4.2 – 6.7	1,233,221	1,229,049
Other operating liabilities	5.2.9.2 – 5.2.9.3	789,898	685,262
Total current liabilities		2,494,704	2,177,935
Liabilities related to assets held for sale	5.1.16	–	79,368
Total equity and liabilities		5,761,447	5,145,419

(1) In accordance with IFRS 3R, the published balance sheet as at December 31, 2016 has been restated to reflect asset and liability value adjustments to the Faurecia Exterior Systems business, acquired in 2016 during the purchase price allocation period. These adjustments are presented in Note 2.1.1 and in the schedule which follows the Group summary statements.

(2) Components of net debt: Net debt stands at €563 million at December 31, 2017 compared with €799.9 million at December 31, 2016 (see Note 5.2.7.5).

INCOME STATEMENT

4.4 Income statement

In thousand of euros	Notes	2017	%	2016	%
Consolidated sales (revenue)	3.1.1 – 3.1.4.1 – 3.1.4.2	6,768,477	100.0%	5,857,251	100.0%
Cost of goods and services sold	4.2	(5,667,843)	-83.7%	(4,882,708)	-83.4%
Gross profit		1,100,634	16.3%	974,543	16.6%
Net research and development costs	4.1 – 4.2	(170,011)	-2.5%	(145,740)	-2.5%
Selling costs	4.2	(61,167)	-0.9%	(55,086)	-0.9%
Administrative expenses	4.2	(269,981)	-4.0%	(246,180)	-4.2%
Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures	3.1.1	599,475	8.9%	527,537	9.0%
Amortization of intangible assets acquired in business combinations ⁽¹⁾	3.1.1 – 4.4	(20,264)	-0.3%	(21,583)	-0.4%
Share of profit/loss of associates and joint ventures	3.1.1 – 4.5	61,746	0.9%	51,801	0.9%
Operating margin	3.1.1	640,957	9.5%	557,755	9.5%
Other operating income	3.1.1 – 4.6	36,770	0.5%	34,861	0.6%
Other operating expenses	3.1.1 – 4.6	(95,930)	-1.4%	(120,134)	-2.1%
Financing costs, net	3.1.1 – 4.7	(63,946)	-0.9%	(58,859)	-1.0%
Other financial income and expenses, net	3.1.1 – 4.7	(2,817)	-0.0%	(9,027)	-0.2%
Profit from continuing operations before income tax and after share of profits of associates and joint ventures	3.1.1	515,035	7.6%	404,595	6.9%
Income tax	3.1.1 – 4.8	(84,548)	-1.2%	(86,307)	-1.5%
Net income	3.1.1	430,487	6.4%	318,288	5.4%
Net profit attributable to non-controlling interests	4.9	5,310	0.1%	6,176	0.1%
Net profit attributable to owners of the parent		425,177	6.3%	312,112	5.3%
Earnings per share attributable to owners of the parent company	4.10				
• Basic earnings per share (in euros) ⁽²⁾		2.88		2.11	
• Diluted earnings per share (in euros) ⁽³⁾		2.86		2.09	

(1) Intangible assets acquired in business combinations, mainly contractual customer relationships

(2) 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.

(3) 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.

STATEMENT OF COMPREHENSIVE INCOME

4.5 Statement of comprehensive income

In thousand of euros	2017			2016		
	Total	Gross	Tax ⁽³⁾	Total	Gross	Tax
Net profit for the period attributable to owners of the parent⁽¹⁾	425,177	507,815	(82,638)	312,112	397,065	(84,953)
Reclassified to the income statement	(61,820)	(60,782)	(1,038)	6,001	6,221	(220)
Reclassified in the period	494	826	(332)	379	663	(284)
Exchange differences on translating foreign operations – reclassified to the income statement	–	–	–	(161)	(161)	–
Cash flow hedges – Interest rate instruments reclassified to the income statement	494	826	(332)	540	824	(284)
Reclassified at a later date	(62,314)	(61,608)	(706)	5,622	5,558	64
Exchange differences on translating foreign operations	(63,049)	(63,049)	–	4,701	4,701	–
Cash flow hedges	1,697	2,403	(706)	(123)	(187)	64
<i>Gains/(losses) for the period – Interest rate instruments</i>	–	–	–	–	–	–
<i>Gains/(losses) for the period – Exchange rate instruments</i>	1,697	2,403	(706)	(123)	(187)	64
Fair Value adjustment to available-for-sale assets	(962)	(962)	–	1,044	1,044	–
Cannot be reclassified to the income statement at a later date	(1,885)	2,427	(4,312)	(8,449)	(12,806)	4,357
Actuarial gains/(losses) recognized in equity	(1,885)	2,427	(4,312)	(8,449)	(12,806)	4,357
Other comprehensive income	(63,705)	(58,355)	(5,350)	(2,448)	(6,585)	4,137
Comprehensive income attributable to owners of the parent⁽²⁾	361,472	449,460	(87,988)	309,664	390,480	(80,816)
Net profit for the period attributable to non-controlling interests	5,310	7,220	(1,910)	6,176	7,530	(1,354)
Reclassified to the income statement	(1,797)	(1,797)	–	613	613	–
Reclassified in the period	–	–	–	–	–	–
Exchange differences on translating foreign operations – reclassified to the income statement	–	–	–	–	–	–
Reclassified at a later date	(1,797)	(1,797)	–	613	613	–
Exchange differences on translating foreign operations	(1,797)	(1,797)	–	613	613	–
Cannot be reclassified to the income statement at a later date	–	–	–	–	–	–
Actuarial gains/(losses) recognized in equity	–	–	–	–	–	–
Other comprehensive income	(1,797)	(1,797)	–	613	613	–
Comprehensive income attributable to non-controlling interests	3,513	5,423	(1,910)	6,789	8,143	(1,354)
Total comprehensive income	364,985	454,883	(89,898)	316,453	398,623	(82,170)

(1) Net profit for the period attributable to owners of the parent amounted to €250,259 thousand at December 31, 2017 compared with €182,991 thousand at December 31, 2016.

(2) Total net profit attributable to owners of the parent amounted to €212,763 thousand at December 31, 2017 compared with €181,556 thousand at December 31, 2016.

(3) The tax presented in other comprehensive income takes into account the effects of changes in tax rates in France and in United States that occurred in 2017.

CHANGES IN EQUITY

4.6 Changes in equity

In thousand 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	Attributable to owners of the parent	Shareholders' equity	Total equity	
							Attributable to non-controlling interests			
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 31, 2015	—	—	—	—	258,374	—	(258,374)	—	—	
First-half 2016 net profit	—	—	—	—	—	312,112	312,112	6,176	318,288	
Other comprehensive income	—	—	—	—	(8,534)	6,086	—	(2,448)	613	(1,835)
Exchange differences on translating foreign operations	—	—	—	—	(1,546)	6,086	—	4,540	613	5,153
Actuarial gains/(losses) recognized in equity	—	—	—	—	(8,449)	—	—	(8,449)	—	(8,449)
Cash flow hedges - Interest rate instruments	—	—	—	—	540	—	—	540	—	540
Cash flow hedges - currency instruments	—	—	—	—	(123)	—	—	(123)	—	(123)
Change in the fair value adjustment of "Assets held for sale"	—	—	—	—	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
Appropriation of net profit at December 31, 2016	—	—	—	—	312,112	—	(312,112)	—	—	
First-half 2017 net profit	—	—	—	—	—	425,177	425,177	5,310	430,487	
Other comprehensive income	—	—	—	—	(656)	(63,049)	—	(63,705)	(1,797)	(65,502)
Exchange differences on translating foreign operations	—	—	—	—	—	(63,049)	—	(63,049)	(1,797)	(64,846)
Actuarial gains/(losses) recognized in equity	—	—	—	—	(1,885)	—	—	(1,885)	—	(1,885)
Cash flow hedges - Interest rate instruments	—	—	—	—	494	—	—	494	—	494
Cash flow hedges - Currency instruments	—	—	—	—	1,697	—	—	1,697	—	1,697
Change in the fair value adjustment of Other available-for-sale Financial assets	—	—	—	—	(962)	—	—	(962)	—	(962)
Comprehensive income	—	—	—	—	311,456	(63,049)	113,065	361,472	3,513	364,985
Treasury stock transactions	—	—	—	(41,955)	—	—	—	(41,955)	—	(41,955)
Capital reduction (cancellation of treasury stock)	(1,500)	(90)	—	41,383	(41,383)	—	—	(90)	—	(90)
Tax effect of treasury stock transactions	—	—	—	—	(2,441)	—	—	(2,441)	—	(2,441)
Dividends paid by Compagnie Plastic Omnium	—	—	—	—	(72,272)	—	—	(72,272)	—	(72,272)
Dividends paid by other Group companies	—	—	—	—	—	—	—	—	(573)	(573)
Stock option and share purchase plan costs	—	—	—	—	3,327	—	—	3,327	—	3,327
Deferred tax on stock option and share purchase plans	—	—	—	—	(962)	—	—	(962)	—	(962)
Effect of tax rate change on deferred taxes related to the recognition of fixed assets at fair value	—	—	—	—	504	—	—	504	—	504
Equity at December 31, 2017	150,977	9,059	17,389	(61,764)	1,366,568⁽¹⁾	(28,809)	425,177	1,727,620	26,614	1,754,234

(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 on December 31, 2017 by Compagnie Plastic Omnium in respect of the 2016 fiscal year is €0.49 compared with €0.41 on December 31, 2016 in respect of 2015 fiscal year (see Note 5.2.2 on dividends voted and paid).

STATEMENT OF CASH FLOWS

4.7 Statement of cash flows

In thousand of euros	Notes	2017	2016
I – Cash flows from operating activities			
Net income	3.1.1	430,487	318,288
Dividends received from associates and joint ventures		32,401	31,409
Non-cash items		396,516	382,890
Share of profit/(loss) of associates and joint ventures	4.5	(61,746)	(51,801)
Stock option plan expense	5.2.3 – 4.3	3,327	3,498
Other adjustments		688	6,117
Depreciation and provisions for impairment of fixed assets	3.1.3 – 5.1.3	168,512	170,756
Depreciation and provisions for impairment of intangible assets	3.1.3 – 5.1.2	127,660	109,094
Changes in provisions		(4,841)	(9,476)
Net (gains)/losses on disposals of non-current assets	4.6	19,606	14,786
Proceeds from operating grants recognized in the income statement		(2,274)	(1,727)
Current and deferred taxes	4.8.1	84,548	86,307
Interest expense		61,037	55,336
Net operating cash generated by operations before impact of financial expenses and income tax cash payments (A)	5.1.15	859,404	732,587
Change in inventories and work-in-progress – net		(42,327)	44,913
Change in trade receivables – net		(195,976)	(155,278)
Change in trade payables		177,432	190,773
Change in other operating assets and liabilities – net		17,660	(20,235)
Change in working capital requirements (B)		(43,211)	60,173
Taxes paid (C)		(114,049)	(97,271)
Interest paid		(62,729)	(55,486)
Interest received		3,540	2,783
Net financial interest paid (D)	5.1.15	(59,189)	(52,703)
Net cash generated by operating activities (A+B+C+D)		642,955	642,786
II – Cash flows from investing activities			
Acquisitions of property, plant and equipment	3.1.3 – 3.2 – 5.1.3	(328,718)	(220,712)
Acquisitions of intangible assets	3.1.3 – 5.1.2	(165,561)	(151,120)
Disposals of property, plant and equipment	4.6 a	20,638	4,852
Disposals of intangible assets	4.6 a	1,338	4
Net change in advances to suppliers of fixed assets		14,471	(35,313)
Government grants received		688	210
Net cash used in operations-related investing activities (E)		(457,144)	(402,079)
Free cash flow (A + B + C + D + E)⁽¹⁾		185,811	240,707
Acquisitions of shares in subsidiaries and associates, investments in associates and joint ventures, and related investments	2.1.3 – 2.1.4	(21,419)	(527,580)
Acquisitions of available-for-sale financial assets	5.1.7.2	(32,874)	(29,124)
Proceeds from disposals of shares in subsidiaries and associates	4.6 a	10,678	15,638
Disposal of Available-for-sale financial assets ⁽²⁾	4.6 a – 5.1.16	196,266	–
Impact of changes in scope of consolidation – Cash and cash equivalents contributed by companies entering the scope of consolidation	2.1.1.5	747	9,480
Impact of changes in scope of consolidation – Cash and cash equivalents from companies leaving the scope of consolidation	2.3 – 5.1.16	(5,179)	(830)
Impact of changes in scope of consolidation – Borrowings contributed by companies entering the scope of consolidation	2.1.1.5	–	(157,124)
Net cash from financial investing activities (F)		148,219	(689,540)
Net cash from investing activities (E+F)		(308,925)	(1,091,619)
III – Cash flows from financing activities			
Increases/reductions in share capital and premiums	5.2.1.1	(90)	(66)
Purchases/sales of treasury stock		(41,955)	(37,232)
Dividends paid to Burelle SA ⁽³⁾		(42,592)	(35,638)
Dividends paid to other shareholders ⁽⁴⁾		(30,253)	(27,323)

In thousand of euros	Notes	2017	2016
Acquisitions of non-controlling interests	2.1.2	–	(3,300)
Increase in financial debt	2.1.3	507,371	362,385
Repayment of borrowings		(110,236)	(126,410)
Net cash provided by (used in) financing activities (G)		282,245	132,416
Assets held for sale (and discontinued operations) (H)	5.1.16	–	(5,756)
Effect of exchange rate changes (I)		(10,515)	(1,210)
Net change in cash and cash equivalents (A + B + C + D + E + F + G + H + I)		605,761	(323,383)
Net cash and cash equivalents at beginning of period	5.1.13.2 – 5.2.7.5	323,882	647,265
Cash and cash equivalents at end of period	5.1.13.2 – 5.2.7.5	929,643	323,882

- (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) This includes the sale of the "Faurecia Exterior Systems" business classified as "Assets and liabilities held for sale" at December 31, 2016 for €159,424 thousand (see Note 2.1.1.4 and the sale of the shares of listed companies for €36,842 thousand (see Notes 4.6 a and 5.1.7.2).
- (3) The full amount of the dividend paid to Burelle SA in the two periods was paid by Compagnie Plastic Omnium.
- (4) In 2017, the dividend paid to other shareholders of €29,681 thousand (compared with €24,874 thousand in 2016) was paid by Compagnie Plastic Omnium, bringing the total dividends paid by Compagnie Plastic Omnium to €72,272 thousand (compared with €60,512 thousand in 2016). See Note 5.2.2 "Dividends voted and paid by Compagnie Plastic Omnium".

TABLE OF CHANGES FROM THE PUBLISHED DECEMBER 31, 2016 BALANCE SHEET TO THE ADJUSTED BALANCE SHEET PRESENTED ON A COMPARATIVE BASIS IN THE DECEMBER 31, 2017 CONSOLIDATED FINANCIAL STATEMENTS

Table of changes from the published December 31, 2016 balance sheet to the adjusted balance sheet presented on a comparative basis in the December 31, 2017 consolidated financial statements

The value adjustments of the assets and liabilities of the Faurecia Exterior Systems business acquired in 2016 made during the acquisition period are presented in Note 2.1.1.

ADJUSTED BALANCE SHEET AT DECEMBER 31, 2016

The allocation period for the acquisition price of the "Faurecia Exterior Systems" business ended 12 months after the acquisition date, i.e. on July 29, 2017. Hereafter are the details of adjustments recorded in 2017:

Assets

In thousand of euros	December 31, 2016 published	Adjustments due to "Faurecia Exterior Systems" business acquisition ⁽¹⁾	December 31, 2016 adjusted
Goodwill	531,077	48,881	579,958
Other intangible assets	484,321	–	484,321
Property, plant and equipment	1,353,589	–	1,353,589
Investment property	93,263	–	93,263
Investments in associates and joint ventures	190,192	–	190,192
Available-for-sale financial assets	394	–	394
Other available-for-sale financial assets	30,451	–	30,451
Other non-current financial assets	54,449	–	54,449
Deferred tax assets	140,355	3,302	143,657
Total non-current assets	2,878,091	52,183	2,930,274
Inventories	390,312	(1,623)	388,689
Finance receivables	33,918	–	33,918
Trade receivables	809,624	(205)	809,419
Other	347,160	–	347,160
Other financial assets and financial receivables	62,388	–	62,388
Hedging instruments	499	–	499
Cash and cash equivalents	334,189	–	334,189
Total current assets	1,978,090	(1,828)	1,976,262
Assets held for sale	240,712	(1,829)	238,883
Total assets	5,096,893	48,526	5,145,419

(1) See Note 2.1.1.5 related to the "Opening balance sheet of Faurecia's Exterior Systems business".

Equity and liabilities

In thousand of euros	December 31, 2016 published	Adjustments due to “Faurecia Exterior Systems” business acquisition ⁽¹⁾	December 31, 2016 adjusted
Capital	9,149	–	9,149
Treasury stock	(61,192)	–	(61,192)
Additional paid-in capital	17,389	–	17,389
Consolidated reserves	1,202,579	–	1,202,579
Net income for the period	312,112	–	312,112
Equity attributable to owners of the parent	1,480,037	–	1,480,037
Attributable to non-controlling interests	23,674	–	23,674
Total equity	1,503,711	–	1,503,711
Non-current borrowings	1,119,337	–	1,119,337
Provisions for pensions and other post-employment benefits	109,718	–	109,718
Provisions for liabilities and charges	45,365	19,105	64,470
Non-current government grants	12,420	–	12,420
Deferred tax liabilities	78,643	(183)	78,460
Total non-current liabilities	1,365,483	18,922	1,384,405
Bank overdrafts	10,307	–	10,307
Current borrowings	168,320	–	168,320
Current debt	5	–	5
Hedging instruments	17,870	–	17,870
Provisions for liabilities and charges	41,912	25,210	67,122
Current government grants	–	–	–
Trade payables	1,226,618	2,431	1,229,049
Other operating liabilities	683,299	1,963	685,262
Total current liabilities	2,148,331	29,604	2,177,935
Liabilities related to assets held for sale	79,368	–	79,368
Total equity and liabilities	5,096,893	48,526	5,145,419

(1) See Note 2.1.1.5 related to the “Opening balance sheet of Faurecia’s Exterior Systems business”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.8 Notes to the consolidated financial statements

The Board of Directors approved the consolidated financial statements for the year ended December 31, 2017 for the Plastic Omnium Group on February 14, 2018, which will be submitted to the Combined Shareholders' Meeting on April 26, 2018.

Presentation of the Group

Compagnie Plastic Omnium, a company governed by French law, was set up in 1946. The bylaws set its duration until April 24, 2112. It 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" or "the Plastic Omnium Group" 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 parts, storage systems and fuel supply systems), representing 95.0% of its consolidated sales (95.8% of its economic revenue) and for local authorities (waste collection bins) 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 main shareholder is Burelle SA, which holds 57.57% of the Group's shares (58.86% excluding Treasury stock) at December 31, 2017.

The unit of measurement used in the Notes to the consolidated financial statements is thousands of euros, unless otherwise indicated.

For the opening balance sheet of the 2017 financial year, the consolidated financial statements published at December 31, 2016 will be identified using the notion "**published**". The "**adjusted**" notion is used for the Consolidated Balance Sheet and the notes impacted by the adjustments in 2017 to allocate the acquisition price of the "Faurecia Exterior Systems" business, in accordance with IFRS 3R.

1. Accounting policies, accounting rules and principles

1.1. Accounting policies, accounting rules and methods

The accounting policies used to prepare the consolidated financial statements are those applied by the Group at December 31,

2016. They comply with IFRS standards and interpretations as adopted by the European Union at December 31, 2017 and available on the website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission. IFRS includes the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as well as the International Financial Reporting Interpretations Committee (IFRIC). These accounting principles do not differ significantly from mandatory application standards and interpretations as December 31, 2017, as published by the IASB.

The accounting policies applied by the Group are described in the Note 1.1 "Accounting policies, accounting rules and methods" of the 2017 consolidated financial statements, except those affected by the new standards and mandatory application amendments from January 1, 2018. The Group did in fact not opt for early application of standards, interpretations and amendments that are not mandatory at 31 December 2017.

Standards, interpretations and amendments applicable after January 1, 2018

The Group has been applying IFRS 15 "Revenue from Contracts with Customers" since January 1, 2018. In this context, the accounting treatment of costs and products linked to activities carried out during the project phase of automotive contracts has been changed. The project phase corresponds to the period during which the Group works on the development of the part to be produced, on the design and manufacture of the specific tooling that will be used during production as well as the structure of future production processes and logistics. It begins with the appointment of the Group on the vehicle and product concerned and ends when normal production volume is reached.

The new accounting treatment is based on the identification by the Group in most cases of two performance obligations, distinct from the production of parts, under the design activity and certain specific tooling whose control is transferred to clients.

Costs related to performance obligations are recognized in inventories during the project phase and then expensed when their control is transferred to the customer, *i.e.* when the series is launched. The income related to "lump sum" payments, or explicitly included in the price of the part, and therefore the negative or positive margin related to these performance obligations, is recognized at the start of the series life.

Other costs incurred during the project phase related to the execution of the contract where control is not transferred to the customers, are recognized in fixed assets and depreciated over the expected period of production, with a maximum of three years for visible parts and 5 years for fuel systems. They are subject to impairment tests when there is objective evidence of impairment.

Furthermore, under IFRS 15, only costs of obtaining contracts which would not have existed without a contract are capitalized and depreciated over the expected production period; costs incurred prior to the appointment of the Group, whether or not the contract is obtained, are recognized as an expense for the period.

The impact of this change in accounting treatment is not significant on the Group's consolidated accounts. An estimate based

on the 2018 budget shows a lower than 0.5% impact on revenue and operating margin.

In view of these non-significant impacts during the transition, the Group decided to apply the modified retrospective method; the 2017 Consolidated Financial Statements will not be restated and the new accounting treatment is applied to unfinished projects, *i.e.* automotive contracts whose production has not been launched at December 31, 2017.

Concerning IFRS 9 "Financial Instruments", at this stage, no significant impact has been identified.

IFRS 16 "Leases", published in early 2016 by the IASB with an application of January 1, 2019 but not yet adopted by the European Union, is currently being analyzed by the Group. At this stage the main impacts identified concern real estate leases.

1.1.1. Consolidation principles

Companies in which the Group holds more than 50% of the voting rights, enabling it to exercise exclusive control, are fully consolidated. Companies in which the Group holds less than 50% but over which the Group exercises control in substance are also fully consolidated.

Companies over which the Group exercises joint control with other shareholders, regardless of the percentage of the holding, treated as "joint ventures" insofar as the Group has no joint operations, in addition to the companies over which the Group exercises significant influence, and classified as "Interests in associates" (significant influence is assumed when the Group holds more than 20% of the voting rights in a company) are accounted for using the equity method.

The Group mainly reviews the following elements and criteria in order to assess whether joint control or significant influence is exercised over an entity:

- governance: representation of the Group on governance boards and committees, majority rules, veto rights;
- the determination of the substantive or protective rights granted to shareholders, particularly related to the relevant businesses of the entity, namely those that have a significant impact on the variable return of the entity;
- the consequences of a conflict resolution clause;
- the right/exposure of the Group to the variable returns of the entity.

1.1.2. Non-controlling interests

Non-controlling interests represent the share of interest, which is not held by the Group. They are presented as a separate item in the income statement and under equity in the consolidated balance sheet, separately from the profit and equity attributable to owners of the parent.

Non-controlling interests may be either measured at fair value on the acquisition date (*i.e.* with a share of goodwill) or for their share in the fair value of identifiable net assets acquired. This choice can be made on a transaction-by-transaction basis.

Changes in a parent's ownership interest in a subsidiary that do not change control are recognized as equity transactions. For

example, in the event of an increase (or decrease) in the percentage ownership interest of the Group in a controlled entity, without change in control, the difference between the acquisition cost of (or transfer price) and the carrying amount of the share of net assets acquired (or sold) is recognized 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 to analyze performance.

The Group is managed according to two operating segments:

- "Automotive" means the activities of the body components (Automotive Exterior Division) and of the fuel storage and distribution systems, from the design to sales through to manufacturing (Auto Inergy Division);
- "Environment" which covers activities for local authorities, namely the pre-collection products and services and waste management activities.

1.1.4. Business combinations

Business combinations are recognized by applying the acquisition method. Identifiable assets, liabilities and contingent liabilities acquired are recognized at their fair value on the purchase date.

The surplus of the sum of the price paid to the seller and, where appropriate, the value of the non-controlling interest in the company acquired against the net balance of the acquired assets and the identifiable liabilities acquired is recognized in goodwill.

Where the takeover is carried out through successive purchases, 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 costs are recorded as expenses.

The fair value adjustments of assets acquired and liabilities assumed are offset against goodwill adjustments on the basis of information obtained during the allocation period, *i.e.* within twelve months of the acquisition. Changes in value after that date are recognized in profit or loss, including any changes in deferred tax assets and liabilities, if they are related to new items that have occurred since the change of control. If they result from new information relating to facts existing at acquisition date and collected during the 12 months following this date, they are an offset to the acquisition's goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1.5. Translation of the financial statements of foreign subsidiaries

Plastic Omnium Group uses the euro as its presentation currency in its financial statements. The financial statements of foreign companies are prepared in their functional currency, *i.e.* in the currency of the economic environment in which the entity operates; usually the functional currency corresponds to the local currency, except for some foreign subsidiaries such as the Mexican subsidiaries who carry out the majority of their transactions in another currency. These financial statements are translated into the Group's presentation currency, as follows:

- translation of balance sheet items, other than equity, at the closing rate;
- translation of income statement items at the average rate for the period;
- translation differences are recognized in consolidated equity.

Goodwill arising from business combinations with foreign companies is recognized in the functional currency of the acquired entity. They are subsequently translated into the Group's presentation currency at the closing rate, with the translation difference recognized in equity.

On disposal of the entire interest in a foreign company, the related translation differences are initially recognized in equity, then reclassified in profit and loss.

1.1.6. Recognition of transactions in foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency at the rate on the transaction date. On the closing date, monetary assets and liabilities are revalued at the rates prevailing at the closing date. Non-monetary assets and liabilities at cost are valued at the historical rates, prevailing at the transaction date (for example, goodwill, tangible assets, inventories, etc.). Non-monetary assets and liabilities at fair value are valued at the rates prevailing at the date when fair value is determined (for example, assets available for sale).

For monetary items exchange rate differences arising from changes in interest rates are recorded in the income statement, as other operating income and expenses, when they are related to operations and as financial income/expense when they are related to financial transactions.

Borrowings in foreign currencies contracted by the Group and whose repayment is neither planned nor likely in the foreseeable future are considered to be part of the net investment of the Plastic Omnium Group in this foreign business. The corresponding translation differences are recorded in equity.

1.1.7. Revenue

Revenue is recognized when risks and rewards of ownership are transferred, and it is likely that future economic benefits will accrue to the Group and the amount of this income can be reliably measured. Revenue is measured at the fair value of the consideration received, net of any discounts, rebates and other taxes on sales and customs duties.

Sales of goods

The 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, usually on delivery of the goods.

Sales of services and specific tooling

Automotive Business

Revenue from ordinary activities relating to the project phase of automotive contracts (development hours and tooling) is recognized when the 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 the price.

Thus, when the Group obtains a contractual agreement signed with its customers on the sales price of the tooling, the tooling is considered to be sold; 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. In the same way, when the Group obtains a contractual agreement from its customers, the expected development revenue on a time-spent basis is gradually recognized using the stage of completion method.

Without such an agreement with the customer (*e.g.* customer financing through a "development unit" with no volume guarantee), the Group considers that the material risks and rewards are not transferred to the client; the tooling and/or development time expenses are therefore recognized in the Group's property, plant and equipment and/or intangible assets, and amortized over the life of the series. Where applicable, products received from customers are recognized in revenue over the life of the series.

Environment business

Most lease-maintenance contracts are operating leases. The lease payments received are accounted for on a straight-line basis over the term of the leases, except in the case of finance leases; in this case, a sale is recorded for the amount equal to the survey costs (costs incurred by individuals to collect information on the volume of bins placed at their disposal), the installation costs and the estimated sales price of the equipment made available.

1.1.8. Receivables

Receivables are initially recognized at their fair value. The fair value generally represents the nominal amount of the receivable when the sale has been subject to routine payment terms. Impairments are recorded to cover the risks of non-recovery where there is objective evidence of loss of value. The impairment amount is determined individually for each customer.

Finance receivables correspond, for the most part, to the lease-financing sales of the Environment business, and to 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 receivables have initial payment periods of more than one year and may bear interest in the framework of an asset financing agreement agreed with the customer. The income related to these receivables is recognized in revenue. These finance receivables are deducted when calculating the Group's net debt.

Sold receivables, which are removed from the balance sheet, meet the following criteria:

- the rights attached to the receivables are transferred to third parties;
- substantially all the risks and rewards of ownership are transferred to third parties;

The risks taken into account are the following:

- credit risk;
- risks related to payment arrears both for the duration and amounts;
- the transfer of interest rate risk, which is fully assumed by the buyer.

1.1.9. Operating margin

Operating margin corresponds to the profit from fully consolidated companies before other operating income and expenses which mainly include:

- gains from disposals of property, plant and equipment and intangible assets;
- impairment losses on intangible assets and property, plant and equipment, 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 related settlements;

- income and expenses that are unusual in nature, frequency or amount, such as profits and losses related to changes in scope, the start-up costs of new plants, the costs of restructuring and downsizing costs.

Amortization of contractual customer relationships acquired in business combinations is recognized as a separate item in the operating margin.

The share of profit/(loss) of associates and joint ventures is also recorded in the operating margin as a separate item.

Thus, the Group has an operating margin before amortization of intangible assets acquired in business combinations and the share of profit/(loss) 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

The Group benefits from tax credits linked to the research effort of its subsidiaries. These tax credits are included in operating margin under "Net research and development costs", see Notes 4.1 "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

Development costs are recognized as intangible assets when the company can demonstrate in particular:

- its intention, financial capacity and technical capability to complete the development project;
- the probability of receiving future economic benefits from development expenditure;
- the ability to reliably value the cost of the asset.

Automotive business development costs

Development hours undertaken for an Automotive 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".

Expenditure incurred on orders for specific tooling and molds subject to a customer contractual payment agreement shall be considered as sold and recognized in inventories. The related income is recognized in revenue based on the total cost incurred on the date of technical acceptance, or at the latest, on the first day of series production. Payments received prior to these dates are recorded under customer prepayments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Development hours and tooling financed by the customer under “development unit” pricing, without contractual customer commitment on volumes or payment guarantee, are recognized as intangible or tangible 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, *i.e.* on average, three years for body parts and five years for fuel systems. The amortization of development hours is recorded in Research and Development and that of the tooling in gross margin.

Other research and development costs

Other research and development costs are recognized as expenses for the financial year.

1.1.11.2. Other intangible assets

Other intangible assets are measured at cost less accumulated amortization and impairment losses. They are amortized according to the linear method over their estimated useful lives.

These mainly include the “Plastic Omnium Auto Inergy” and “Ford-Milan” customer contractual relationships.

These assets are tested for impairment when there is an indication of impairment.

1.1.12. Start-up costs

Costs corresponding to start-up phases, including organizational costs, are expensed as they are incurred. They correspond to the use of new production capacity 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 per year, at year-end, and on the interim balance sheet date if there is evidence of impairment.

Impairment tests are carried out at the level of each cash generating unit (CGU), or groups of cash generating units, which are:

- “Automotive”;
- “Environment”.

The Group presents its segment information in two “reportable segments,” Automotive and Environment (see Note 3 “Segment Information”), and the goodwill information follows the same presentation (see Note 5.1.1 “Goodwill”).

The net carrying amount of all assets (including goodwill), comprising each cash-generating unit, is compared to its recoverable amount, *i.e.* the higher of the fair value less disposal costs and the value in use determined using discounted cash flow method.

The cash flow forecast is based on the Group’s medium-term plans, which are prepared for the next four years, revised as necessary to reflect the most recent market conditions. Over this timeframe, a terminal value is calculated based on the capitalization of the 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. These 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.

Goodwill is measured annually at cost, less any accumulated impairment representing loss of value. Impairments on goodwill are irreversible.

Sensitivity tests with an increase in the discount rate of 0.5% or a reduction of 0.5% in the long-term growth rate or a reduction of 0.5% in the operating margin rate are systematically carried out.

Negative goodwill (badwill) is recorded in the income statement during the year of acquisition.

1.1.14. Property, plant and equipment

Gross values

Property, plant and equipment are initially recorded at their acquisition cost, at their cost of production when they are manufactured by the company for itself (or subcontracted) or at their fair value for those acquired without consideration.

Gains and losses on intra-group sales or acquisitions of property are eliminated in the consolidated financial statements.

Property, plant and equipment are subsequently recognized at cost less accumulated amortization based on their life and accumulated impairment losses.

Industrial buildings are measured at depreciated cost. Maintenance and repair costs in order to restore or maintain the future economic benefits that the company may expect in terms of the estimated level of performance at the time of acquisition are recognized as an expense as incurred.

Future expenditures are capitalized only on the assumption that the future economic benefits associated with the expenditure will return to the Group.

Assets under finance leases are recognized in property, plant and equipment at the lower of their fair value and the present value of minimum lease payments and depreciated on the basis of Group depreciation rates applicable to the same assets owned outright. They mainly concern leases on industrial buildings, major functional assemblies ("presses") and containers.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives:

Buildings and fixtures	10 – 40 years
Presses and transformation machines	7 – 10 years
Machining, finishing and other equipment	3 – 7 years
Containers rented to municipalities (bins for waste collection)	8 years
Other equipment rented to municipalities (playground equipment, bin lifts, etc.)	5 years

The Group applies the components approach to its property assets and major functional assemblies.

Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment when decisions are made to cease production or to close a site.

1.1.15. Investment property

The items in the "Investment property" section of the Group's balance sheet are not included in ordinary operations. These assets, which belong to the Group, correspond to real estate:

- not occupied on the balance sheet date and whose use is undecided;
- or held by the Group for their long-term appreciation and which are leased to third parties under operating leases.

The Group may, where appropriate, decide to use all or part of a property whose use is undecided (in which case the relevant part would be reclassified as being occupied) or lease them 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 land on which the buildings are constructed follow the same accounting treatment. An independent appraiser makes regular valuations as part of the year-end closing process. Between two valuations, the Group ensures that the real estate market has not undergone any significant change. The fair value determined by the expert is assessed by direct reference to observable prices in an active market (level 2 fair value).

Properties or parts of properties previously classified under investment property and reclassified as operating property as the Group decides to use them for its own occupation, are recognized at their carrying amount at the date of transfer.

When properties are moved from the "Property, plant and equipment" category to the "Investment property" category, any difference between the carrying amount and the 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 the end of the financial year, a provision for impairment is recorded when the estimated sales price of the related finished products in the normal course of business, less the residual estimated marketing, production and processing costs, 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 valued on the basis of standard production costs, revised annually. Cost includes raw materials and direct and indirect production costs. These costs do not include any administrative overheads or IT not linked to production or research and development costs or sales costs. In addition, it does not include the cost of any below-normal capacity utilization.

The cost of inventories is compared at the balance sheet date to the net realizable value. If it exceeds the net realizable value, an impairment loss is recorded to bring the inventories to their net realizable value.

1.1.17. Non-current and current borrowings

Current and non-current borrowings are valued using the amortized cost method using the effective interest rate.

1.1.18. Provisions

Provisions are booked when there are obligations to third parties leading to a likely outflow of resources for the benefit of these third parties without at least equivalent value expected for the Group. Losses identified on onerous contracts, *i.e.* contracts whose unavoidable costs relating to their obligations are greater than the expected economic benefits, are subject to provisions. These provisions are recognized in current or non-current liabilities depending on 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, thus creating a well-founded expectation that the Group will implement this plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1.19. Provisions for pensions and other post-employment benefits

All Group employees are covered by pensions and other long-term post-employee benefits plans. Pension plans comprise defined contribution plans or 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 as an operating expense. The Group has no legal or implicit obligation to pay additional contributions or future benefits. Consequently, no actuarial liability is recorded under these defined contribution plans.

1.1.19.2. Defined benefit plans

Defined benefit plans mainly concern post-employment benefit plans, which are defined by:

- other pension and supplementary pension plans, mainly in the US and France;
- plans to cover healthcare costs in the United States.

Defined benefit plans are subject to provisions for staff benefits calculated on the basis of actuarial valuations carried out by independent actuaries using the projected unit credit method.

These assessments take into account assumptions on:

- retirement dates determined according to the terms of the legislation and in particular for French employees, a voluntary retirement assumption when full benefit rights have been acquired;
- mortality;
- the probability of active employees departing before retirement age;
- estimates of salary increases up to retirement age;
- discount rates and inflation.

When defined benefit plans are funded, the commitments under these plans are deducted from the market value of plan assets at the reporting date. The 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, in the income statement under "Operating expenses", except for:

- the effect of discounting the commitments recognized in financial expenses;

- actuarial gains and losses on post-employment benefit obligations recognized in equity.

1.1.19.3. Other long-term benefits

Other long-term benefits correspond to long-service awards for French employees.

Actuarial gains and losses on "Other long-term benefit plans" (mainly long-service awards) are recognized immediately in profit or loss.

1.1.20. Government grants

The grants received are recognized as liabilities in the balance sheet; they correspond to grants to finance investments in new sites, production equipment or research and development programs.

The grants 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 it is being held.

The proceeds from the sale of these securities are recorded directly as an increase in the Group's equity, any gain or loss on the sales have no impact on the income statement for the year.

1.1.22. Share-based payments

Options allocated under share purchase and subscription plans (at December 31, 2017 there are no stock 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 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 (excluding derivatives)

Financial assets include equity interests in companies that are not consolidated because they are not controlled by the Group (either alone or jointly) or because the Group does not exercise significant influence over their management, as well as loans and securities.

They are classified as non-current assets, with the exception of assets maturing within twelve months of the balance sheet date which are classified under current assets or cash equivalents as appropriate.

1.1.23.1. Available-for-sale financial assets

Equity interests in companies that are not controlled or under significant influence by the Group are presented as "Available-for-sale assets". They are measured at their fair value at the closing date. Changes in fair value are recognized directly in equity. An impairment is recognized in the income statement when there is objective evidence that these securities have lost value. A significant or prolonged decline in the fair value with reference to the acquisition value is objective evidence of loss of value. This impairment cannot be written back.

"Available-for-sale financial assets" also correspond to shares in listed companies and shares held in funds and venture capital companies. On the acquisition date, they are measured at fair value plus transaction costs directly attributable to their acquisition.

They are then measured on the basis of the fair value, respectively, the share price and the last net asset valuation communicated by the management company on the closing date of the closing of the financial statements.

Investments in funds of less than 12 months are kept at historical cost unless the situation of the company has materially deteriorated.

Changes in fair value are recognized directly in equity.

Where the fair value of an available-for-sale financial asset is lower than its carrying amount, the Group reviews the need for an impairment. For each asset, the Group uses its judgment by examining the quantitative and qualitative characteristics of the decline in order to determine whether it is an objective indicator of loss of value resulting in impairment. An impairment loss on "Available-for-sale financial assets" is systematically recognized in the income statement as a result of a material or prolonged loss of value. The decrease in fair value is considered to be material if the valuation has decreased by more than 50% versus the acquisition cost and is considered as prolonged when the valuation remains for at least two years below the acquisition cost. This impairment cannot be written back.

1.1.23.2. Other financial assets

Other financial assets include loans, security deposits and surety bonds. They are measured at amortized cost. Whenever there is 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. This impairment may be reversed if the recoverable amount subsequently increases.

1.1.24. Derivatives and hedge accounting

In order to manage its interest rate risk, the Group uses OTC derivative instruments. These hedging instruments are valued and recognized in the balance sheet at their 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 in financial income for the inefficient parts.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized in profit or loss.

1.1.25. Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows include short-term, highly liquid cash items, readily convertible into known amounts of cash and subject to a negligible risk of change in value. Cash comprises cash and cash equivalents, short-term deposits and bank balances, with the exception of those authorized to cover short- or medium-term cash needs arising from day-to-day operations. Cash equivalents correspond to short-term investments and are subject to a negligible risk of changes in value in the context of the temporary use of cash surpluses (money market funds, negotiable debt securities, etc.). Changes in the fair value of these assets 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 held pending their sale;
- a group of assets held for sale and not for continuing use;
- businesses or companies acquired with a view to subsequent sale.

Liabilities related to these assets, group of assets, businesses and liabilities 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 asset groups) classified in this category are no longer depreciated. They are valued at the lower of their carrying amount and selling price, less selling costs. Any impairment losses are recognized by the Group under "Other operating expenses".

In the balance sheet, data related to "Assets held for sale" shown separately in the financial statements do not give rise to the restatement of prior years in terms of presentation.

In the income statement, the profit/loss (from the period and from the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1.27. Income taxes

The Plastic Omnium Group recognizes deferred taxes relating to temporary differences between the carrying amount of assets and liabilities on the balance sheet without discounting.

Deferred taxes are calculated using the carryover method, applying the last tax rate enacted (or the quasi-adopted rate) at the balance sheet date and applicable to the period in which the temporary differences reverse.

Tax credits and deferred tax assets on tax loss carryforwards and temporary differences are only recognized when the probability of their utilization within a relatively short period of time is proven.

Asset impairment tests

Impairment tests are carried out in particular on goodwill and development costs relating to Automotive projects recognized as intangible assets. As part of these tests, to determine 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 on future cash flows and discount rates. Assumptions that could have a material impact on the financial statements concern, in particular, the discount rates and growth rates.

2. Significant events of the period

1.2. Estimates and judgements

In preparing its financial statements, the Plastic Omnium Group uses estimates and assumptions to assess some of its assets, liabilities, income, expenses and commitments. Senior management reviews these estimates and assumptions periodically. The amounts in the future financial statements of the Group may include changes in estimates or assumptions in the consideration of past experience and changes in economic conditions.

In general, the estimates and assumptions used during the financial year were based on the information available at the balance sheet date. Estimates may be revised depending on changes in the underlying assumptions. These assumptions mainly concern:

Deferred taxes

Recognition of deferred tax assets depends on the probability of sufficient taxable earnings being generated to permit their utilization. This leads the Group to make regular estimates of future taxable earnings, particularly as part of the medium-term plans established within the Group. These estimates take into account the recurring or non-recurring nature of certain losses, expenses, etc.

Provisions

Provisions for pensions and other post-employment benefits

In the case of defined benefit plans, the Group, assisted by independent actuaries, adopts assumptions (see Notes 1.1.19 and 5.2.6 "Provisions for pensions and other post-employment benefits") on:

- discount rates for pension and other long-term benefits;
- rates of growth in healthcare costs for the United States;
- employee turnover and future salary increases.

Other provisions

Estimates also cover provisions, particularly those relating to the workforce adjustments, litigation, customer guarantees, legal and tax risks for which in some cases the Legal Department may be required to employ specialized lawyers.

2.1. Acquisitions

2.1.1. Monitoring of the acquisition of the "Exterior Systems" business of the Faurecia Group completed on July 29, 2016 and accounting treatment

The following items follow the chronological order of completion.

2.1.1.1. On March 31, 2017 – Disposal of activities classified under "Assets and Liabilities held for sale" at December 31, 2016

In accordance with the commitment made by the Group following the European Commission decision, the Group sold to the U.S. group Flex-N-Gate the sites of the Faurecia "Exterior Systems" business on December 31, 2017, which were classified as "Assets and Liabilities held for sale" on the basis of an enterprise value of €200 million.

The financial impact of this disposal was recognized at December 31, 2016.

2.1.1.2. On July 29, 2017 – Finalizing the allocation of the acquisition price of the businesses retained by the Plastic Omnium Group

The fair value measurement (recognition according to IFRS 3R "Business Combinations") of the assets acquired and liabilities assumed from the Faurecia Exterior Systems business, acquired and retained by the Plastic Omnium Group, was completed on July 29, 2017, i.e. 12 months after the acquisition date.

Changes to the values initially allocated, related to facts and circumstances existing on the acquisition date, are recognized retrospectively to the acquisition date, impacting the goodwill amount and the balance sheet at December 31, 2016.

Adjustments to the opening balance sheet over the period from January 1 to July 29, 2017 relate mainly to:

- provisions for risks, charges, contingent liabilities and other risks;
- provisions for loss-making contracts.

A summary of assets acquired, liabilities assumed and changes made since the previous closing is presented in Note 2.1.1.4. "Recognition of the acquisition in Plastic Omnium Group financial statements".

2.1.1.3. On October 4, 2017 – Final agreement between Plastic Omnium and Faurecia on the acquisition price of the “Faurecia Exterior Systems” business

On October 4, 2017, the Plastic Omnium Group obtained in the arbitration case against Faurecia, €37 million reduction in the purchase price of the acquired business, thus, making the acquisition price €474 million.

In thousand of euros	Common information
Enterprise value	665,000
Opening gross Borrowings of businesses retained at the date of acquisition (before adjustments)	142,525
Acquisition price in the financial statements on December 31, 2016	511,030
Reduction of the purchase price on October 4, 2017 from Faurecia	(36,981)
Final acquisition price at December 2017	474,049

Because the arbitration was decided after the twelve-month period of the acquisition price allocation, the purchase price reduction with respect to the adjustments contingent on the arbitration decision were recognized in the Income Statement under “Other operating income and expenses” (see Notes 2.1.1.4 “Recognition of the acquisition in Plastic Omnium Group financial statements” and 4.6 “Other Operating Income and Expenses”).

2.1.1.4. Recognition of the acquisition in Plastic Omnium Group financial statements

Allocation of the “Faurecia Exterior Systems” business acquisition cost

In thousand of euros	Plastic Omnium Group subsidiaries and associates	Goodwill	Assets recognized in accordance with IFRS 5 “Assets and Liabilities held for sale” ⁽¹⁾		Total Plastic Omnium Group
			Net assets and liabilities acquired	Impacts related to the purchase price	
Allocation of the acquisition price presented at December 31, 2016	88,075	260,955	162,000	–	511,030⁽³⁾
Additional adjustments recognized before July 29, 2017					
Provisions for risks, expenses, contingent liabilities and other risks		(8,113)			
Provisions for loss-making contracts		(36,202)			
Other		(6,017)			
Contractual customer relationships		(205)			
Deferred taxes		3,485			
Adjustment of Available-for-sale net assets		(566)	(2,576)	748	
Additional Goodwill due to 2017 adjustments		49,447			
Total Adjustments	(47,053)	48,881	(2,576)	748	
Change of the Available-for-sale net assets				(1,828)	
Total Available-for-sale net assets			159,424	748	
Allocation of acquisition price at July 29, 2017	41,022	309,836⁽²⁾		160,172	511,030⁽³⁾
Result of the arbitration case with Faurecia – Reduction of the purchase price	Adjustments accepted by both partners at July 29, 2017		(1,761)		(1,761) ⁽⁴⁾
	Adjustments contingent on the arbitration decision	(31,014)		(4,206)	(35,220) ⁽⁴⁾
Final Purchase price obtained from Faurecia on October 4, 2017 (one year after the acquisition date and not attributable to the 1st allocation of acquisition price) – Recognition in the Income Statement under “Other operating income and expenses”					474,049⁽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 at the successive dates, corresponding to the estimated sale price. The final sale on March 31, 2017 to flex-N-Gate was completed on the basis of €160,172 thousands.

(2) At December 2017, the total goodwill includes \$57.9 million (€51.3 million) for tax deductible goodwill.

(3) See Note 2.1.1.3 on the final acquisition price agreement of Faurecia Exterior Systems business.

(4) The result of the arbitration of the dispute between the Group and Faurecia on October 4, 2017 resulted in a reduction in the purchase price. The portion corresponding to the adjustments accepted by both parties (items relating to objectively existing facts and circumstances at the acquisition date) before July 29, 2017 is charged against goodwill; the portion relating to contingent adjustments to the arbitration decision being outside the purchase price allocation period has been recognized in the Profit and Loss Account under “Other operating income and expenses”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1.1.5. Opening balance sheet of Faurecia's Exterior Systems business

The opening balance sheet after taking into account the adjustments mentioned in Note 2.1.1.4 "Recognition of the acquisition in Plastic Omnium Group financial statements" for the portion integrated into the Group, is presented below. In accordance with IFRS 3R, this balance sheet was finalized on July 29, 2017, i.e. within 12 months of the acquisition date:

In thousand of euros	July 29, 2016		
	Assets and Liabilities acquired, presented at December 31, 2016	Additional adjustments registered at July 29, 2017	Assets and Liabilities acquired at July 29, 2017
Assets			
Goodwill ⁽¹⁾	260,955	48,881	309,836
Other intangible assets	64,361	–	64,361
Property, plant and equipment	189,713	–	189,713
Available-for-sale financial assets	734	–	734
Deferred tax assets	58,485	3,302	61,787
Total non-current assets	574,248	52,183	626,431
Inventories	102,352	(1,623)	100,729
Trade receivables	133,504	(205)	133,299
Other receivables	10,824	–	10,824
Other financial assets and financial receivables	–	–	–
Cash and cash equivalents	9,480	–	9,480
Total current assets	256,160	(1,828)	254,332
Assets held for sale	162,000	(1,829)	160,171
Total assets	992,408	48,526	1,040,934
Equity and liabilities			
Consolidated reserves	511,030	–	511,030
Equity attributable to owners of the parent	511,030	–	511,030
Attributable to non-controlling interests	–	–	–
Total equity	511,030	–	511,030
Non-current and current borrowings	16,588	–	16,588
Provisions for pensions and other post-employment benefits	852	–	852
Provisions for liabilities and charges	38,729	19,105	57,834
Current government grants	101	–	101
Deferred tax liabilities	25,692	(183)	25,509
Total non-current liabilities	81,962	18,922	100,884
Non-current and current borrowings	137,797	–	137,797
Other current debt	3,473	–	3,473
Provisions for liabilities and charges	12,239	25,210	37,449
Trade payables	146,527	2,431	148,958
Other operating liabilities	99,380	1,963	101,343
Total current liabilities	399,416	29,604	429,020
Liabilities related to assets held for sale	–	–	–
Total equity and liabilities	992,408	48,526	1,040,934
Gross debt	(157,124)	–	(157,124)
Net cash and cash equivalents	9,480	–	9,480
Net debt	(147,644)	–	(147,644)

(1) This final goodwill represents, in particular, anticipated industrial profits expected from new relationships with Audi, Mercedes and Ford or from strengthened ties with Volkswagen, Seat, PSA, BMW and Fiat Chrysler Automobiles.

2.1.2. Acquisition in China of “Changchun Huaxiang Automotive Plastic Parts Manufacturing Co. Ltd”

On April 27, 2017, the Chinese company “Yanfeng Plastic Omnium Automotive Exterior Systems Co. Ltd” (YFPO), 49.95%-owned by Compagnie Plastic Omnium, signed a contract for the acquisition of 50% with “Ningbo Huazhong Plastic Products Co. Ltd”, of the company “Changchun Huaxiang Faurecia Plastic Parts Manufacturing Co. Ltd” for a total of 29,990 thousand renminbi (or €3,933 thousand at December 31, 2017). This company manufactures external automotive components and is part of the Auto Exterior Division of the Automotive segment.

The company was renamed “Changchun Huazhong Yanfeng Plastic Omnium Automotive Exteriors Co. Ltd”.

Given the exclusive control exercised by YFPO, this company is consolidated using the full integration method in YFPO's accounts.

2.1.3. Acquisition of two new companies in the “Fuel Systems” Division of the Automotive segment

During the second half of 2017, the Group acquired the following companies:

Swiss Hydrogen

A Swiss company based in Fribourg, it specializes in the design and production of management and energy control solutions for fuel cell systems dedicated to mobility (“balance of plant/BOP”).

It was acquired on December 18, 2017 for €12.80 million (CHF 14.88 million). The transaction resulted in the provisional recognition of €9 million of goodwill.

Optimum CPV

A Belgian company based in Zonhoven, it specializes in the design and production of tanks in filament composite for the storage of pressurized hydrogen.

It was acquired for €6.1 million including €1 million for a patent and €1 million as a deferred payment, not yet paid to the seller (amount recognized as financial debt) as part of the guarantee of liabilities. The transaction resulted in the provisional recognition of €4.9 million of goodwill.

2.1.4. Additional investment in the Israeli company “EPO-CellTech”

Following the partnership agreement signed in 2016 with the Israeli company, “ELBIT Systems” to form the start-up company for fuel cells and supercapacitors, EPO-CellTech, in Caesarea in Israel, and in accordance with the bylaws, Plastic Omnium Group unilaterally subscribed in the second half of 2017 to a capital increase of €2.5 million bringing its interest from 20% to 23%. This additional investment does not change the joint control with “ELBIT Systems” whose ownership interest percentage changed from 80% to 77%.

EPO-CellTech is recognized in the Group's accounts using the equity method (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).

2.1.5. Investment in the venture capital company “Aster”

In the second half of 2017, the Group subscribed, as a co-sponsor, to a commitment of €20 million in the €240 million of funds raised by the venture capital company “Aster”.

The “Aster” company supports the growth of innovative start-ups in energy, greentech for energy transition, innovative materials, intelligent transport systems, digital transformation, new industrial models and the internet of things.

As of December 31, 2017, the amount paid is €500 thousand. It is recognized in the balance sheet under “Other available-for-sale financial assets” (see Note 5.1.7.2).

2.2. Investments and Site Openings

2.2.1. Investments in production capacity: Greer and Smyrna plants in the United States

The Group has started construction of two plants in the United States, scheduled to begin operations at the end of the first half of 2018.

Greer plant in South Carolina in the United States

During the first-half of 2017, the Group began construction of the Greer plant in South Carolina in the United States. Part of the Auto Exterior Division of the Automotive segment, it is designed to deliver all major exterior body parts of the BMW X3, X4, X5, X6 and future models of the BMW plant. It will also supply Volvo in South Carolina and Daimler in Alabama.

The Greer plant is the 1st plant in the history of the Group (pilot plant) that will operate on technology “4.0”. It will lead to further improvements in industrial processes, parts quality, robotization, standardization and competitiveness.

As of December 31, 2017, the investments amount to €40.0 million (\$45.2 million).

Smyrna plant in Tennessee in the United States

In addition, in the first-half of 2017 the Group commenced construction of the Smyrna plant in Tennessee in the United States for the Automotive segment's “Fuel Systems” Division. It will produce fuel systems for a Japanese carmaker.

At December 31, 2017, investments amount to €10.6 million (\$12.0 million).

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2.2.2. Investments in production capacity: plant in Hlohovec in Slovakia for the production of body parts

In the second half of 2017, the Group started construction for the Auto Exterior Division of the Automotive segment of a new plant in Hlohovec, Slovakia, for body parts for the carmaker Jaguar Land-Rover, which also set up in Slovakia in Nitra.

The €84 million project (€31 million of which for land and buildings and other industrial equipment) includes several buildings for the production of body parts, the assembly of parts up to the paint injection and machinery equipment (bumpers, tailgates, etc.).

The work will end in the first half of 2019, the year in which the production begins.

As of December 31, 2017, the investment stands at nearly €4 million.

2.2.3. Expansion and reinforcement of advanced tools from the International R&D Centre for body components and modules: Σ-Sigmatech

As part of its overall strategy for responding to new challenges arising from the preparation of the future vehicle and the advent of the connected, autonomous and cleaner car, the Group has launched an extension and digitization program for its international R&D center, Σ-Sigmatech, for a total of €20 million.

The program will provide the center with resources in mechatronic, connected systems, virtual reality and collaborative robots.

As the project is in the preparatory phase at December 31, 2017, the costs incurred are not significant.

2.2.4. Monitoring of the opening of the innovation center and high-tech activity: Δ-Deltatech

The construction project to build a new energy innovation and high-tech business center, Δ-Deltatech in Brussels, Belgium launched by the Group in the second half of 2016, is expected to open in early 2019. The research center will employ approximately two hundred engineers.

At December 31, 2017, investments amounted to nearly €0.8 million, mainly corresponding to the advance on the acquisition of the land. The total investment including the land is €50 million.

2.2.5. Construction of a Chinese technical center in Wuhan for “Fuel systems” in the Automotive segment – ω-Omegatech

In order to support its growing activities in Asia, reducing use of the α-alphatech center in France at Compiègne (Oise department) and outsourcing, the Group is starting a project to build a technical center in Wuhan in China; ω-Omegatech; near its current plant specializing in fuel systems manufacturing. The center will include technical premises for the development of new fuel tank projects and the new parts validation tests, a fuel test laboratory, a mechanical laboratory and a prototype development workshop.

Construction will start in the second quarter of 2018 and will be completed in the first quarter of 2019. The total cost of the

project is close to RMB 137 million (equivalent to €18.0 million at December 31, 2017).

As of December 31, 2017, a total of RMB 19 million was committed for the acquisition of land (equivalent to €2.5 million).

2.3. Disposals of companies, property assets and site closures

2.3.1. Project to sell the “Environment” business

Plastic Omnium announced on September 20, 2017 its plan to sell its Environment Division, an historic Division specializing in services to local authorities, mainly companies and individuals, to focus on the global development of its automotive businesses.

The Environment Division has revenues of nearly €335 million, i.e. 4% of Group revenue. It employs 1,800 people and has an R&D center and six plants in Europe (France, Germany and Spain).

Activities:

- containers: household waste receptacles, containers, composters, underground and semi-underground containers;
- associated services: maintenance, washing, surveys and implementation, data management, etc.;
- urban furniture: waste disposal areas, playgrounds, equipment for parks and streets.

As of December 31, 2017, a process is underway to find a buyer; given the progress of the disposal plan, however, it is not possible at December 31, 2017 to conclude that the sale is highly probable. On this basis, IFRS 5 “Non-current assets held for sale and discontinued operations” has not been applied as of December 31, 2017.

2.3.2. Disposal of the truck business

On June 30, 2017, the Plastic Omnium Group sold its composite truck parts business to the German group mutares AG. This business in the design and manufacture of body and structural parts for the truck industry, which employs 1,500 people, produced revenues of approximately €200 million in nine production sites (five in France, one in Germany, one in Mexico and two in China) in 2016.

The Group's income statement takes into account the profit and loss of the truck business up to the date of loss of control, i.e. until June 30, 2017.

The impact of the disposal was recognized at December 31, 2016 and adjusted during 2017 (see Notes 4.6 "Other operating income and expenses" and 5.1.16 "Assets and liabilities held for sale").

2.3.3. Sale of "Sulo Emballagen" administrative and industrial buildings in Herford, Germany

In connection with the sale of "Sulo Emballagen GmbH" which completed on September 30, 2016, Compagnie Plastic Omnium also sold, on January 10, 2017, its administrative and industrial buildings complex in Herford, Germany.

At December 31, 2016, this building was classified as "Assets held for sale" (see Note 5.1.16).

The transaction resulted in a loss of -€4,398 thousand recognized in the financial statements at December 31, 2016 (see Note 4.6 on "Other operating income and expenses").

2.3.4. Disposal of the Laval "Fuel systems" Division production site

The fuel systems production site in the Mayenne department, shown in "Assets and liabilities held for sale" at December 31, 2016 (see Note 5.1.16), was sold in December 2017 for €1.4 million. The transaction resulted in the recognition of a loss of €0.6 million at December 31, 2017 (see Note 4.6 "Other operating income and expenses").

2.3.5. Disposal in U.S. of the Norcross (Georgia) Automotive segment "Auto Exterior" division bumper production site

On October 19, 2016, the Group announced the closure of its bumper production plant (operated by the American company, "Plastic Omnium Auto Exteriors LLC", part of the "Auto Exterior" division of the Automotive segment) in Norcross, Georgia as a result of under capacity. Production at this plant was transferred to the plants in Chattanooga, Tennessee and Anderson, South Carolina.

The plant was sold in December 2017 for €5.0 million (\$5.65 million) for an insignificant gain in the income statement at December 31, 2017 (see Note 4.6 "Other operating income and expenses").

2.4. Financing transactions

2.4.1. New bond issue on June 19, 2017

On June 19, 2017, Compagnie Plastic Omnium completed a €500 million bond placement to European investors without covenants and rating.

The terms of this bond issue are described in Note 5.2.7.2 "Borrowings: private placement notes and bonds".

2.4.2. Repayment of the fixed portion of the 2012 "Schuldschein" private placement

On June 27, 2017, the Group repaid as planned on its maturity the €45 million fixed portion of the "Schuldschein" private placement with private investors in France and abroad (see Note 5.2.7.2 "Borrowings: private placement notes and bonds").

2.5. Other transactions

2.5.1. "Credit for competitiveness and employment (CICE)" for French companies

During the first-half of 2017, the Group's French entities exercised their right to credit for the competitiveness and employment of (CICE). This is recognized as a reduction in staff costs. The impact on the 2017 financial year amounts to €6.2 million.

However, for the final amounts relating to the years 2014-2016, i.e. €15.9 million, the CICE is recognized under other operating income.

The Notes impacted are: 4.2 "Costs of sales, development, selling and administrative costs", 4.6 "Other operating income and expenses"; 4.8 "Income tax" and 5.2.9.2 "Other operating liabilities".

2.5.2. Reimbursement of the 3% contribution on the dividend distribution

Following the decision No 2017-660 QPC (priority issue of constitutionality) of October 6, 2017 by the Constitutional Council, which declared the 3% contribution on dividend distributions to be unconstitutional, the Plastic Omnium Group asked for reimbursement of the amounts paid as well as the default interest accrued since 2014. The amount stands at €7.7 million, accounted for as a reduction of current tax expense (see Notes 4.8.2 "Income tax analysis – Tax proof" and 5.2.9.2 "Other operating liabilities" for the corporate income tax debt.).

2.5.3. Compagnie Plastic Omnium capital reduction

On July 20, 2017, the Board of Directors of Compagnie Plastic Omnium decided to cancel 1,500,000 treasury shares, i.e. 0.98% of the share capital. The transaction took effect on August 14, 2017.

The share capital of Compagnie Plastic Omnium is now composed of 150,976,720 shares with a par value of €0.06 (see Note 5.2.1.1 "Capital of Compagnie Plastic Omnium").

This transaction brings the equity interest of the parent company, the Burelle SA holding company, to 57.57% of the share capital before cancellation of treasury shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Segment information

3.1. Information by operating segment

The Group is divided into two operational segments: Automotive and Environment.

The Group uses the concept of "economic revenue" for its operational management, which corresponds to the consolidated sales of the Group and its joint ventures at their ownership percentage: HBPO a German company, the world leader in front-end modules, Yanfeng Plastic Omnia, 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 activity) by enabling segment data to be reconciled with the Group's financial statements. Financial results, taxes and the share of profit/(loss) of associates are monitored at Group level and are not allocated to the segments. Transactions between segments are carried out on an arm's length basis.

3.1.1. Income statement by operating segment

In thousand of euros	2017			
	Automotive	Environment	Unallocated items ⁽²⁾	Total
Economic sales (revenue)⁽¹⁾	7,665,142	335,476	-	8,000,618
Including Sales from joint ventures at the Group's percentage stake	1,232,141	-	-	1,232,141
Sales to third parties	6,433,078	335,543	(144)	6,768,477
Sales between segments	(77)	(67)	144	-
Consolidated sales (revenue)	6,433,001	335,476	-	6,768,477
% of segment revenue - Total	95.0%	5.0%		100.0%
Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures	578,326	21,149	-	599,475
% of segment revenue	9.0%	6.3%		8.9%
Amortization of intangible assets acquired in business combinations	(20,264)	-	-	(20,264)
Share of profit/(loss) of associates and joint ventures	61,746	-	-	61,746
Operating margin	619,808	21,149	-	640,957
% of segment revenue	9.6%	6.3%		9.5%
Other operating income	36,770	-	-	36,770
Other operating expenses	(87,453)	(8,477)	-	(95,930)
% of segment revenue	-0.8%	-2.5%		-0.9%
Finance costs, net				(63,946)
Other financial income and expenses, net				(2,817)
Profit from continuing operations before income tax and after share in associates and joint ventures				515,035
Income tax				(84,548)
Net income				430,487

(1) Economic sales (revenue) correspond to the sales of the Group and its joint ventures consolidated at their percentage of ownership.

(2) "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.

In thousand of euros	2016			
	Automotive	Environment	Unallocated items ⁽²⁾	Total
Economic sales (revenue)⁽¹⁾	6,566,823	368,909	-	6,935,732
Including Sales from joint ventures at the Group's percentage stake	1,078,481	-	-	1,078,481
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
% of segment revenue – Total	93.7%	6.3%		100.0%
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
% of segment revenue	9.2%	6.6%		9.0%
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	533,318	24,438	-	557,755
% of segment revenue	9.7%	6.6%		9.5%
Other operating income	25,355	9,506	-	34,861
Other operating expenses	(77,335)	(42,799)	-	(120,134)
% of segment revenue	-0.9%	-9.0%		-1.5%
Finance costs, net				(58,859)
Other financial income and expenses, net				(9,027)
Profit from continuing operations before income tax and after share in associates and joint ventures				404,595
Income tax				(86,307)
Net income				318,288

(1) Economic sales (revenue) correspond to the sales of the Group and its joint ventures consolidated at their percentage of ownership.

(2) "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.

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3.1.2. Balance sheet data by operating segment

In thousand of euros Net amounts	Automotive	Environment	Unallocated items	Total
December 31, 2017				
Goodwill	486,160	98,525	–	584,685
Intangible assets	475,979	11,391	10,487	497,857
Property, plant and equipment	1,308,836	53,053	48,576	1,410,465
Investment property	–	–	93,263	93,263
Inventories	377,020	36,993	–	414,013
Trade receivables	886,624	46,369	7,091	940,084
Other	280,004	12,674	61,924	354,602
Finance receivables (C) ⁽¹⁾	50,200	1,865	–	52,065
Current accounts and other financial assets (D)	(561,801)	1,082	693,730	133,011
Available-for-sale financial assets – FMEA 2 (F)	149	–	27,365	27,514
Hedging instruments (E)	–	298	4,956	5,254
Net cash and cash equivalents (A) ⁽²⁾	142,121	4,758	782,763	929,642
Total segment assets	3,445,292	267,008	1,730,155	5,442,455
Borrowings (B)	144,113	740	1,565,618	1,710,471
Segment liabilities	144,113	740	1,565,618	1,710,471
Segment net debt = (B – A – C – D – E – F)⁽³⁾	513,444	(7,263)	56,804	562,985

December 31, 2016 adjusted	Automotive	Environment	Unallocated items	Total
	Automotive Adjustments	December 31, 2016 published on Automotive		
Goodwill	48,881	432,520	98,557	579,958
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	(1,623)	352,609	37,703	388,689
Trade receivables	(205)	765,681	42,066	809,419
Other	301,935	10,614	34,611	347,160
Finance receivables (C) ⁽¹⁾	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 (A) ⁽²⁾	137,334	8,803	177,745	323,882
Total segment assets	47,053	3,099,581	262,568	1,152,784
Borrowings (B)	128,802	1,392	1,175,338	1,305,532
Segment liabilities	–	128,802	1,392	1,175,338
Segment net debt = (B – A – C – D – E – F)⁽³⁾	–	595,345	(4,358)	208,958
				799,945

(1) At December 31, 2017, "Finance receivables" included €9,258 thousand shown in the balance sheet under "Other non-current financial assets" against €28,633 thousand at December 31, 2016, and €42,807 thousand reported under "Finance receivables – current portion" against €33,918 thousand at December 31, 2016.

(2) Net cash and cash equivalents as reported in the Statement of Cash Flows. See also 5.1.13.2 "Net cash and cash equivalents at end of period".

(3) See Notes 5.2.7.1 "Net debt indicator used by the Group" and Note 5.2.7.5 "Reconciliation of gross and net debt".

3.1.3. Other information by operating segment

2017 In thousand of euros	Automotive	Environment	Unallocated items	Total
Acquisitions of intangible assets	162,344	721	2,496	165,561
Capital expenditure including acquisitions of investment property	310,153	13,195	5,370	328,718
Depreciation and amortization expense ⁽¹⁾	(292,398)	(14,736)	10,962	(296,172)

2016 In thousand 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)

(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 information given in the following tables corresponds to the revenue generated by the subsidiaries in the marketing regions or market countries as indicated below:

3.1.4.1. Information by market region

	December 31, 2017		December 31, 2016	
In thousand of euros	Totals	%	In thousand of euros	Totals
France	826,216	10.3%	France	780,667
North America	2,044,878	25.6%	North America	1,810,489
Europe excluding France	3,453,121	43.1%	Europe excluding France	2,884,100
South America	269,515	3.4%	South America	198,389
Africa	80,058	1.0%	Africa	73,722
Asia	1,326,830	16.6%	Asia	1,188,365
Economic revenue	8,000,618	100%	Economic revenue	6,935,732
<i>Including revenue from joint ventures at the Group's percentage stake</i>	1,232,141		<i>Including revenue from joint ventures at the Group's percentage stake</i>	1,078,481
Consolidated revenue	6,768,477		Consolidated revenue	5,857,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1.4.2. Information for the first ten contributing countries

	December 31, 2017			December 31, 2016	
In thousand of euros	Totals	%	In thousand of euros	Totals	%
Germany	1,359,954	17.0%	United States	1,307,320	18.8%
United States	1,356,089	16.9%	Germany	1,024,057	14.8%
France	826,216	10.3%	France	780,667	11.3%
China	721,039	9.0%	China	633,909	9.1%
Spain	689,559	8.6%	Spain	517,536	7.5%
Mexico	618,763	7.7%	United Kingdom	478,688	6.9%
United Kingdom	503,769	6.3%	Mexico	433,250	6.2%
South Korea	276,507	3.5%	South Korea	263,002	3.8%
Slovakia	236,479	3.0%	Slovakia	246,898	3.6%
Brazil	153,547	1.9%	Poland	126,409	1.8%
Other	1,258,696	15.8%	Other	1,123,996	16.2%
Economic revenue	8,000,618	100%	Economic revenue	6,935,732	100%
<i>Including revenue from joint ventures at the Group's percentage stake</i>	1,232,141		<i>Including revenue from joint ventures at the Group's percentage stake</i>	1,078,481	
Consolidated revenue	6,768,477		Consolidated revenue	5,857,251	

3.1.4.3. Information by automotive manufacturer

	December 31, 2017			December 31, 2016	
Automotive manufacturers	Totals		Automotive manufacturers	Totals	
In thousand of euros	Totals	% of total Automotive revenue	In thousand of euros	Totals	% of total Automotive revenue
Volkswagen-Porsche	1,636,856	21.4%	Volkswagen-Porsche	1,272,421	19.4%
PSA Peugeot Citroën ⁽¹⁾	962,140	12.6%	General Motors	1,017,718	15.5%
General Motors	940,273	12.3%	PSA Peugeot Citroën	690,735	10.5%
Ford	731,096	9.5%	Renault/Nissan	627,059	9.5%
Renault/Nissan/Mitsubishi	615,660	7.9%	BMW	536,026	8.2%
Total – main manufacturers	4,886,025	63.7%	Total – main manufacturers	4,143,959	63.1%
Other automotive manufacturers	2,779,117	36.3%	Other automotive manufacturers	2,422,894	36.9%
Total Automotive segment – Economic revenue	7,665,142	100.0%	Total Automotive segment – Economic revenue	6,566,823	100%
<i>Including revenue from joint ventures at the Group's percentage stake</i>	1,232,141		<i>Including revenue from joint ventures at the Group's percentage stake</i>	1,078,481	
<i>Automotive revenue sub-total</i>			<i>Automotive revenue sub-total</i>		
Total Automotive segment – Consolidated revenue	6,433,001		Total Automotive segment – Consolidated revenue	5,488,342	

(1) Takes into account the acquisition of Opel by PSA Peugeot Citroën from General Motors.

3.2. Assets broken down by country

In thousand of euros	France	Europe excluding France	North America	Asia	South America	Others ⁽¹⁾	Total
December 31, 2017							
Goodwill	227,605	274,624	74,993	–	7,463	–	584,685
<i>including translation adjustment</i>	–	(32)	(10,185)	(10)	1,075	–	(9,152)
Intangible assets	72,375	235,172	141,066	44,078	2,980	2,186	497,857
Property, plant and equipment	209,014	556,345	416,873	187,079	34,367	6,787	1,410,465
<i>including capital expenditure for the year</i>	34,259	118,032	127,076	39,041	8,493	1,817	328,718
Investment property	93,263	–	–	–	–	–	93,263
<i>including the investment of property investments</i>	–	–	–	–	–	–	–
Total non-current fixed assets	602,257	1,066,141	632,932	231,157	44,810	8,973	2,586,270

(1) The section "Others" includes South Africa and Morocco.

In thousand of euros	France	Europe excluding France	North America	Asia	South America	Others ⁽¹⁾	Total
December 31, 2016							
Goodwill	213,158	246,541	83,287	–	(11,909)	–	531,077
Adjustment linked to the Faurecia Exteriors Systems business	14,446	14,247	1,891	–	18,297	–	48,881
Adjusted goodwill on December 31, 2016	227,604	260,788	85,178	–	6,388	–	579,958
<i>including translation adjustment</i>	–	(183)	3,504	(9)	101	–	3,413
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>including 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>including the investment of property investments</i>	–	–	–	–	–	–	–
Total non-current fixed assets	615,044	982,881	616,089	222,895	63,960	10,262	2,511,131

(1) The section "Others" includes South Africa and Morocco.

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3.3. Property, plant and equipment owned by operating segments (excluding investment property)

In thousand of euros	Automotive	Environment	Unallocated items	Total Consolidated
December 31, 2017				
Property, plant and equipment owned outright – net value	1,288,330	41,577	48,576	1,378,483
Property, plant and equipment owned outright under operating leases where the Group is lessor – net value ⁽¹⁾	–	11,476	–	11,476
Property, plant and equipment leased under finance leases where the Group is lessee – net value ⁽²⁾	20,506	–	–	20,506
Property, Plant and Equipment leased under operating leases where the Group is lessor – net value ^{(1) (2)}	–	–	–	–
Total property, plant and equipment (excluding investment property) – Consolidated Financial Statements	1,308,836	53,053	48,576	1,410,465

In thousand of euros	Automotive	Environment	Unallocated items	Total
December 31, 2016				
Property, plant and equipment owned outright – net value	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 – net value ⁽¹⁾	–	13,824	–	13,824
Property, plant and equipment leased under finance leases where the Group is lessee – net value 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 – net value ^{(1) (2)}	–	1,154	–	1,154
Total property, plant and equipment (excluding investment property) – Consolidated Financial Statements	1,251,537	55,129	46,923	1,353,589

(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. Research and development costs

The percentage of research and development costs is expressed in relation to the amount of revenue.

In thousand of euros	2017	%	2016	%
Research and development costs	(400,981)	-5.9%	(339,118)	-5.8%
Capitalized development costs and research and development costs billed to customers	230,971	3.4%	193,378	3.3%
Net research and development costs	(170,011)	-2.5%	(145,740)	-2.5%

4.2. Cost of sales, development, selling and administrative costs

In thousand of euros	2017	2016
Cost of sales includes:		
Raw materials (purchases and changes in inventory)⁽¹⁾		
Raw materials (purchases and changes in inventory) ⁽¹⁾	(4,248,085)	(3,634,259)
Direct production outsourcing	(14,718)	(13,006)
Utilities and fluids	(103,953)	(88,854)
Employee benefits expense ⁽²⁾	(711,832)	(596,840)
Other production costs	(438,762)	(416,003)
Proceeds from the sale of waste containers leased to customers under operating leases ⁽³⁾	4,243	1,469
Carrying amount of waste containers leased to customers under operating leases ⁽³⁾	(2,219)	(1,706)
Depreciation	(168,496)	(148,450)
Provisions for liabilities and charges	15,979	14,941
Total	(5,667,843)	(4,882,708)
Research and development costs include:		
Employee benefits expense ⁽²⁾	(189,616)	(164,553)
Amortization and provisions	(104,076)	(84,758)
Other	123,681	103,571
Total	(170,011)	(145,740)
Selling costs include:		
Employee benefits expense ⁽²⁾	(43,607)	(37,877)
Depreciation, amortization and provisions	(154)	(156)
Other	(17,406)	(17,053)
Total	(61,167)	(55,086)
Administrative costs include:		
Employee benefits expense ⁽²⁾	(155,122)	(139,171)
Other administrative expenses	(104,124)	(96,993)
Depreciation	(11,163)	(10,260)
Provisions for liabilities and charges	428	244
Total	(269,981)	(246,180)

(1) Including charges, reversals and provisions for impairment on inventories amounting to:

–€1,495 thousand, in 2017;

–€1,965 thousand, in 2016.

(2) See Significant events of the period, Note 2.5.1 on the implementation of the Competitiveness and Employment Tax Credit-CICE for French entities.

(3) See “Gains/(losses) on disposals of non-current assets” in Note 4.6 “Other operating income and expenses”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.3. Staff costs

In thousand of euros	2017	2016
Wages and salaries	(820,074)	(690,904)
Payroll taxes ⁽¹⁾	(219,808)	(190,149)
Non-discretionary profit-sharing	(18,115)	(14,181)
Share-based payments ⁽²⁾	(3,327)	(3,498)
Pension and other post-employment benefit costs	(2,840)	(1,602)
Other employee benefits expenses	(36,010)	(38,101)
Total employee benefits expense excluding temporary staff costs	(1,100,174)	(938,435)
Temporary staff costs	(142,677)	(125,884)
Total employee benefits expenses	(1,242,851)	(1,064,319)

(1) This item includes social contributions on stock purchase and subscription plans for an amount of:

- €954 thousand (of which -€101 million for Executive Corporate Officers) in 2017.
- No plan in 2016.

(2) See Note 5.2.3 "Share-based payments".

4.4. Amortization of intangible assets acquired in business combinations

This item mainly refers to:

- the amortization over seven years of contractual customer relationships recognized during the acquisition in 2010 of 50% of "Inergy Automotive Systems" (this amortization ended in September 2017);
- the amortization over nine years of contractual customer relationships recognized in 2011 on "Ford's fuel tank" 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 "Opening Balance Sheet").

In thousand of euros	2017	2016
Brands	(350)	(350)
Contractual customer relationships	(19,914)	(21,233)
Total amortization of intangible assets acquired in business combinations	(20,264)	(21,583)

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 is broken down as follows:

In thousand of euros	2017 % Interest	2016 % Interest	2017	2016
JV HBPO GmbH and its subsidiaries and associates	33.33%	33.33%	15,066	14,393
JV Yanfeng Plastic Omnium and its subsidiaries ⁽¹⁾	49.95%	49.95%	45,557	31,130
BPO AS	49.98%	49.98%	9,232	9,323
JV Valeo Plastic Omnium SNC ⁽²⁾	-	50.00%	-	(5)
Plastic Recycling SAS	50.00%	50.00%	(37)	(157)
ΞPO-CellTech ⁽³⁾	23.00%	20.00%	(8,072)	(2,883)
Total share of profit/(loss) of associates and joint ventures			61,746	51,801

(1) See Note 2.1.2 on the acquisition of the Chinese entity Changchun Huazhong Yanfeng Plastic Omnium Automotive Exteriors Co. Ltd.

(2) The "JV Valeo Plastic Omnium SNC" was liquidated in 2016.

(3) See Note 2.1.4 on the acquisition of additional shares in Israeli company "ΞPO-CellTech".

4.6. Other operating income and expenses

In thousand of euros	2017	2016
Pre-start-up costs at new plants ⁽¹⁾	(5,521)	(10,639)
Reorganization costs ⁽²⁾	(43,609)	(21,946)
Impairment of non-current assets ⁽³⁾	(4,410)	(14,777)
Provisions for charges ⁽⁴⁾	(17,947)	(1,519)
Litigation ⁽⁵⁾	(8,526)	(9,829)
Foreign exchange gains and losses on operating activities ⁽⁶⁾	(9,874)	(6,001)
Impact of acquisitions: related fees and expenses ⁽⁷⁾	(19,458)	(6,405)
Reduction of the purchase price of the "Faurecia Exterior Systems" business ⁽⁸⁾	43,733	-
Deconsolidation impact ⁽⁹⁾	(3,677)	(11,740)
Impact 1st implementation of Competitiveness and Employment Tax Credit-CICE for French entities ⁽⁹⁾	15,924	-
Gains/losses on disposal of other available-for-sale financial assets ^(a)	1,905	-
Other ⁽¹⁰⁾	(1,527)	2,094
Gains/losses on disposals of non-current assets ^(a)	(6,173)	(4,511)
Total operating income and expenses	(59,160)	(85,273)
· of which total other operating income	36,770	34,861
· of which total other operating expense	(95,930)	(120,134)

At December 31, 2017:

(1) Pre-start-up costs at new plants:

Costs incurred on 2017 concern the construction of new plants, including, for the Auto Exterior Division of the Automotive Segment, Greer in the United States and San Luis Potosí in Mexico (see Note 2.2 "Investments and site openings" in the consolidated accounts published at December 31, 2017).

(2) Reorganization costs:

Reorganization costs relate to the significant restructuring in the Auto Exterior and Environment Divisions.

(3) Impairment of non-current assets:

This item includes impairments mainly on assets of the Automotive Division and the reversal of the provision for impairment on the assets of Herford following the sale of the "Sulo Emballagen GmbH" industrial and office buildings in Germany.

(4) Provisions for charges:

The provisions correspond to several quality and tax risks.

(5) Disputes:

This item concerns legal fees and expenses relating to several disputes involving the Environment Division.

(6) Foreign exchange gains and losses on operating activities:

Almost all foreign exchange losses were borne by the Automotive segment and covered various currencies including the Argentine peso, the Brazilian real and the renminbi in China. Losses on all currencies breakdown as follows:

- 56.8% for the "Auto Exterior" Division; and
- 43.2% for the "Fuel systems" Division;

(7) Impacts of acquisitions: related fees and expenses:

This includes fees on the external growth transactions completed in 2017 and those mentioned in 2016 (see Notes on changes in scope of consolidation in paragraph 2 "Significant events of the period").

(8) Reduction of the purchase price of the "Faurecia Exterior Systems" business:

For the final price, see Notes 2.1.1.3 "Final agreement between Plastic Omnium and Faurecia on the acquisition price of the Faurecia Exterior Systems business" and 2.1.1.4 "Accounting treatment of the acquisition in Plastic Omnium Group financial statements".

(9) The item "Impact of first implementation of the Tax credit for employment and competitiveness-CICE-French companies":

See Significant events of the period, Note 2.5.1 on the implementation of the Competitiveness and Employment Tax for French Companies.

(10) Others:

The items are individually insignificant.

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At December 31, 2016:

(1) Pre-start-up costs at new plants:

All costs incurred in 2016 concerned the plants of the Auto Exterior Division of the Automotive Division and the plant in Warrington, the United Kingdom, which began production of body parts for the carmaker Jaguar Land-Rover and the San Luis Potosi plant in Mexico (see Note 2.2 "Investments and openings of sites" in the December 31, 2016 Consolidated Financial Statements).

(2) Employee downsizing plans:

The costs of employee downsizing correspond mainly to the restructuring and the plan to safeguard the use of the Laval fuel systems production site in the Mayenne department (see Notes 2.3.4 "Closure of the Laval fuel systems production site" and 5.2.5 "Provisions" in the December 31, 2016 Consolidated Financial Statements).

(3) Impairment of non-current assets:

Impairment of non-current assets corresponded mainly to:

- the provision of -€12,000 thousand to take into account at the end of the financial year, the estimated loss on the disposal of the Auto Exterior Division truck business (see Note 2.3.1 "Disposal of the Auto Exterior Division business" of the December 31, 2016 Consolidated Financial Statements);
- the net amount of -€4,398 thousand at December 31, 2016, corresponding to the estimated loss on the disposal of the "Sulo Emballagen GmbH" industrial and administrative buildings in Herford, Germany ("Sulo Emballagen GmbH" sale of "Sulo Emballagen GmbH"). The disposal took place on January 10, 2017 (see Note 7.6 "Subsequent Events" in the December 31, 2016 Consolidated Financial Statements);
- the impairment of -€1,600 thousand for the estimated loss on the future disposal of the Laval plant of Laval (see Note 2.3.4 "Closure of the Laval Fuel systems production site" in the December 31, 2016 Consolidated Financial Statements);
- and reversals of provisions for impairment relating to various fixed assets.

(4) Provisions for charges:

Provisions for charges chiefly covered the risk of customer returns under warranty for the Automotive Division.

(5) Disputes:

The amounts in this item corresponded to legal fees and expenses relating to several disputes involving the Environment Division.

(6) Foreign exchange gains and losses on operating activities:

Almost all currency losses for the year were attributable to the Automotive Division and covered various currencies including the Mexican peso, the Argentine peso, the Polish zloty and the renminbi in Asia. Losses on all currencies broke 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 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 interest in the German company RMS Rotherm Maschinenbau" in the December 31, 2016 Consolidated Financial Statements).

(8) Other:

This item essentially comprised an adjustment of third-party accounts of the Mexican subsidiary of Auto Exterior Division of the Automotive Division.

(a) Income from disposals of non-current assets

The breakdown of the disposals of non-current assets given 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:

- the amount of disposals of property, plant and equipment and intangible assets in the statement of cash flows is comprised of the amount of proceeds from disposals of fixed assets in "Other operating income and expenses" and the amount of proceeds from the disposal of waste containers leased to customers under operating leases (see Note 4.2);
- and the amount of the capital gains or losses on disposals of fixed assets in the statement of cash flows is comprised of the amount in the income statement under "Other operating income and expenses" and the proceeds from the disposal of waste containers leased to customers under operating leases where the Group is lessee (see Note 4.2) The details are as follows:

In thousand of euros	2017		2016	
	Disposal proceeds	Gain/loss	Disposal proceeds	Gain/loss
Sales of waste containers included in operating margin	4,243	2,024	1,469	(237)
Total current sales of waste containers (see Note 4.2)	4,243	2,024	1,469	(237)
Disposals of intangible assets	1,338	870	4	(631)
Disposals of property, plant and equipment ⁽¹⁾	16,395	(2,473)	3,383	(3,880)
Disposal of other available-for-sale financial assets ⁽²⁾	36,842	1,905	–	–
Total from disposals of non-current assets and other available-for-sale financial assets	54,575	302	3,387	(4,511)
Disposals of non-current financial assets ⁽³⁾	170,102	(21,932)	15,638	(10,038)
Shares in "Faurecia Exterior Systems" business, not retained by the Group	159,424	(2,395)	–	–
Shares in "Truck" business entities	10,678	(19,537)	–	–
Shares in "Signature Ltd"	–	–	13,811	(10,772)
Shares in "Sulo Emballagen"	–	–	1,820	694
Other shares sold	–	–	7	40
Total proceeds from disposal of non-current financial assets (see table above)	170,102	(21,932)	15,638	(10,038)
Total	228,920	(19,606)	20,494	(14,786)

2017

(1) Losses on disposals mainly concern the disposal of the office buildings of the Environment Division's "Sulo Emballagen" company in Herford, Germany (see Note 2.3.3 in the "Significant events of the period") and the disposal of the Norcross plant in the United States, from the "Auto Exterior" Division (see Note 2.3.5 in the "Significant events of the period").

(2) The Group disposed the securities of listed companies shown on the balance sheet at December 31, 2016 under "Other available-for-sale financial assets".

(3) Disposals of Faurecia Exterior Systems securities, reclassified in 2016 under "Assets held for sale" for €159,605 thousand, price correction for the disposal of the Spanish site for –€181 thousand and disposal of the truck business entities for the difference.

2016

(2) 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 to the consolidated financial statements published in 2016).

(3) 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 to the consolidated financial statements published in 2016).

4.7. Net financial income

In thousand of euros	2017	2016
Finance costs	(53,725)	(48,849)
Interest cost of post-employment benefit obligations ⁽¹⁾	(2,278)	(2,647)
Financing fees and commissions	(7,943)	(7,363)
Finance costs, net	(63,946)	(58,859)
Exchange gains or losses on financing activities	(13,722)	614
Gains or losses on interest rate and currency hedges ⁽²⁾	10,822	(9,738)
Other	83	97
Other financial income and expenses, net	(2,817)	(9,027)
Total	(66,763)	(67,886)

(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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.8. Income tax

4.8.1. Income tax recorded in the income statement

Income tax expense includes taxes payable, deferred tax, and since January 1, 2016, the CVAE value-added tax.

Income tax expense breaks down as follows:

In thousand of euros	2017	2016
Current taxes	(101,719)	(85,181)
Current income tax (expense)/benefit	(97,081)	(80,890)
Tax (expense)/benefit on non-recurring items	(4,638)	(4,291)
Deferred taxes	17,171	(1,126)
Deferred tax (expense)/benefits on timing differences arising or reversing during the period	5,229	(747)
Effect of changes in tax rates or the introduction of new taxes	11,942	(379)
Income tax recorded in the consolidated income statement	(84,548)	(86,307)

4.8.2. Income tax analysis – Tax proof

The analysis of the income tax expense reveals the following factors:

In thousand of euros	2017		2016	
	Totals	%(1)	Totals	%(1)
Consolidated profit before tax and share of profit/(loss) of associates and joint ventures (A)	453,289		352,794	
French standard tax rate (B)		34.43%		34.43%
Theoretical tax expense (C) = (A) x (-B)	(156,067)		(121,467)	
Difference between theoretical tax expense and current and deferred tax expense excluding tax assessed on net interim profit (D)	71,519	-15.7%	35,160	-12.0%
Tax credits	39,856	-8.8%	27,437	-7.8%
Permanent differences between recorded profits and taxable profits	(5,317)	1.2%	(5,513)	1.6%
Change in unrecognized deferred taxes	14,301	-3.2%	4,893	-1.4%
Impact on deferred tax of a tax rate change	11,942	-2.6%	(379)	0.1%
Impact of differences in foreign tax rates	15,070	-3.3%	18,194	-5.2%
Value-added tax contribution	(8,154)	1.8%	(7,486)	2.1%
Other impacts	3,821	-0.8%	(1,986)	0.6%
Total current and deferred tax expense (E) = (C) - (D)	(84,548)		(86,307)	
Effective tax rate (-E)/(A)		18.7%		24.5%

(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 is 18.7% in 2017 (24.5% in 2016 after reclassifying the CVAE).

In 2017, the tax recognized was an expense of €85 million (€76 million before reclassification of the CVAE) for a theoretical tax of €156 million, based on a tax rate of 34.43%.

In 2016, the tax recognized was an expense of €86 million (€78 million before reclassification of the CVAE) for a theoretical tax of €121 million, based on a tax rate of 34.43%.

The difference between the tax recognized and the theoretical tax is mainly explained:

- by €40 million by using specific tax reductions or credits mainly in North America, Asia and France (€27 million at December 31, 2016);
- by €15 million through the impact of more favorable tax rates, mainly in Asia (China, Thailand) and Europe (excluding France and Belgium) (€18 million at December 31, 2016);
- by €14 million through the effect of losses or other assets generated in the year but not recognized, net of those previously not activated but used or recognized in the year (€5 million at December 31, 2016);
- by -€5 million through permanent differences between accounting income and taxable income such as taxable dividends (-€6 million at December 31, 2016);
- by -€8 million through the contribution to the value added of the businesses (-€7 million of taxes at December 31, 2016);

- And by €12 million through the consequences of changes in tax rates. This favorable item arises from the impact on the Group's deferred tax liabilities and the vote of legislation in the United States of a 21% tax rate compared with 35% previously. It is partly offset by the vote in France of a tax rate of 28.92% (against 34.43%) applicable to our assets in 2020, the horizon of future results taken into account to determine the tax assets (-€0.4 million at December 31, 2016).

4.9. Net profit attributable to non-controlling interests

The net profit attributable to non-controlling interests corresponds to the share of minority interests in the profit/loss of fully consolidated entities controlled by the Group. It breaks down as follows:

In thousand of euros	2017	2016
Beijing Plastic Omnium Auto Inergy Co. Ltd	1,919	3,773
Plastic Omnium Auto Inergy Manufacturing India Pvt Ltd	1,178	1,001
DSK Plastic Omnium Inergy	2,302	1,250
DSK Plastic Omnium BV	(89)	152
Total attributable to non-controlling interests	5,310	6,176

4.10. Earnings per share and diluted earnings per share

Net profit attributable to owners of the parent	2017	2016
Basic earnings per share (in euros)	2.88	2.11
Diluted earnings per share (in euros)	2.86	2.09
Weighted average number of ordinary shares outstanding	151,901,377	152,717,157
Treasury stock	(4,251,559)	(4,848,974)
Weighted average number of ordinary shares, undiluted	147,649,818	147,868,183
Impact of dilutive instruments (stock options)	1,046,202	1,350,717
Weighted average number of ordinary shares, diluted	148,696,020	149,218,900
Weighted average price of the Plastic Omnium share during the period		
Weighted average share price	34.26	29.06

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Notes to the balance sheet

5.1. Assets

5.1.1. Goodwill

For the 2017 financial year, the assumptions used for impairment tests (see Note 1.1.13) carried out at the level of the cash generating units (CGUs) or groups of cash generating units (business segments) are:

- 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 identical to those used for 2016.

The tests conducted did not lead to the recording of any impairment of the Group's goodwill at December 31, 2017. An increase in the discount rate of 0.5% or a reduction of 0.5% in the long-term growth rate or a decrease of 0.5% in the operating margin rate would have no impact on the test results.

Concerning the Automotive and Environment CGUs, only unreasonable assumptions could jeopardize the test results. Unreasonable assumptions mean a negative long-term growth rate combined with a discount rate increased by more than two points.

Goodwill In thousand of euros	Gross Value	Impairments	Net Value
Goodwill as of January 1, 2016	287,496	–	287,496
Goodwill on the acquisition of the "Exterior Systems" business from the Faurecia Group ⁽¹⁾	260,955	–	260,955
Sale of "Signature Ltd"	(17,031)	–	(17,031)
Sale of "Sulo Emballagen GmbH"	(3,501)	–	(3,501)
Reclassification in "Assets and liabilities held for sale" ⁽²⁾	(255)	–	(255)
Translation differences	3,412	–	3,412
Goodwill at December 31, 2016 published	531,077	–	531,077
Goodwill adjustment on the acquisition of the "Exterior Systems" business from the Faurecia Group ⁽³⁾	48,881	–	48,881
Goodwill at December 31, 2016 adjusted	579,958	–	579,958
IFRS 5 reclassifications ⁽²⁾	255	–	255
Sale of the "Truck" business from the "Auto Exteriors" division	(245)	–	(245)
Goodwill on the acquisition of new companies in the "Fuel Systems" division of the Automotive segment ⁽⁴⁾	13,869	–	13,869
Translation differences	(9,152)	–	(9,152)
Goodwill at December 31, 2017	584,685	–	584,685

(1) See Note 2.1.1 on the acquisition of the "Exterior Systems" business from Faurecia in the consolidated financial statements at December 31, 2016.

(2) See Note 5.1.16 for the breakdown of the items included in "Assets and liabilities held for sale" in the consolidated financial statements at December 31, 2016.

(3) See Note 2.1.1.2 "On July 29, 2017 – Finalizing the allocation of the acquisition price of the businesses retained by the Plastic Omnium Group".

(4) See Note 2.1.3 "Acquisition of two new start-ups" under Transactions during the period.

Hereafter, goodwill by reportable segment:

Goodwill by reportable segment In thousand of euros	Cost	Impairment	Carrying amount
Automotive	486,160	–	486,160
Environment	98,525	–	98,525
Value at December 31, 2017	584,685	–	584,685
Automotive	432,520	–	432,520
Environment	98,557	–	98,557
Value at December 31, 2016 published	531,077	–	531,077
Automotive – Adjustments on Faurecia's Exterior Systems business	48,881	–	48,881
Value at December 31, 2016 adjusted	579,958	–	579,958

5.1.2. Goodwill and intangible assets

In thousand of euros	Goodwill	Patents and licenses	Software	Development costs	Contractual customer relationships	Other	Total
Adjusted carrying amount at January 1, 2017⁽¹⁾	579,958	25,825	23,720	375,738	58,340	698	1,064,279
Increases	–	1,788	5,134	158,631	8	–	165,561
Disposals – net	–	(1,152)	(74)	(1,364)	–	–	(2,590)
Newly-consolidated companies ⁽²⁾	13,869	1,399	1,055	2,340	–	–	18,663
Changes in scope of consolidation (derecognition) ⁽³⁾	(245)	(1)	(27)	(9,660)	–	–	(9,933)
IFRS 5 reclassifications ⁽⁴⁾	255	1	83	1,401	–	266	2,006
Other reclassifications	–	2,108	4,460	(3,933)	–	(422)	2,213
Depreciation for the period	–	(2,802)	(12,097)	(90,189)	(19,914)	(38)	(125,040)
Impairments recognized and reversed	–	(587)	–	(2,033)	–	–	(2,620)
Translation adjustment	(9,152)	(101)	(256)	(19,337)	(1,140)	(11)	(29,997)
Carrying amount at December 31, 2017	584,685	26,478	21,998	411,594	37,294	493	1,082,542

(1) See Adjusted Balance Sheet at December 31, 2016.

(2) Recognition of goodwill related to acquired companies: "Swiss Hydrogen SAS" (€8,999 thousand) and "Optimum CPV BVBA" (€4,870 thousand).

(3) Assets held for sale in 2016 were sold in 2017.

(4) See Note 5.1.16 for the breakdown of items included in "Assets and Liabilities held for sale" at December 31, 2016.

In thousand 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 published at December 31, 2016	531,077	25,825	23,720	375,738	58,340	698	1,015,398
Adjustments on the acquisition of the Faurecia Group "Exterior Systems" business	48,881	–	–	–	–	–	48,881
Carrying amount adjusted at December 31, 2016	579,958	25,825	23,720	375,738	58,340	698	1,064,279

(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».

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The significant changes under “Goodwill and intangible assets” correspond to the following impacts:

- in 2017: goodwill related to acquired companies: “Swiss Hydrogen SAS” (€8,999 thousand) and “Optimum CPV BVBA” (€4,870 thousand);
- in 2016: acquisition of the “Exterior Systems” business from the Faurecia Group.

In thousand of euros	Goodwill	Patents and licenses	Software	Development costs	Contractual customer relationships	Other	Total
Analysis of carrying amount at January 1, 2017							
Cost	531,078	49,705	135,440	769,231	176,563	1,281	1,663,298
Accumulated amortization	(1)	(23,345)	(111,720)	(393,421)	(118,223)	(583)	(647,293)
Accumulated impairment (losses)	–	(535)	–	(72)	–	–	(607)
Carrying amount published at January 1, 2017	531,077	25,825	23,720	375,738	58,340	698	1,015,398
Goodwill adjustment on the acquisition of the “Exterior Systems” business from the Faurecia Group	48,881	–	–	–	–	–	48,881
Carrying amount adjusted at January 1, 2017	579,958	25,825	23,720	375,738	58,340	698	1,064,279
Analysis of carrying amount at December 31, 2017							
Cost (excluding IFRS 5 reclassifications)	584,685	53,052	146,250	876,092	173,111	1,017	1,834,207
IFRS 5 reclassifications ⁽¹⁾	(255)	(83)	(603)	(17,626)	–	(2,579)	(21,146)
Accumulated amortization (excluding IFRS 5 reclassifications)	–	(25,452)	(124,252)	(462,397)	(135,817)	(524)	(748,442)
IFRS 5 reclassifications ⁽¹⁾	–	82	520	15,995	–	2,314	18,911
Accumulated impairment (excluding IFRS 5 reclassifications)	–	(1,122)	–	(2,101)	–	–	(3,223)
IFRS 5 reclassifications ⁽¹⁾	–	–	–	229	–	–	229
Carrying amount at December 31, 2016	584,685	26,478	21,998	411,594	37,294	493	1,082,542

(1) At December 31, 2017, there were no additional IFRS 5 reclassifications because the Truck businesses had been sold.

In thousand 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 (excluding IFRS 5 reclassifications)	531,078	49,705	135,440	769,231	176,563	1,281	1,663,298
IFRS 5 reclassifications ⁽¹⁾	255	83	603	17,626	2,579	–	21,146
Accumulated amortization (excluding IFRS 5 reclassifications)	(1)	(23,345)	(111,720)	(393,421)	(118,223)	(583)	(647,293)
IFRS 5 reclassifications ⁽¹⁾	–	(82)	(520)	(15,995)	(2,314)	–	(18,911)
Accumulated impairment (excluding IFRS 5 reclassifications)	–	(535)	–	(72)	–	–	(607)
IFRS 5 reclassifications ⁽¹⁾	–	–	–	(229)	–	–	(229)
Carrying amount published 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 items included in “Assets and Liabilities held for sale” of 31, December 2016.

5.1.3. Property, plant and equipment excluding investment property

Property, plant and equipment owned or leased by the Group mainly pertain to factories 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, 2017	December 31, 2016
Western Europe	54	59
Eastern Europe	18	17
North America	20	20
Asia	49	45
South America	8	9
Africa	2	2
Total	151	152
of which total plants managed under joint ventures	45	41

Asset breakdowns over the two periods are such that 'no factory site represents a significant proportion of total tangible assets over each period.

In thousand of euros	Land	Buildings	Tech. eq. & tool.	Assets under construction	Other	Total
Carrying amount at January 1, 2017	86,619	440,770	504,842	173,567	147,791	1,353,589
Acquisitions ⁽¹⁾	6,334	12,878	56,604	205,856	47,046	328,718
Disposals	(1,704)	(4,515)	(5,003)	15	(2,909)	(14,116)
Entering the consolidation scope	–	–	551	–	136	687
Changes in consolidation scope (disposals)	(1,892)	(15,298)	(13,936)	(4,669)	(4,278)	(40,073)
IFRS 5 reclassifications ⁽²⁾	3,373	16,521	5,742	2,362	4,558	32,556
Other reclassifications	2,021	18,511	76,994	(124,432)	18,149	(8,757) ⁽⁴⁾
Impairments recognized and reversed ⁽³⁾	–	(4,217)	14,138	–	(745)	9,176
Depreciation for the period	(1,618)	(28,037)	(101,754)	–	(46,279)	(177,688)
Translation adjustment	(4,047)	(21,135)	(28,757)	(15,888)	(3,800)	(73,627)
Carrying amount at December 31, 2017	89,086	415,478	509,421	236,811	159,669	1,410,465

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In thousand of euros	Land	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 ⁽⁵⁾	4,316	57,386	87,106	19,708	21,197	189,713
Changes in consolidation scope (disposals)	(1,160)	(2,811)	(1,272)	(1)	(641)	(5,885)
IFRS 5 reclassifications ⁽²⁾	(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) ⁽⁴⁾
Impairments recognized and reversed ⁽³⁾	–	(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

"Tech. eq. & tool.": technical equipment and tooling.

At December 31, 2017

- (1) Acquisitions of property, plant and equipment reported in the Statement of Cash Flows correspond to acquisitions of property, plant and equipment excluding investment property for €328,718, against €220,712 thousand euros in the December 31, 2016.
- (2) See Note 5.1.16 for the breakdowns of items included in "Assets and Liabilities held for sale" at December 31, 2016.
- (3) Nearly all depreciation/reversals of buildings, technical equipment, tooling and other property, plant and equipment concerned the assets of: the Automotive Division's Composites business in France and China and the assets of the Faurecia business (Brazil).
- (4) The net balance of the amount of –€8,757 thousand is due to reclassifications of "Intangible assets".

At December 31, 2016

- (2) See Note 5.1.16 for the breakdowns of items included in "Assets and Liabilities held for sale" at December 31, 2016.
- (3) Nearly 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 China.
- (4) The net balance of the amount of –€351 thousand is due to reclassifications of "Intangible assets".
- (5) See the Note 2.1.1.5 on the "Opening balance sheet of Faurecia's Exterior Systems business" to the consolidated financial statements at December 31, 2016.

In thousand of euros	Land	Buildings	Tech. eq. & tool.	Assets under construction	Other	Total
Analysis of carrying amount at January 1, 2017						
Cost	95,990	703,017	1,622,704	173,567	495,658	3,090,936
Depreciation	(9,364)	(256,310)	(1,113,700)	–	(347,519)	(1,726,893)
Accumulated impairment (losses)	(7)	(5,937)	(4,162)	–	(348)	(10,454)
Carrying amount at January 1, 2017	86,619	440,770	504,842	173,567	147,791	1,353,589
Analysis of carrying amount at December 31, 2017						
Cost (excluding IFRS 5 reclassifications)	99,376	693,129	1,662,872	236,811	510,246	3,202,434
IFRS 5 reclassifications ⁽¹⁾	4,207	48,232	84,288	2,362	26,333	165,422
Depreciation (excluding IFRS 5 reclassifications)	(10,283)	(264,143)	(1,151,595)	–	(349,495)	(1,775,516)
IFRS 5 reclassifications ⁽¹⁾	(871)	(24,149)	(60,417)	–	(20,242)	(105,679)
Accumulated impairment (excluding IFRS 5 reclassifications)	(7)	(13,508)	(1,856)	–	(1,082)	(16,453)
IFRS 5 reclassifications ⁽¹⁾	–	(7,528)	(18,129)	–	(1,534)	(27,191)
Carrying amount at December 31, 2017	89,086	415,478	509,421	236,811	159,669	1,410,465

- (1) See Note 5.1.16 for the breakdown of components included in "Assets and Liabilities held for sale".

In thousand 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 (excluding IFRS 5 reclassifications)	95,990	703,016	1,622,703	173,568	495,659	3,090,936
IFRS 5 reclassifications ⁽¹⁾	(4,207)	(48,232)	(84,288)	(2,362)	(26,333)	(165,422)
Depreciation (excluding IFRS 5 reclassifications)	(9,364)	(256,310)	(1,113,700)	–	(347,519)	(1,726,893)
IFRS 5 reclassifications ⁽¹⁾	871	24,149	60,417	–	20,242	105,679
Accumulated impairment (excluding IFRS 5 reclassifications)	(7)	(5,937)	(4,162)	–	(348)	(10,454)
IFRS 5 reclassifications ⁽¹⁾	–	8,374	18,129	–	1,534	28,037
Carrying amount at December 31, 2016	86,619	440,769	504,841	173,568	147,792	1,353,589

"Tech. eq. & tool.": technical equipment and tooling.

Property, plant and equipment leased under operating leases where the Group is lessor

In thousand of euros	December 31, 2017	December 31, 2016
Cost	52,242	58,233
Accumulated depreciation	(39,898)	(43,097)
Accumulated impairment	(868)	(158)
of which depreciation for the year	(3,794)	(4,297)
of which provisions for the year	(710)	(153)
Accumulated net depreciation and impairment	11,476	14,978

These assets correspond to waste containers leased to customers by the Environment Division under contracts that qualify as simple leases.

Minimum lease payments receivable under non-cancellable operating leases and/or maintenance contracts

In thousand of euros	December 31, 2017	December 31, 2016
Due within one year	34,059	49,229
Due in one to five years	72,550	93,896
Due in more than five years	32,405	33,651
Total	139,014	176,776

Property, plant and equipment leased under finance leases where the Group is lessee:

In thousand of euros	Land and Buildings	Technical equipment and tooling	Total
Gross value at December 31, 2017	25,345	18,266	43,611
Accumulated depreciation, impairment and provisions at December 31, 2017	(19,404)	(3,700)	(23,104)
Net carrying amount at December 31, 2017⁽¹⁾	5,940	14,566	20,506
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 at December 31, 2016⁽¹⁾	6,362	17,584	23,946

(1) See Note 3.3 "Property, plant and equipment (excluding investment property) by operating segment".

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Change in payments and discounted value relating to assets subject to lease financing agreements

In thousand of euros	Minimum payments at December 31, 2017	Discounted value at December 31, 2017
Due within one year	3,216	2,741
Due in one to five years	10,350	9,700
Due in more than five years	1,985	1,971
Net carrying amount at December 31, 2017⁽¹⁾	15,551	14,412

In thousand 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

(1) See Note 5.2.7.5 "Reconciliation of gross and net debt".

5.1.4. Property, plant and equipment by category (excluding investment property)

In thousand of euros	Cost	Depreciation	Impairment	Total
December 31, 2017				
Property, plant and equipment owned outright	3,110,498	(1,715,655)	(15,514)	1,379,329
Owned property, plant and equipment leased under operating leases where the Group is lessor ⁽¹⁾	52,242	(39,898)	(868)	11,476
Property, plant and equipment leased under finance leases where the Group is lessee ⁽²⁾	43,611	(23,034)	(70)	20,506
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)}	–	–	–	–
Total Property, plant and equipment (excluding Investment property) before IFRS 5 reclassification⁽³⁾	3,206,351	(1,778,587)	(16,453)	1,411,311
IFRS 5 reclassifications⁽³⁾	(3,917)	3,071	–	(846)
Total Property, plant and equipment (excluding Investment property) – Consolidated Balance Sheet	3,202,434	(1,775,516)	(16,453)	1,410,465

In thousand 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)	1,385,296
IFRS 5 reclassifications⁽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

(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, 2016. It includes:

- a complex of 33,000 sq.m. office buildings located in Lyon Gerland, 82% of the space of which is rented to a third party;
- as well as an undeveloped land in the Lyon region (Plastic Omnium ownership).

In thousand 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
Change in the fair value in 2017	—	—	—
Fair value at December 31, 2017	12,700	80,563	93,263

In thousand of euros	Land	Buildings	Total
Lyon Gerland complex	12,700	80,563	93,263
Fair value at December 31, 2017 and December 31, 2016	12,700	80,563	93,263

Investment property-related income and expenses are as follows:

In thousand of euros	December 31, 2017	December 31, 2016
Income from investment property rentals	6,592	6,565
Investment property direct operating expenses	(1,226)	(1,350)

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 thousand of euros	2017 % interest	2016 % interest	December 31, 2017	December 31, 2016
JV HBPO GmbH and its subsidiaries and sub-subsidiaries	33.33%	33.33%	41,161	37,108
JV Yanfeng Plastic Omnium and its subsidiaries ⁽¹⁾	49.95%	49.95%	146,153	122,748
BPO AS	49.98%	49.98%	16,057	16,925
Plastic Recycling SAS	50.00%	50.00%	258	294
ΞPO-CellTech ⁽²⁾	23.00%	20.00%	7,545	13,117
Total investments in associates and joint ventures			211,174	190,192

(1) See "Significant events of the period" Note 2.1.2 on the acquisition of the Chinese entity Changchun Huazhong Yanfeng Plastic Omnium Automotive Exteriors Co. Ltd.

(2) See "Significant events of the period" Note 2.1.4 on the acquisition of an additional ownership stake in Israeli company "ΞPO-CellTech".

Investments in these entities include goodwill by segment and for the following amounts:

In thousand of euros	December 31, 2017	December 31, 2016
Goodwill in associates and joint ventures – Automotive segment ⁽¹⁾	23,441	31,077
Total goodwill in associates and joint ventures	23,441	31,077

(1) The change over the period mainly corresponds to:

- the acquisition of Changchun Huaxiang Automotive Plastic Parts Manufacturing Co Ltd (see Note 2.1.2 in "Significant events of the period").
- the impairment of ΞPO-CellTech Goodwill.

The summary balance sheet and income statement aggregates below are those of all 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.

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The following presentation is based on 100% of the balance sheet and income statement data before elimination of internal transactions:

In thousand of euros	December 31, 2017	December 31, 2016
Non-current assets	530,965	453,383
Current assets	1,556,210	1,332,808
Total assets	2,087,175	1,786,191
Shareholders' equity	639,793	537,653
Non-current liabilities	12,397	14,250
Current liabilities	1,434,985	1,234,288
Total equity and liabilities	2,087,175	1,786,191
Revenue	3,950,724	3,492,332

5.1.7. Available-for-sale financial assets

At the end of each period, financial assets recognized under this item correspond to shares in non-material shell or dormant companies and the contribution invested in the "FMEA 2" fund to support Automotive Division subcontractors and investments in listed companies.

5.1.7.1. Available-for-sale financial assets – Equity interests

The financial assets recognized in this item correspond to insignificant shell companies and dormant companies.

5.1.7.2. Other available-for-sale financial assets

Financial assets recognized under this item include investments in listed securities, the funds invested in the venture capital company "Aster" and the Group's investments in the "FMEA 2" fund, to support Automotive Division subcontractors.

In thousand of euros	December 31, 2017			December 31, 2016
	Subscribed amounts	Non-called-up amounts	Net	
Contributions to the "FMEA 2" ⁽¹⁾	–	–	1,512	1,427
Financial investments in listed securities ^{(1) (2)}	–	–	25,353	29,024
Investment in the venture capital company "Aster" ⁽³⁾	20,000	(19,500)	500	–
Other	–	–	149	–
Other available-for-sale financial assets			27,514	30,451

(1) Contributions to the "FMEA 2" fund and investments in shares in listed companies are listed with long-term financial receivables in Note 5.2.7.5 "Reconciliation of gross and net debt".

(2) The Group sold in 2017 for €36,842 thousand (net carrying amount of €34,937 thousand) the investments in shares of listed companies purchased in 2016 by the Group's captive reinsurance company and reinvested €32,874 thousand in new listed securities (see Note 5.1.13.1).

(3) See Note 2.1.5 of the "Significant Events of the Period".

5.1.8. Other non-current financial assets

In thousand of euros	December 31, 2017	December 31, 2016
Loans	2	–
Deposits and bonds	49,758	25,786
Other receivables	42	30
Other non-current assets and financial receivables (see Note 5.2.7.5)	49,802	25,816
Finance receivables related to Environment finance leases (see Note 6.4.1)	856	1,637
Finance receivables related to Automotive contracts (see Note 6.4.1)	8,402	26,996
Non-current financial receivables (see Note 5.2.7.5)	9,258	28,633
Total	59,060	54,449

"Deposits and bonds" mainly concern guarantee deposits on leased offices and sold receivables sales programs.

"Finance receivables" mainly concern receivables for work in progress on Automotive projects for which the Group has received a firm sales price commitment on the developments and/or tooling. These receivables are discounted.

5.1.9. Inventories and goods in process

In thousand of euros	December 31, 2017	December 31, 2016 adjusted	Adjustments	December 31, 2016 published
Raw materials and supplies				
At cost	144,991	132,089		132,089
Net realizable value	134,802	122,445		122,445
Molds, tooling and engineering				
At cost	141,787	135,588		135,588
Net realizable value	141,199	135,411	(20)	135,431
Other work in progress				
At cost	67	70		70
Net realizable value	67	70		70
Maintenance inventories				
At cost	59,199	55,694		55,694
Net realizable value	49,180	43,933	(1,603)	45,536
Goods				
At cost	9,927	9,410		9,410
Net realizable value	8,822	8,406		8,406
Semi-finished products				
At cost	41,781	39,140		39,140
Net realizable value	38,582	36,859		36,859
Finished products				
At cost	44,391	45,323		45,323
Net realizable value	41,361	41,565		41,565
Total, net	414,013	388,689	(1,623)	390,312

5.1.10. Current financial receivables

In thousand of euros	December 31, 2017		December 31, 2016	
	Undiscounted values	Carrying amount	Undiscounted values	Carrying amount
Current financial receivables (see Note 5.2.7.5)	42,631	42,807	34,038	33,918
of which Environment division finance lease receivables	833	1,009	1,119	999
of which Automotive division finance receivables	41,798	41,798	32,919	32,919
Other current financial assets and financial receivables (see Note 5.2.7.5)	83,209	83,209	62,388	62,388
of which "Current accounts"	1,344	1,344	1,337	1,337
of which "Negotiable debt securities" ⁽¹⁾	24,011	24,011	24,016	24,016
of which "UCITS" or mutual funds ⁽²⁾	50,007	50,007	-	-
of which receivables related to available-for-sale financial assets ⁽³⁾	-	-	30,179	30,179
of which "Other"	7,847	7,847	6,856	6,856
Total current financial receivables	125,840	126,016	96,426	96,306

(1) See Note 5.2.7.3 "Loans, negotiable debt securities and other financial assets" for the principal amount.

(2) As part of its cash management, the Group made this investment in a UCITS (Undertaking for Collective Investment in Transferable Securities) or mutual funds.

(3) As of December 31, 2016, this was a receivable related to the portion of the Faurecia Group's "Exterior Systems" business, for which the Plastic Omnium Group had withdrawn and which was in the process of being sold at this date. As of December 31, 2017, the receivable was paid.

5.1.11. Trade and other receivables

5.1.11.1. Sale of receivables

Compagnie Plastic Omnium and some of its European and US subsidiaries have set up several receivables sales programs with French banks. These programs have an average maturity of more than two years.

These non-recourse programs transfer substantially all the risks and rewards of ownership to the buyer of the sold receivables; for these programs, only the non-material dilution risk is not transferred to the buyer.

Receivables sold under these programs, which are therefore no longer included in the balance sheet, totaled €341 million at December 31, 2017 against €338 million at December 31, 2016.

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5.1.11.2. Trade receivables – Cost, impairment and carrying amounts

In thousand of euros	December 31, 2017			December 31, 2016		
	Cost	Impairment	Carrying amount	Cost	Impairment	Carrying amount
Trade receivables published	944,886	(4,802)	940,084	813,753	(4,129)	809,624
Adjustments related to the Faurecia business					(205)	(205)
Adjusted trade receivables	944,886	(4,802)	940,084	813,753	(4,334)	809,419

The Group has not identified significant unfunded customer risk over the two periods.

5.1.11.3. Other receivables

In thousand of euros	December 31, 2017	December 31, 2016
Sundry receivables	95,389	91,568
Prepayments to suppliers of tooling and prepaid development costs	58,265	79,929
Prepaid and recoverable income taxes	93,048	78,759
Other prepaid and recoverable taxes	101,209	91,077
Employee advances	2,342	1,860
Prepayments to suppliers of non-current assets	4,349	3,967
Other receivables	354,602	347,160

5.1.11.4. Trade and other receivables by currency

In thousands of currency units	December 31, 2017			Local currency	December 31, 2016 Adjusted		Adjustments		December 31, 2016		
	Local currency		Euro		Euro		Local currency	Euro	Euro		%
	EUR	Euro	706,031		561,010	(205)	561,215	561,215	49%		
USD	US dollar	336,820	280,847	22%	249,676		263,184	249,676	22%		
CNY	Chinese yuan	703,206	90,104	7%	104,588		765,604	104,588	9%		
GBP	Pound sterling	63,968	72,099	6%	82,348		70,505	82,348	7%		
Other	Other currencies		145,605	11%	158,957			158,957	14%		
Total		1,294,686	100%		1,156,579	(205)		1,156,784	100%		
Of which:											
• Trade receivables		940,084	73%		809,419	(205)		809,624	70%		
• Other receivables		354,602	27%		347,160			347,160	30%		

Sensitivity tests on exchange rate movements of the “Trade and other receivables” give the following results:

In thousands of currency units	Sensitivity tests on receivables at December 31, 2017						December 31, 2016 Adjusted	Sensitivity tests on receivables at December 31, 2016					
	Base			Increase - all currencies		Decrease - all currencies			Base			Increase - all currencies	
	Base		Local currency	+10%	+20%	-10%	-20%	+10%	+20%	-10%	-20%		
	Local currency	Exchange rate	%	%	%	%	%	Euro	Euro	Local currency	Exchange rate	%	%
EUR	Euro	706,031	1.00000	52%	50%	57%	60%	561,010	(205)	561,215	1.00000	46%	44%
USD	US dollar	336,820	0.83382	23%	24%	20%	19%	249,676		263,184	0.94868	23%	23%
CNY	Chinese yuan	703,206	0.12813	7%	8%	7%	6%	104,588		765,604	0.13661	9%	10%
GBP	Pound sterling	63,968	1.12710	6%	6%	5%	5%	82,348		70,505	1.16798	7%	8%
Other	Other currencies			12%	12%	11%	10%	158,957				15%	15%
Total in euros		1,294,686	1,353,551	1,412,417	1,235,821	1,176,955		1,156,579	(205)		1,156,784	1,216,341	1,275,903
Of which:												1,097,237	1,037,670
• Trade receivables		940,084	982,827	1,025,570	897,342	854,599		809,419	(205)		809,624	851,308	892,992
• Other receivables		354,602	370,724	386,847	338,479	322,356		347,160			347,160	365,033	382,911

Exchange rate sensitivity tests on “Trade receivables and other receivables” and “Trade payables and other operating liabilities by currency” (see Note 5.2.9.3) show a low sensitivity of these items to exchange rate movements.

5.1.12. Deferred taxes

As noted in Note 1.1.27 of the accounting rules and principles, deferred tax assets on tax loss carryforwards, temporary differences and tax credits are assessed according to their probability of future use. For this purpose, estimates were made as part of the year-end closing of the financial statements and led to the recognition of assets based on probable use within a relatively short period of time reflecting a prudent approach given the current economic environment.

Deferred taxes are broken down as follows:

In thousand of euros	December 31, 2017	December 31, 2016 adjusted	Adjustments	December 31, 2016 published
Property, plant and equipment	(49,370)	(56,752)		(56,752)
Post-employment benefit obligations	28,596	40,017		40,017
Provisions for liabilities and charges	35,699	109,131	3,485	105,646
Financial instruments	43	5,981		5,981
Tax loss carryforwards and tax credits	139,011	100,861		100,861
Other	2,867	(26,146)		(26,146)
Impairment of deferred tax assets	(81,158)	(107,895)		(107,895)
Total	75,688	65,197	3,485	61,712
Of which:				
• Deferred tax assets	96,663	143,657	3,302	140,355
• Deferred tax liabilities	20,975	78,460	(183)	78,643

Unrecognized tax assets on tax loss carryforwards at December 31, 2017 amounted to €76 million, compared with €59 million at December 31, 2016 and have the following characteristics:

In thousand of euros	December 31, 2017	December 31, 2016
Evergreen tax loss carryforwards	63,640	49,818
Tax loss carryforwards available for more than 5 years	9,647	1,763
Tax loss carryforwards available for up to 5 years	1,823	2,337
Tax loss carryforwards available for up to 4 years	271	2,323
Tax loss carryforwards available for up to 3 years	81	1,341
Tax loss carryforwards available for less than 3 years	604	1,696
Total	76,066	59,278

The change in the financial year is essentially due to variations in France and Germany.

5.1.13. Cash and cash equivalents

5.1.13.1. Gross cash and cash equivalents

In thousand of euros	December 31, 2017	December 31, 2016
Cash at bank and in hand	762,731	222,307
Short-term deposits	176,904	111,882
Total cash and cash equivalents on the balance sheet	939,635	334,189

Gross cash and cash equivalents break down as follows:

In thousand of euros	December 31, 2017	December 31, 2016
Cash and cash equivalents of the Group's captive reinsurance company ⁽¹⁾	30,902	26,729
Cash and cash equivalents in countries with exchange controls on remittances and transfers ⁽²⁾	86,138	88,441
Cash equivalents ⁽³⁾	822,594	219,019
Total cash and cash equivalents on the balance sheet	939,635	334,189

(1) Over the two years 2016 and 2017, the Group invested in securities of listed companies through its captive reinsurance company, (see Note 5.1.7.2 "Available-for-sale financial assets").

(2) The countries in "regions with exchange controls on remittances and transfers" include Brazil, China, India, Chile, Argentina and South Korea.

(3) The strong variation in cash is due to the availability of funds from the bond issue (€500 million) made in June 2017 and a positive cash generation directly linked to the activity of the period for nearly €156 million (of which €50 million invested in UCITS or mutual funds).

The above amounts are shown in the balance sheet as current assets as they are not subject to any general restrictions.

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5.1.13.2. Net cash and cash equivalents at end of period

In thousand of euros	December 31, 2017	December 31, 2016
Cash and cash equivalents	939,635	334,189
Short-term bank loans and overdrafts	(9,993)	(10,307)
Net cash and cash equivalents at end of period in the statement of cash flows	929,642	323,882

5.1.14. Statement of cash flows – Acquisitions and disposals of financial assets, non-controlling interests and related investments

5.1.14.1. Acquisitions of equity interests, non-controlling interests and related investments

The Group's financial acquisitions are broken down into two categories as follows:

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, 2017

The amount of €21.4 million under "Acquisitions of shares in subsidiaries and associates", corresponds to:

- the acquisition of the following two companies (see Note 2.1.3 in "Significant events of the period"):
 - "Swiss Hydrogen" for €12.8 million, and
 - "Optimum CPV BVBA" for €6.1 million (of which €1 million recognized in financial liabilities as a guarantee for liabilities);
- the subscription in 2017 to the capital increase of the Israeli company "EPO-CellTech" (see Note 2.1.4) for an amount of €2.5 million.

At December 31, 2016

The amount of €527,580 thousand in respect of acquisitions of shares in subsidiaries and associates and non-controlling interests was as follows:

- the acquisition of the "Exterior Systems" business of the Faurecia Group for a total of €511,030 thousand;
- investment in the Israeli company "EPO-CellTech" for an amount of €16,000 thousand;
- and subscription to the capital increase of Plastic Recycling SAS, consolidated using the equity method, for an amount of €550 thousand.

Acquisitions of non-controlling interests

These are recorded under "Cash flows from investments" in the Consolidated statement of cash flows.

2017: none.

2016: acquisition of the minority interests (30%) in the German company "RMS Rotherm Maschinenbau GmbH".

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.

2017: None.

2016: the Group essentially sold the companies "Signature Ltd" for €13,812 thousand and "Sulo Emballagen GmbH" for €1,820 thousand euros.

5.1.15. Consolidated funds and proportionate share of funds from operations of associates and joint ventures, after taxes and interest paid, net of dividends paid,

Consolidated self-financing capacity 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	2017	2016
Funds from operations	859,404	732,587
Tax paid	(114,049)	(97,271)
Interest paid	(59,189)	(52,703)
Funds from operations after payment of taxes and interest	686,167	582,613
Associates and joint ventures		
Share of funds from operations	95,433	73,892
Share of tax paid	(16,470)	(10,138)
Share of interest received/paid	1,135	1,549
Elimination of dividends paid	(32,401)	(31,409)
Share of funds from operations after payment of taxes and interest received, net of dividends paid	47,696	33,894
Total	733,863	616,507

5.1.16. Monitoring at December 31, 2017 of transactions covered by IFRS 5 at December 31, 2016

“Assets and Liabilities held for sale” are measured based on the best estimate of realizable values. The differences between realizable values and net carrying amounts, where these were negative, resulted in the recognition of an impairment at December 31, 2016. The impact on the income from disposals in 2017 is presented in Note 4.6 “Other operating income and expenses”.

5.1.16.1. Description of transactions covered by IFRS 5

The transactions that fall within the scope of IFRS 5 are listed chronologically:

- **IFRS 5 – Notes 1 and 1 bis:** Fuel systems technical centers (Oise and Laval) of the “Fuel systems” division:

The Laval technical center in the Mayenne department and the former technical center for fuel systems in the Oise department, put up for sale following the opening on September 1, 2014, of its new research and development center α-Alphatech, are still unsold at December 31, 2017.

- **IFRS 5 – Note 2:** The “Fuel systems” Division (Laval) production site:

The Laval fuel systems production site in Mayenne was sold in December 2017 for an amount of €1.4 million, yielding a loss of €0.6 million (see Note 4.6 “Other operating income and expenses”).

- **IFRS 5 – Note 3:** “Sulo Emballagen” site in Herford, Germany:

The Herford site in Germany, representing the administrative and industrial buildings of the Environment Division’s “Sulo Emballagen” was sold in January 2017 for an amount of €1,150 thousand, generating a loss of €4,398 thousand, provisioned in the financial statements at December 31, 2016 (see Note 4.6 “Other operating income and expenses”).

- **IFRS 5 – Note 4:** The Faurecia Exterior Systems business held for sale from the Auto Exterior Division:

The Group sold to the US group “Flex-N-Gate” on 31 March 2017 the shares of the “Faurecia Exterior Systems” entities that it could not hold following the European Commission’s decision (see Note 2.1.1.5 “Opening balance sheet of Faurecia Exterior Systems business” and “Disposals of available-for-sale financial assets” in the Statement of Cash Flows).

- **IFRS 5 – Notes 5 and 6:** Auto Exterior Division’s Truck business:

On June 30, 2017, the Group sold to the German group “Mutares,” which specializes in the acquisition of companies in turnaround, the securities of the Auto Exterior Division’s truck business. At December 31, 2016, the Group had recognized an impairment of non-current assets, based on the probable realizable value, representing the probable loss (see Note 4.6 “Other operating income and expenses” for the net impact on the financial statements over the period and “Disposals of available-for-sale financial assets” in the Statement of Cash Flows).

As December 31, 2017, the breakdown of “Assets and Liabilities held for sale” is provided in the following table.

The breakdown of “Assets and Liabilities held for sale” at June 30, 2017, is provided in the following table.

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5.1.16.2. Summary presentation of transactions covered by IFRS 5 "Assets and liabilities held for sale"

In thousand of euros	December 31, 2017	December 31, 2016 adjusted	Adjustments	December 31, 2016 published
	Totals	Totals	Totals	Totals
IFRS 5 – Note 1: Compiègne technical center in the Oise department	846	846	-	846
of which Land	167	167	-	167
of which Buildings, equipment, building improvements, fixtures and fittings	679	679	-	679
IFRS 5 – Note 1 bis: Laval technical center in the Mayenne department⁽¹⁾	-	1,079	-	1,079
of which Land	-	178	-	178
of which Buildings, equipment, building improvements, fixtures and fittings	-	901	-	901
IFRS 5 – Note 2: Laval production site in Mayenne⁽¹⁾	-	871	-	871
of which Plant	-	871	-	871
IFRS 5 – Note 3: "Sulo Emballagen GmbH" site in Herford Germany⁽²⁾	-	1,150	-	1,150
IFRS 5 – Note 4: "Faurecia Exterior Systems" business not retained⁽³⁾	-	160,171	(1,829)	162,000
IFRS 5 – Note 5: Auto Exterior division "Truck" business⁽⁴⁾	-	74,766	-	74,766
Assets held for sale	846	238,883	(1,829)	240,712
IFRS 5 – Note 4: "Faurecia Exterior Systems" business not retained⁽³⁾	-	-	-	-
IFRS 5 – Note 5: Auto Exterior division "Truck" business⁽⁴⁾	-	79,368	-	79,368
Liabilities related to assets held for sale	-	79,368	-	79,368
Net assets held for sale	846	159,515	(1,829)	161,344

(1) See Note 2.3.4 in "Significant events of the period" and Note 4.6 "Other operating income and expenses".

(2) See Note 2.3.3 in "Significant events of the period" and Note 4.6 "Other operating income and expenses".

(3) See Note 2.1.1.1 in "Significant events of the period" and Note 4.6 "Other operating income and expenses and the caption" and "Disposals of available-for-sale financial assets" in the Statement of Cash Flows.

(4) See Note 2.3.2 in "Significant events of the period" and Note 4.6 "Other operating income and expenses and the caption "Disposals of available-for-sale financial assets" in the Statement of Cash Flows.

5.2. Liabilities

5.2.1. Shareholders' equity

5.2.1.1 Share capital of Compagnie Plastic Omnium

In euros	December 31, 2017	December 31, 2016
Share capital at January 1	9,148,603	9,214,603
Capital reduction during the year	(90,000)	(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	9,058,603	9,148,603
Treasury stock	198,364	253,588
Total share capital net of treasury stock	8,860,239	8,895,015

Shares registered on behalf of the same holder for at least two years carry double voting rights.

Capital Structure at December 31, 2017

On July 20, 2017, the Board of Directors of Compagnie Plastic Omnium decided to cancel 1,500,000 treasury shares, i.e. 0.98% of the share capital with effect from August 14, 2017.

The share capital of Compagnie Plastic Omnium decreased from 152,476,720 shares to 150,976,720 shares with a par value of €0.06, representing a total value of €9,058,603.20.

At December 31, 2017, Compagnie Plastic Omnium held 3,306,070 of its own shares, i.e. 2.19% of the share capital, against a total of 4,226,467 shares or 2.77% of the share capital at December 31, 2016.

Capital Structure at December 31, 2016

On February 24, 2016, the Board of Directors of Compagnie Plastic Omnium decided to cancel 1,100,000 treasury shares, or 0.72% of the share capital with effect on March 21, 2016.

The share capital of Compagnie Plastic Omnium decreased from 153,576,720 shares to 152,476,720 shares with a par value of €0.06, representing a total value of €9,058,603.20.

At December 31, 2016, Compagnie Plastic Omnium held 4,226,467 treasury shares, i.e. 2.77% of the share capital, against five 5,522,492 i.e. 3.60% of the share capital at December 31, 2015.

5.2.1.2. Detail of "Other reserves and retained earnings" in the consolidated statement of changes in equity

In thousand 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, 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
Movements for 2017	(1,885)	494	1,697	(962)	198,885	198,229
At December 31, 2017	(51,733)	(626)	1,525	18,238	1,399,164	1,366,568

5.2.1.3. Detail of "Changes in scope of consolidation and reserves" in the consolidated statement of changes in equity

In thousand of euros	Shareholders' equity		Total equity
	Attributable to owners of the parent	Attributable to non-controlling interests	
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)
None	–	–	–
Other changes in scope of consolidation at December 31, 2017	–	–	–

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5.2.2. Dividends voted and paid by Compagnie Plastic Omnium

In thousand of euros Dividend per share, in euros Number of shares, in units	December 31, 2017		December 31, 2016	
	Number of shares in 2016	Dividend	Number of shares in 2015	Dividend
Dividend per share (in euros)		0.49⁽¹⁾		0.41⁽¹⁾
Total number of shares outstanding at the end of the previous year	152,476,720		152,476,720	
Total number of shares held in treasury on the ex-dividend date	4,981,805 ⁽²⁾		4,886,974 ⁽²⁾	
Total number of shares held in treasury at the year-end (for information)	4,226,467 ⁽²⁾		5,522,492 ⁽²⁾	
Dividends on ordinary shares		74,713		62,515
Dividends on treasury stock (unpaid)		(2,441) ⁽²⁾		(2,004) ⁽²⁾
Total net dividend		72,272		60,512

(1) In 2017, Compagnie Plastic Omnium paid a dividend €0.49 per share on profits from 2016.

In 2016, Compagnie Plastic Omnium paid a dividend of €0.41 per share on profits from the 2015.

(2) **At December 31, 2017:** the number of treasury shares taken into account at December 31, 2016, was 4,226,467 for the determination of the provisional total dividend. The number of treasury shares at the time of the dividend's payment in 2017 stood at 4,981,805, increasing the dividends attached to these shares from €2,071 thousand to €2,441 thousand.

At December 31, 2016: the number of treasury shares taken into account at December 31, 2015, was 5,522,492 for the determination of the provisional total dividend. The number treasury shares at the time of the dividends' payment in 2016 stood at 4,886,974, reducing the dividends attached to these shares from €2,264 thousand to €2,004 thousand.

The recommended dividend in respect of 2017 to be proposed to the Combined Shareholders' Meeting on April 26, 2018 amounts to €0.67 per share (total payout of €101,154 thousand for 150,976,720 existing shares before deducting treasury shares at December 31, 2017).

5.2.3. Share-based payments

On February 22, 2017, the Board of Directors granted stock options effective March 10, 2017 effect, exercisable as from March 11, 2021 for a three-year period. The exercise of the options granted to the Corporate Officers is subject to market and performance conditions. Details are provided in Note 7.3.1 "Compensation of Senior Executives and Corporate Officers".

This plan has been evaluated using the "Black & Scholes" model as described in Note 1.1.22. The main assumptions used in this assessment are as follows:

Other information	March 10, 2017 Plan
Plastic Omnium share price at the plan grant date	33.71
Exercise price	32.84
Zero-coupon interest rate	0.04%
Expected volatility	33.00%
Expected dividend rate	1.45%
Maturity	March 11, 2021
Total number of beneficiaries	200

On these bases, the March 10, 2017 plan was valued at €4,249,015. The cost is amortized on a straight-line basis over the vesting period, i.e. four years (of which €814,552 at December 31, 2017 and €228,539 related to options canceled during the year).

The social contributions related to the implementation of this new plan of €954,414 were recognized as expenses at December 31, 2017. They are calculated on the basis of 25% of the share price of the options awarded and represent 30% of the total value of the options granted to French beneficiaries (377,500 options).

Valuation of the March 10, 2017 plan		Stock Options for the March 10, 2017 plan		Total
In euros	In units for the number of options	Subject to market conditions	Not subject to market conditions	
Average value of one stock option		4.39	8.79	7.34
Number of options		190,000	388,500	578,500
Accounting expense (with adjustment to reserves)		834,100	3,414,915	4,249,015

Summary of outstanding stock option plans

Grant date	Options exercisable for	Beneficiaries	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
April 1, 2010	Stock options	124	Employment contract in force on the option exercise date, except in the case of transfer by the employer, early retirement or retirement	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
March 10, 2017	Stock options	200		N/A	N/A	N/A	N/A	578,500

- (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	April 1, 2010 Plan	March 21, 2012 Plan	August 7, 2013 Plan	August 6, 2015 Plan	March 10, 2017 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	371,500	N/A	N/A	N/A	N/A
Number of stock options at May 10, 2011 after division by three of the par value of the share	1,114,500	N/A	N/A	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	1,030,500	842,000	424,000	N/A	N/A
Number of stock options at September 10, 2013 after three-to-one split of the par value of the share ⁽¹⁾	3,091,500	2,526,000	1,272,000	N/A	N/A

(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 end of the year and cost for the period of option

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, 2017	Revaluations/ adjustments	Increases		Decreases		Cost for the period	Options outstanding at December 31, 2017	
			Options granted during the period	Options forfeited during the period	Options that expired during the period	Options exercised during the period		Total	Of which, options exercisable at December 31, 2017
April 1, 2010 plan									
Number of options	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	0.5 year							–	
March 21, 2012 plan									
Number of options	967,037				(393,025)			574,012	574,012
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	–							–	
Remaining life	2.25 years							1.25 year	
August 7, 2013 plan									
Number of options	1,176,000		(15,000)		(473,840)			687,160	687,160
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	741,386		(95,645)		(645,741)			0	
Remaining life	3.6 years							2.6 years	

Outstanding options In euros In units for the number of options	Options outstanding at January 1, 2017	Revaluations/ adjustments	Increases		Decreases		Cost for the period	Options outstanding at December 31, 2017	
			Options granted during the period	Options forfeited during the period	Options that expired during the period	Options exercised during the period		Total	Of which, options exercisable at December 31, 2017
August 6, 2015 plan									
Number of options	1,229,000			(60,000)				1,169,000	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	5,374,074			(520,800)			(1,866,644)	2,986,630	
Remaining life	5.6 years							4.6 years	
March 10, 2017 plan									
Number of options		578,500	(26,000)					552,500	None
Share price at the grant date		33.71						33.71	
Exercise price		32.84						32.84	
Term		7 years						7 years	
Unrecognized cost at period-end		4,249,015	(228,539)				(814,552)	3,205,924	
Remaining life		7 years						6.2 years	
Total expense for the fiscal year							3,326,937	eur	

At December 31, 2017, there was no shares intended for allocation and not yet allocated. This position amounted to 226,587 shares at December 31, 2016.

5.2.4. Grants

In thousand of euros	December 31, 2017	December 31, 2016
Grants recognized in non-current liabilities	6,557	12,420
Grants recognized in current liabilities	3,948	–
Total grants recognized as liabilities	10,505	12,420

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5.2.5. Provisions

In thousand of euros	December 31, 2016 adjusted	Charges	Utilizations	Releases of surplus provisions	Reclassifi- cations according to IFRS 5 ⁽⁵⁾	Other reclassifi- cations	Actuarial gains/ (losses)	Changes in translation scope of consolidation (derecognition) ⁽⁵⁾	December 31, 2017
Customer warranties	19,985	16,557	(7,899)	(941)	–	–	–	– (299)	27,403
Reorganization plans ⁽¹⁾	10,752	13,098	(7,500)	(263)	–	–	–	– (182)	15,905
Taxes and tax risks ⁽²⁾	298	8,250	–	–	–	–	–	–	8,548
Contract risks ⁽³⁾	80,480	13,047	(39,320)	(7,701)	17,239	94	– (15,879)	(310)	47,650
Claims and litigation	4,986	8,211	(1,557)	(825)	848	(146)	– (275)	(70)	11,172
Other ⁽⁴⁾	15,092	2,292	(1,070)	(535)	–	52	–	– (877)	14,955
Provisions for liabilities and charges	131,593	61,455	(57,346)	(10,265)	18,087	–	–	(16,154) (1,738)	125,633
Provisions for pensions and other post-employment benefits ⁽⁶⁾	109,718	8,424	(3,375)	–	9,990	– (2,427)	(10,601)	(5,212)	106,517
Total	241,311	69,879	(60,721)	(10,265)	28,077	– (2,427)	(26,755)	(6,950)	232,150

- (1) Regarding the reorganization of an Automotive Division site in Germany.
 (2) Regarding provisions for tax audits ongoing in the Automotive division.
 (3) Regarding the impacts of loss-making contracts and losses on completion in the Automotive Division.
 (4) The "Others" sub-section includes individually insignificant amounts.
 (5) Regarding provisions for companies classified in "Assets & Liabilities held for sale" in 2016 and actually sold in 2017 (see Note 5.1.16 for 2016 period). The two columns "Reclassifications according to IFRS 5" and "Change in scope of consolidation" are related.
 (6) The actuarial difference corresponds to the combined effect of the decrease in rates in the United States and the increase in rates in France.

In thousand of euros	December 31, 2015	Charges	Utilizations	Releases of surplus provisions	Reclassifi- cations according to IFRS 5 ⁽⁵⁾	Other reclassifi- cations	Actuarial gains/ (losses) ⁽⁴⁾	Changes in translation scope of consolidation (derecognition) ⁽⁶⁾	December 31, 2016 published	December 31, 2016 adjusted
Customer warranties	17,296	9,853	(4,709)	(2,707)	–	–	–	326 (74)	19,985	19,985
Reorganization plans ⁽¹⁾	3,017	7,667	(9,148)	(45)	–	268	–	8,943 (47)	10,655	97 10,752
Taxes and tax risks	3,362	297	(3,361)	–	–	(481)	–	481 –	298	298
Contract risks ⁽²⁾	36,865	13,407	(21,655)	(6,825)	(17,239)	1,551	–	34,542 (169)	40,478	40,002 80,480
Claims and litigation	2,657	3,097	(654)	(551)	(848)	167	–	(2) (23)	3,843	1,143 4,986
Other ⁽³⁾	6,321	2,081	(1,594)	(559)	–	(1,505)	–	6,679 596	12,019	3,073 15,092
Provisions for liabilities and charges	69,518	36,402	(41,121)	(10,687)	(18,087)	–	–	50,969 283	87,277	44,315 131,593
Provisions for pensions and other post-employment benefits	101,991	7,826	(4,932)	–	(9,990)	–	12,806	409 1,609	109,718	– 109,718
Total	171,509	44,228	(46,053)	(10,687)	(28,077)	–	12,806	51,378 1,892	196,995 44,315	241,311

- (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 Automotive segment.
 (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 in the December 31, 2016 Consolidated Financial Statements.
 (6) These are mainly impacts related to Faurecia's Exterior Systems business.

5.2.6. Provisions for pensions and other post-employment benefits

Post-employment benefits

The generic term “post-employment benefits” covers both pension and other employee benefits.

Provisions for pensions

Provisions for pensions mainly concern:

- end of career benefits;
- supplementary pension plans;
- and healthcare coverage plans.

In France, supplementary pension plans only concern Executive Corporate Officers and consist end of career benefits (“IFC”). Supplementary pension plans, which affect the other geographical regions, concern all employees.

5.2.6.1. Actuarial Assumptions

The main actuarial assumptions used to value post-retirement and long-term benefits are the following:

	December 31, 2017		December 31, 2016	
	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	1.60%	3.75%	1.25%	4.25%
Discount rate – length-of-service awards	1.10%		0.50%	
Inflation rate	1.70%		1.70%	
Rate of future salary increases	2.70%	3.50%	1.70% to 4.70%	3.50%
Rate of growth in healthcare costs ⁽¹⁾		7.50%		6.70%
Expected long-term rate of return on pension plan assets	1.00%	3.75%	2.00%	4.25%

(1) In the United States, rates are expected to decline by 0.5% per year to reach 5% in 2019.

Annual rate of discounting of post-employment benefits

The Group uses, as a reference, the rate of bonds issued by good quality (AA) commercial and industrial companies and with maturity equal to the length of the commitment being valued.

Inflation rates

In France, benefits are linked to inflation rates.

The impact of inflation rates is not material in the United States.

Average rate of future salary increases

The average rates of future salary increases are weighted between “managers” and “non-executive” staff and the age of employees.

Plans for the payment of healthcare costs mainly concern North America zone (United States).

Other long-term employee benefits

Other long-term employee benefits cover long-service awards and other long-service awards within the Group.

Post-employment benefit plans are subject to the regulations applicable in each country. The benefits recognized in the financial statements are therefore not a function of the number of employees by region.

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 rate is given as a discrepancy in the parameters is too great to calculate an average. Similarly, sensitivity tests are carried out on significant, homogeneous and regional data.

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5.2.6.2. Changes in balance sheet commitments and benefit costs corresponding to the defined benefit plans

The balance sheet amounts for these benefits are as follows:

In thousand of euros	Post-employment benefit plans				Other long-term benefits				Total		
	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2017	December 31, 2016	December 31, 2015		
Projected benefit obligation at January 1	150,173	135,123	125,733	4,876	5,678	6,989	155,051	140,802	132,722		
Service cost	11,108	8,929	8,300	263	658	371	11,371	9,587	8,671		
Interest cost	3,626	3,881	4,068	44	94	99	3,670	3,975	4,167		
Curtailments, settlements and other	632	(1,579)	(6,652)	(65)	(239)	(1,299)	567	(1,818)	(7,951)		
Actuarial gains and losses	1,172	12,411	6,307	(466)	197	(20)	706	12,608	6,287		
Of which, experience adjustments	(1,715)	705	1,676	(327)	(137)	(37)	(2,042)	568	1,639		
Benefits paid from plan assets	(368)	(711)	(13)	21	5	17	(347)	(706)	4		
Benefits paid by the Company	(1,920)	(2,050)	(9,529)	(324)	(436)	(574)	(2,244)	(2,486)	(10,103)		
Change in scope	(9,703)	572	–	(898)	(163)	–	(10,601)	409	–		
Reclassifications according to IFRS 5 ⁽¹⁾	9,057	(9,057)	–	933	(933)	–	9,990	(9,990)	–		
Translation adjustment	(9,378)	2,654	6,910	(61)	15	95	(9,439)	2,669	7,005		
Projected benefit obligation at December 31	154,399	150,173	135,123	4,323	4,876	5,678	158,722	155,049	140,802		
Change in projected benefit obligation	4,226	15,050	9,390	(553)	(802)	(1,311)	3,671	14,247	8,080		
Fair value of plan assets at January 1	45,331	38,811	39,557	–	–	–	45,331	38,811	39,557		
Return on plan assets	1,392	1,328	1,663	–	–	–	1,392	1,328	1,663		
Employer contributions	6,655	4,996	4,757	–	–	–	6,655	4,996	4,757		
Actuarial gains and losses	3,568	(459)	4,556	–	–	–	3,568	(459)	4,556		
Benefit payments funded by plan assets	(514)	(405)	(7,091)	–	–	–	(514)	(405)	(7,091)		
Curtailments, settlements and other			(8,158)	–	–	–			(8,158)		
Translation adjustment	(4,226)	1,060	3,527	–	–	–	(4,226)	1,060	3,527		
Fair value of plan assets at December 31	52,206	45,331	38,811	–	–	–	52,206	45,331	38,811		
Change in fair value of plan assets	6,875	6,520	(746)	–	–	–	6,875	6,520	(746)		
Excess of projected benefit obligation over plan assets = net provision recorded in the balance sheet	102,194	104,842	96,312	4,323	4,876	5,679	106,517	109,718	101,991		
• of which France	47,720	50,026	49,185	3,047	3,496	4,226	50,767	53,522	53,411		
• of which Europe excluding France	9,927	10,947	11,105	827	880	916	10,754	11,827	12,021		
• of which United States	35,224	34,842	28,142	449	500	537	35,673	35,342	28,679		
• of which other regions	9,323	9,027	7,880	–	–	–	9,323	9,027	7,880		

(1) See Note 5.1.16 for the breakdown of components reclassified in "Assets and Liabilities held for sale".

The present value of partially funded commitments amounted to €99,903 thousand at December 31, 2017, including €12,712 thousand for French plans and €70,221 thousand for the United States plans. At December 31, 2016, the present value of partially funded obligations was as follows: at the end of the year, there were €95,859 thousand, including €12,817 thousand for French plans and €66,641 thousand for the United States plans.

In 2017:

The decrease in the commitments is mainly related to the increase in discount rates in Europe.

In 2016:

The significant impacts were due to lower discount rates in Europe and the United States.

5.2.6.3. Analysis of net obligations by region

Details of net obligations by region are presented in the table below:

In thousand of euros	December 31, 2017				December 31, 2016			
	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	46,378	738	–	9,323	45,857	691	–	9,027
Supplementary pension plans	1,342	9,189	31,968	–	4,169	10,256	31,093	–
Healthcare plans	–	–	3,256	–	–	–	3,749	–
Total post-employment benefit obligations	47,720	9,927	35,224	9,323	50,026	10,947	34,842	9,027
Other long-term benefits	3,047	827	449	–	3,496	880	500	–
Total other post-employment benefit obligations	3,047	827	449	–	3,496	880	500	–
Net obligations recognized in the balance sheet	50,767	10,754	35,673	9,323	53,522	11,827	35,342	9,027

	December 31, 2017		December 31, 2016	
	France	United States	France	United States
Average maturity of obligations (in years)	12	21	13	21
Amount of obligations (in thousand of euros)	57,362	70,221	57,920	66,641
of which:				
Retirees obligations	–	2,263	–	2,140
Vested deferreds obligations	–	3,203	–	2,094
Actives obligations	57,362	64,755	57,920	62,407

5.2.6.4. Sensitivity tests of Retirement obligations

The sensitivity tests on retirement obligations on the main external variable, the discount rate, in 2017 and in 2016 show the following impacts:

In thousand of euros	December 31, 2017					December 31, 2016					
	Basis	Increase		Decrease		Basis	Increase		Decrease		
		+0,25%		-0,25%			+0,25%		-0,25%		
		Amount	%	Amount	%		Amount	%	Amount	%	
France											
Effect on service cost and interest cost	4,687	4,663	-0.52%	4,711	0.51%	4,629	4,678	1.06%	4,719	1.94%	
Effect on projected benefit obligation	57,362	55,568	-3.12%	59,229	3.26%	57,920	56,300	-2.80%	59,851	3.33%	
United States											
Effect on service cost and interest cost	7,329	7,162	-2.28%	7,496	2.27%	7,158	6,976	-2.54%	7,341	2.56%	
Effect on projected benefit obligation	70,221	66,835	-4.82%	73,784	5.08%	66,641	60,134	-9.76%	63,388	-4.88%	

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5.2.6.5. Changes in net balance sheet amounts of the benefits

Changes in net balance sheet positions related to the full range of benefits are as follows:

In thousand of euros	Post-employment benefit plans			Other long-term benefits			Total		
	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2017	December 31, 2016	December 31, 2015
Net projected benefit obligation at January 1	104,842	96,312	86,176	4,876	5,679	6,989	109,718	101,991	93,165
Expense/income for the year									
Service cost	11,108	8,929	8,300	263	658	371	11,371	9,587	8,671
Curtailments, settlements and other	632	(1,579)	1,504	(65)	(239)	(1,300)	567	(1,818)	204
Benefits paid by the Company	(1,920)	(2,050)	(9,529)	(324)	(436)	(574)	(2,244)	(2,486)	(10,103)
Actuarial gains and losses		(8)		(431)	269	(20)	(431)	261	(20)
Benefit payments funded by assets	146	(307)	7,078	21	5	17	167	(302)	7,096
Employer contributions	(6,655)	(4,996)	(4,757)				(6,655)	(4,996)	(4,757)
Net non-recurring post-employment benefit plan costs recorded in operating expenses⁽¹⁾	3,311	(11)	2,596	(536)	256	(1,505)	2,775	245	1,091
Interest cost	3,626	3,881	4,068	44	94	100	3,670	3,975	4,168
Expected return on plan assets	(1,392)	(1,328)	(1,663)				(1,392)	(1,328)	(1,663)
Interest costs of post-employment benefit obligations⁽²⁾	2,234	2,553	2,405	44	94	100	2,278	2,647	2,505
Balance sheet impact									
Change in scope	(9,703)	572		(898)	(163)		(10,601)	409	
IFRS 5 reclassification ⁽³⁾	9,057	(9,057)		933	(933)		9,990	(9,990)	
Actuarial gains and losses	(2,396)	12,878	1,751	(35)	(72)		(2,431)	12,806	1,751
Translation adjustment	(5,152)	1,594	3,383	(61)	15	95	(5,213)	1,609	3,478
Balance sheet impact	(8,194)	5,987	5,135	(61)	(1,153)	95	(8,255)	4,834	5,230
Net projected benefit obligation at December 31	102,194	104,842	96,312	4,323	4,876	5,679	106,517	109,718	101,991

(1) Including €65 thousand recorded as other operating income and expenses for 2017 versus €1,847 thousand for 2016.

(2) See Interest costs of post-employment benefit obligations in Note 4.7 on "Net Financial Income".

(3) See Note 5.1.16 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 rate of growth of health care costs in the United States:

In thousand of euros	December 31, 2017		December 31, 2016	
	Increase	Decrease	Increase	Decrease
Effect on provisions for post-employment benefit obligations	500	(633)	536	(680)

5.2.6.7. Breakdown of plan assets by category

The funded plan assets at fair value – mainly in the United States – broke down as follows by category:

In thousand of euros	December 31, 2017	December 31, 2016
Equities	25,083	22,263
Bonds	15,252	13,050
Real estate	598	217
Other	11,274	9,801
Total	52,206	45,331

5.2.6.8. Contributions paid in respect of defined contribution plans

Contributions paid in respect of defined contribution plans amounts to €11,594 thousand in 2017 compared to €10,181 thousand in 2016. The jump compared to the 2015 amount of €7,136 thousand reported in the December 31, 2016 Consolidated Financial Statements is due to the integration of the German subsidiary of Faurecia “Exterior Systems” business. With the acquisition of this business, the Group absorbed nearly 3,000 employees in Germany where the pension plan is based on defined contributions.

5.2.7. Non-current borrowings

5.2.7.1. Definition of debt instruments within the Group

Net debt is an important notion for the day-to-day management of Plastic Omnium cash. It is used to determine the Group's debit

or credit position outside of the operating cycle. Net debt is determined as:

- long-term borrowings:
 - drawdowns on lines of credit,
 - private placement notes,
 - bonds;
- less loans, negotiable debt securities and other long-term financial assets (see Note 5.2.7.3 “Loans, negotiable debt securities and other financial assets”);
- plus short-term loans;
- plus overdraft facilities;
- less cash and cash equivalents.

5.2.7.2. Borrowings: private placement notes

First Half of 2017

On June 19, 2017, the Group placed out the placement of a €500 million bond with European investors without “covenants” or “rating”. The features of this bond issue are presented in the table below:

Bond issue	Issued on June 19, 2017
Fixed rate (in euros)	500,000,000
Maturity	June 26, 2024
Interest rate	1.25%
Listed	Euronext Paris

At December 31, 2017

The main features of the bonds and private placements as at December 31, 2017 are summarized in the following table:

December 31, 2017	Private placement bond issue of 2012	Private bond of 2013	“Schuldschein” private placement of 2016	Private placement bond issue of June 2017
Issue – Fixed rate (in euros)	250,000,000	500,000,000	300,000,000	500,000,000
Annual interest rate/coupon	3.875%	2.875%	1.478%	1.25%
Features	French institutional investors	European investors	International (Asia, Germany, Netherlands, Switzerland, Luxembourg, Belgium) and French investors	European investors
No “covenants” and “rating”				
Maturity	December 12, 2018	May 29, 2020	June 17, 2023	June 26, 2024

5.2.7.3. Loans, negotiable debt securities and other financial assets

Other financial assets include loans, security deposits and surety bonds and negotiable debt securities and mutual funds holding cash and bonds (UCITS – Undertaking for Collective Investment in Transferable Securities). They are valued 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. This impairment is reversed if the amount recovered is favorable.

Other financial assets also include short-term investment securities that do not meet the criteria for the equivalent of cash equivalents. These assets are measured at their fair value at the closing date, and changes in fair value are recognized in net financial income.

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In 2015, the Group subscribed to four negotiable medium-term notes with a credit institution and in 2017, the Group invested in UCITS comprising mutual funds holding medium-term bonds and cash. The summary is shown in the table below:

Negotiable medium-term note	Classified as current financial receivables ⁽¹⁾			UCITS ⁽²⁾
Subscription date	February 24, 2015	July 13; 2015	July 13, 2015	February 24, 2015 December, 14 and 29, 2017
Nominal (in euros)	5,000,000	10,000,000	4,000,000	5,000,000 50,006,265
Maturity	February 25, 2019	July 11, 2018	July 15, 2019	February 24, 2020 Indeterminate
<i>Not available for four quarters following the subscription date</i>			<i>Not available for eight quarters following the subscription date</i>	
Quarterly coupon: • Fixed rate • Variable rate	Sets the first four quarters following the issue 3-month Euribor + spread as of the fifth quarter			Sets the first eight quarters following the issue 3-month Euribor + spread as of the ninth quarter N/A
Total at December 31, 2017	24,000,000 euros			50,006,265 euros

(1) See Note 5.1.10 on Current financial receivables.

(2) UCITS: Undertaking for Collective Investment in Transferable Securities.

5.2.7.4. Utilization of medium-term credit lines

At December 31, 2017 as at December 31, 2016, the Plastic Omnium Group had access to several confirmed bank lines of credit exceeding the Group's requirements.

At December 31, 2017, the amount of these confirmed bank lines of credit amounted to €1,349 million with an average maturity of four years, compared with €1,303 million at December 31, 2016.

5.2.7.5. Reconciliation of gross and net debt

In thousand of euros	December 31, 2016			December 31, 2016		
	Total	Current portion	Non-current portion	Total	Current portion	Non-current portion
Finance lease liabilities	14,412	2,741	11,671	17,059	2,821	14,238
Bonds and bank loans	1,690,437	378,337	1,312,100	1,270,598	165,499	1,105,099
of which the bond issue in 2017	498,180	3,339	494,841	–	–	–
of which the bond issue in 2013	506,067	8,546	497,521	505,091	8,546	496,545
of which the "EuroPP" bond issue	249,964	249,964	–	249,390	531	248,859
of which the "Schuldschein" private placement 2012	–	–	–	45,000	45,000	–
of which the "Schuldschein" private placement 2016	301,173	2,393	298,780	300,960	2,393	298,567
of which commercial paper	–	–	–	12,000	12,000	–
of which bank lines of credit	135,053	114,095	20,958	158,157	97,029	61,128
Non-current and current borrowings (+)	1,704,849	381,078	1,323,771	1,287,657	168,320	1,119,337
Other current debt (+)	4	4	–	5	5	–
Hedging instruments – liabilities (+) ⁽¹⁾	5,618	5,618	–	17,870	17,870	–
Total borrowings (B)	1,710,471	386,700	1,323,771	1,305,532	186,195	1,119,337
Available-for-sale financial assets (-) ⁽²⁾	(27,514)		(27,514)	(30,451)		(30,451)
Other financial assets (-)	(101,867)	(42,807)	(59,060)	(88,367)	(33,918)	(54,449)
of which non-current financial receivables ⁽³⁾	(49,802)		(49,802)	(25,816)		(25,816)
of which trade accounts receivable ^{(3) (4)}	(52,065)	(42,807)	(9,258)	(62,551)	(33,918)	(28,633)
Other current financial assets and financial receivables (-) ⁽⁴⁾	(83,209)	(83,209)	–	(62,388)	(62,388)	–
of which negotiable debt securities	(74,018)	(74,018)	–	(24,016)	(24,016)	–
of which receivables attached to available-for-sale financial asset	–	–	–	(30,179)	(30,179)	–
Hedging instruments – assets (-) ⁽¹⁾	(5,254)	(5,254)		(499)	(499)	–
Total financial receivables (C)	(217,844)	(131,270)	(86,574)	(181,705)	(96,805)	(84,900)
Gross debt (D) = (B) + (C)	1,492,627	255,430	1,237,197	1,123,827	89,390	1,034,437
Cash and cash equivalents (-) ⁽⁵⁾	939,635	939,635	–	334,189	334,189	–
Short-term bank loans and overdrafts (+)	(9,993)	(9,993)	–	(10,307)	(10,307)	–
Net cash and cash equivalents as recorded in the Statement of Cash Flows (A)⁽⁶⁾	(929,642)	(929,642)	–	(323,882)	(323,882)	–
Net debt (E) = (D) + (A)	562,985	(674,212)	1,237,197	799,945	(234,492)	1,034,437

(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 5.1.8 "Other non-current financial assets".

(4) See Note 5.1.10 "Current financial assets" and 5.2.7.3 for the principal amount.

(5) See Note 5.1.13.1 "Cash and cash equivalents – Gross value".

(6) See Note 5.1.13.2 "Net cash and cash equivalents at close".

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5.2.7.6. Analysis of gross debt by currency

The table below shows the gross financial debt after taking into account the swaps transactions that allowed the conversion of the euro into foreign currency.

As a % of total debt	December 31, 2017	December 31, 2016
Euro ⁽¹⁾	74%	63%
US dollar	18%	25%
Chinese yuan	3%	5%
Pound sterling	4%	5%
Brazilian real	1%	1%
Russian ruble	0%	0%
Polish zloty	0%	0%
Other currencies ⁽²⁾	0%	1%
Total	100%	100%

(1) The change of the relative weight of the euro in the Group's debt structure is explained by the €500 million bond issue on June 19, 2017 (see Note 2.4.1).

(2) "Other currencies" concerns various currencies, which, taken individually, account for less than 1% of total financial debt over the two periods.

5.2.7.7. Analysis of gross debt by type of interest rate

As a % of total debt	December 31, 2017	December 31, 2016
Hedged variable rates	0%	0%
Unhedged variable rates	7%	8%
Fixed rates	93%	92%
Total	100%	100%

5.2.8. Interest rate and currency hedges

In thousand of euros	December 31, 2017		December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	–	(3,400)	–	(6,414)
Exchange rate derivatives	5,254	(2,218)	499	(11,456)
Total balance sheet	5,254	(5,618)	499	(17,870)

5.2.8.1. Interest rate hedges

Interest rate hedges included swaps and caps. The objective is to hedge the Plastic Omnium Group against the increase in interest rates to which its financing is exposed.

At December 31, 2017:

- the total notional amount of derivative instruments used for the management of interest rate risks stood at €105 million (swaps) compared with €255 million at December 31, 2016 (swaps and caps).

The Group does not have any derivatives that are qualified as cash flow hedges as defined in IAS 39 ("Cash flow hedge"). The amount was €60 million at December 31, 2016.

Instruments that do not qualify for hedge accounting are nevertheless part of the Group's interest rate hedging strategy, which is financed at variable rates, particularly in the context of its sales of receivables.

The fair value of derivatives is recognized in the assets and liabilities in the consolidated balance sheet under "Hedging instruments".

For derivatives that qualify for hedge accounting under IFRS:

- the effective portion of the change in fair value of the derivatives to hedge future periods is recognized in equity ("Other comprehensive income");
- it is reclassified to the income statement in the same period as 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 income.

5.2.8.1.1. Derivatives portfolio

In thousand of euros	December 31, 2017			December 31, 2016		
	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)	(3,400)	–	(3,400)	(6,414)	–	(6,414)
Outstanding premiums	–	–	–	(350)	–	(350)
Total fair value and outstanding premiums		–	(3,400)		–	(6,764)

Composition of interest rate derivatives portfolio:

In thousand of euros	December 31, 2017							
	Fair value	Recorded in assets	Recorded in liabilities	Effective portion included in OCI ⁽¹⁾	Nominal	Maturity	Reference interest rate	Outstanding premiums ⁽²⁾
Swaps	(3,400)	–	(3,400)	–	105,000	February 2019	Euribor 1M	N/A
Total	(3,400)	–	(3,400)	–	105,000			N/A

In thousand of euros	December 31, 2016							
	Fair value	Recorded in assets	Recorded in liabilities	Effective portion included in OCI ⁽¹⁾	Nominal	Maturity	Reference interest rate	Outstanding premiums ⁽²⁾
Caps	–	–	–	–	60,000	May 2017	Euribor 2M	(140)
Caps	–	–	–	–	90,000	June 2017	Euribor 1M	(210)
Swaps	(6,414)	–	(6,414)	–	105,000	February 2019	Euribor 1M	N/A
Total	(6,414)	–	(6,414)	–	255,000			(350)

(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 amounts below are expressed as gross values before tax.

In thousand of euros	Balance before tax recorded in OCI ⁽¹⁾ at December 31, 2016	Transactions in the period	Change in fair value of derivatives	Amount reclassified in profit or loss in the period	Fair value adjustments reclassified in profit or loss December 31, 2017
Effect of August 2010 and February 2012 restructuring of the derivatives portfolio ⁽²⁾	1,824	–	–	(804)	1,020
Effect of June 2013 restructuring of the derivatives portfolio	(3,530)	–	–	1,630	(1,900)
Total	(1,706)	–	–	826	(880)

In thousand of euros	Balance before tax recorded in OCI ⁽¹⁾ at December 31, 2015	Transactions in the period	Change in fair value of derivatives	Amount reclassified in profit or loss in the period	Fair value adjustments reclassified in profit or loss December 31, 2016
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)

(1) OCI: Other Comprehensive Income.

(2) Restructuring of derivatives portfolio to extend maturity of hedging instruments.

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5.2.8.1.3. Impact of hedging on the income statement

In thousand of euros	December 31, 2017	December 31, 2016
Effective component of hedging instruments related to derivatives portfolio (hedging of interest rates accruing over the period)	(3,260)	(3,622)
Reclassification in profit or loss of accumulated gains and losses following past restructurings ⁽¹⁾	(826)	(824)
Time value of caps	299	686
Changes in fair value of instruments that do not qualify for hedge accounting	3,022	1,740
Total⁽²⁾	(765)	(2,020)

(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 risk.

Since 2016, the Group has chosen a policy of hedging the highly probable future transactions in foreign currencies of its entities. Hedging instruments implemented in this framework are forward purchases of foreign currency. The Group has applied to these instruments the accounting treatment of cash flow hedges as required by IAS 39.89: instruments are valued at fair value and changes in value are recognized in equity for the effective portion. These amounts recognized in equity are transferred to profit or loss when the hedged cash flows affect the income.

The Group also applies to certain instruments the accounting treatment of net assets as defined in IAS 39.89: instruments are measured at fair value and changes in value as well as their settlement are recognized in equity.

At December 31, 2017, the fair value of the instruments implemented and recognized was a positive amount €3,036 thousand, of which a positive €2,216 thousand recognized in equity.

Changes in the fair value of other currency hedging instruments are recognized in net financial income.

5.2.8.2.1. Portfolio of currency hedges

	December 31, 2017				December 31, 2016			
	Fair value in thousand of euros	Notional amount in thousands of currency units	Medium-term exchange rate (currency/ euro)	Exchange rate at December 31, 2017 (currency/ euro)	Fair value in thousand of euros	Notional amount in thousands of currency units	Medium-term exchange rate (currency/ euro)	Exchange rate at December 31, 2016 (currency/ euro)
Net sell position (net buy position if <0)								
USD – Forward exchange contract	+2,216	(45,780)	1.1492	1.1993	(1,041)	(45,135)	1.0992	1.0541
GBP – Forward exchange contract	–	–	–	–	+361	(7,436)	0.8223	0.8562
HUF – Forward exchange contract	(19)	(283,982)	316.8402	310.3300	–	–	–	–
CNY – Forward exchange contract	–	–	–	–	–	–	–	–
MYR – Forward exchange contract	–	–	–	–	–	–	–	–
MXN – Forward exchange contract	–	–	–	–	–	–	–	–
CLP – Forward exchange contract	(1)	+222,832	742.7733	–	(11)	(332,157)	–	707.8000
KRW – Forward exchange contract	(6)	(2,225,591)	1,281.7979	1,279.6100	+139	(9,090,523)	+1,265	1,369.3600
USD – Forward currency swap	+2,739	(228,000)	1.1834	1.1993	(9,247)	(283,300)	1.0923	1.0541
GBP – Forward currency swap	(519)	(48,000)	0.8980	0.8872	(281)	(36,824)	0.8619	0.8562
CZK – Forward currency swap	–	–	–	–	–	–	–	–
RUB – Forward currency swap	(76)	(127,670)	72.8100	69.3920	(263)	(109,000)	77.4600	64.3000
CNY – Forward currency swap	(1,300)	(398,000)	8.0525	7.8044	(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	+3,036				(10,956)			

5.2.8.2.2. Impact of unsettled foreign exchange hedges on income and equity

In thousand of euros	December 31, 2017	December 31, 2016
Impact of change in foreign exchange hedging portfolio on income (ineffective portion) ⁽¹⁾	11,587	(7,715)
Impact of change in foreign currency hedging portfolio on equity (effective portion)	2,403	(187)
Total	13,990	(7,902)

(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

In thousand of euros	December 31, 2017	December 31, 2016 adjusted	Adjustments	December 31, 2016 published
Trade payables	1,146,885	1,151,155	2,431	1,148,724
Due to suppliers of fixed assets	86,336	77,894		77,894
Total	1,233,221	1,229,049	2,431	1,226,618

5.2.9.2. Other operating liabilities

In thousand of euros	December 31, 2017	December 31, 2016 adjusted	Adjustments	December 31, 2016 published
Accrued employee benefits expense	156,558	137,058		137,058
Accrued income taxes	31,741	31,837		31,837
Other accrued taxes ⁽¹⁾	125,574	113,068		113,068
Other payables	260,760	202,601	1,963	200,638
Customer prepayments	215,265	200,698		200,698
Total	789,898	685,262	1,963	683,299

(1) For the impacts of the Tax Credit-CICE for French entities, see in Significant Events of the period, Note 2.5.1.

5.2.9.3. Payables and other operating liabilities by currency

In thousands of currency units	Liabilities at December 31, 2017			December 31, 2016 adjusted	Adjustments	Liabilities at December 31, 2016 published		
	Local currency	Euro	%			Euro	Local currency	Euro
EUR Euro	1,138,805	1,138,805	56%	977,378	4,394	972,984	972,984	51%
USD US dollar	538,656	449,142	22%	437,946		461,639	437,946	23%
GBP Pound sterling	118,456	133,512	7%	144,036		123,321	144,036	8%
CNY Chinese yuan	878,575	112,574	6%	125,475		918,505	125,475	7%
BRL Brazilian real	174,635	43,957	2%	40,280		138,182	40,280	2%
Other Other currencies		145,129	7%	189,196			189,196	9%
Total	2,023,119	100%		1,914,311	4,394		1,909,917	100%
Of which:								
• Trade payables		1,233,221	61%	1,229,049	2,431		1,226,618	64%
• Other operating liabilities		789,898	39%	685,262	1,963		683,299	36%

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Sensitivity tests of exchange rate movements of "Trade payables and other liabilities" give the following results:

In thousands of currency units	Sensitivity tests on liabilities at December 31, 2017						December 31, 2016 adjusted	Adjustments	Sensitivity tests on liabilities at December 31, 2016							
	Base		Increase - all currencies		Decrease - all currencies				Base		Base		Increase - all currencies			
			+10%	+20%	-10%	-20%							+10%	+20%		
	Local currency	Conversion rate	%	%	%	%	Local currency	Local currency	Local currency	Conversion rate	%	%	%	%		
EUR Euro	1,138,805	1.0000	54%	52%	59%	62%	977,378	4,394	972,984	1.0000	49%	46%	54%	56%		
USD US dollar	538,656	0.8338	23%	24%	21%	19%	461,639		461,639	0.9487	24%	25%	22%	20%		
GBP Pound sterling	118,456	1.1271	7%	7%	6%	6%	123,321		123,321	1.1680	8%	8%	7%	7%		
CNY Chinese yuan	878,575	0.1281	6%	6%	5%	5%	918,505		918,505	0.1366	7%	7%	6%	6%		
BRL Brazilian real	174,635	0.2517	2%	2%	2%	2%	138,182		138,182	0.2915	2%	2%	2%	2%		
Other Other currencies			8%	9%	7%	6%					10%	12%	9%	9%		
Total (in euros)	2,023,119	2,111,554	2,199,985	1,934,690	1,846,258		1,914,310	4,394		1,909,916	2,003,609	2,097,302	1,816,223	1,722,529		
Of which:																
· Trade payables	1,233,221	1,287,126	1,341,030	1,179,316	1,125,411		1,229,049	2,431		1,226,618	1,286,791	1,346,964	1,166,445	1,106,271		
· Other operating liabilities	789,898	824,428	858,955	755,374	720,847		685,261	1,963		683,298	716,818	750,338	649,778	616,258		

Exchange rate sensitivity tests on "Trade payables and other liabilities" and "Trade and other receivables" (see Note 5.1.11) show an insignificant net sensitivity to exchange rate fluctuations as at December 31, 2017.

This is achieved through the use of capital markets, leading to capital and financial debt management.

As part of its capital management strategy, the Group pays dividends to its shareholders and may make adjustments in line with changes in economic conditions.

The capital structure may be adjusted by paying ordinary or special dividends, through share buybacks and cancellation of treasury stock, returning a portion of capital to shareholders or issuing new shares and/or securities giving rights to capital.

The Group uses the gearing ratio, corresponding to the ratio of consolidated net debt to equity, as a ratio of the Group's net debt. The Group includes in net debt all financial liabilities and commitments, other than operating payables, less cash and cash equivalents and other financial assets, other than operating receivables, such as marketable securities and loans. At December 31, 2017 and December 31, 2016, the gearing ratio was as follows:

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 result in entering balance sheet and off-balance sheet commitments, is approved every quarter by the Chairman and Chief Executive Officer.

6.1. Capital management

The Group's objective is to have, at any time, sufficient financial resources to enable it to carry out its current business, fund the investments required for its development and also to respond to any exceptional events.

In thousand of euros	December 31, 2017	December 31, 2016
Net debt ⁽¹⁾	562,985	799,945
Equity (including non-current government grants)	1,760,791	1,516,131
Gearing ratio	31.97%	52.76%

(1) See Note 5.2.7.5 "Reconciliation of gross and net debt".

None of the Group's bank loans or financial liabilities contains covenants providing for early repayment in the event of non-compliance with financial ratios.

As part of its capital management, the liquidity account shows the following positions:

- at December 31, 2017:
9,500 securities (shares),
and €3,552,108 in cash;
- at December 31, 2016:
25,032 securities (shares),
and €2,925,457 in cash.

6.2. Commodities risk – Exposure to plastics risk

Plastic Omnium's business requires the purchase of large quantities of plastic, steel, paint and other raw materials subject to price changes that could have an impact on its operating margin.

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

The Environment segment, as part of an active sustainability policy, manufactures its products using over 60% recycled plastic, which is structurally barely affected by price swings. For the rest, the segment negotiates contracts with its suppliers with annual

price commitments. Finally, inventories are managed in such a way as to minimize the impact of price fluctuations.

In view of these measures, the Group considers that the price changes of the raw materials 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, 2017, 13.2% of the Group's trade receivables were past due, versus 11.1% at December 31, 2016. Trade receivables break down as follows:

Ageing analysis of net receivables

At December 31, 2017 In thousand of euros	Total outstanding	Not yet due	Due and past due	Less than 1 month	1-6 months	6-12 months	More than 12 months
Automotive	886,624	772,123	114,501	73,557	23,287	13,186	4,471
Environment	46,369	36,849	9,520	4,995	3,792	654	79
Unallocated items	7,091	7,091	–	–	–	–	–
Total	940,084	816,063	124,021	78,552	27,079	13,840	4,550

At December 31, 2016 In thousands of euros	Total outstanding adjusted	Adjustments	Total outstanding published	Not yet due	Due and past due	Less than 1 month	1-6 months	6-12 months	More than 12 months
Automotive	765,477	(205)	765,682	686,293	79,389	45,222	24,654	4,391	5,123
Environment	42,066	–	42,066	31,448	10,618	5,404	3,258	478	1,478
Unallocated items	1,876	–	1,876	1,847	29	29	–	–	–
Total	809,419	(205)	809,624	719,588	90,036	50,654	27,912	4,869	6,601
IFRS 5 reclassifications ⁽¹⁾	25,231	–	25,231	22,759	2,472	1,966	220	125	161

(1) See the Note 5.1.16 on the Summary of Transactions classified in Assets and Liabilities held for sale.

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 must have at all times sufficient financial resources to finance the current business and the investments required to support its development, but also to withstand any exceptional events.

This objective is mainly achieved by using medium-term lines of credit with banking institutions 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 weekly summary report is submitted to the Chairman and Chief Executive Officer and the Chief Operating Officers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.4.1. Other long-term financial receivables – carrying amounts and undiscounted values

Undiscounted values can be reconciled to the information in the table in Note 6.4.2 on “Liquidity risks by maturity”.

In thousand of euros	December 31, 2017		December 31, 2016	
	Undiscounted finance receivables	Carrying amount	Undiscounted finance receivables	Carrying amount
Due in one to five years	10,100	9,153	30,731	28,515
Other receivables (see Note 5.1.8)	42	42	29	29
Finance receivables related to Environment finance leases (see Note 5.1.8)	799	709	1,647	1,490
Finance receivables related to Automotive contracts (see Note 5.1.8)	9,259	8,402	29,055	26,996
Due beyond five years	156	147	149	147
Other receivables (see Note 5.1.8)	–	–	–	–
Finance receivables related to Environment finance leases (see Note 5.1.8)	156	147	149	147
Total	10,256	9,300	30,880	28,662

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. The liquidity risk analysis shows the following:

At December 31, 2017

In thousand of euros	December 31, 2017	Less than 1 year	1 to 5 years	More than 5 years
Financial assets				
Available-for-sale financial assets – Equity interests	316	–	316	–
Other available for sale financial assets	27,514	–	27,514	–
Other financial assets	49,802	–	49,802	–
Finance receivables ⁽¹⁾	53,103	42,889	10,058	156
Trade receivables ⁽²⁾	940,084	935,534	4,550	–
Other current financial assets and financial receivables	83,209	83,209	–	–
Hedging instruments	5,254	5,254	–	–
Cash and cash equivalents	939,635	939,635	–	–
Total financial assets	2,098,917	2,006,521	92,240	156
Financial liabilities				
Non-current borrowings ⁽⁴⁾	1,427,177	11,332	599,713	816,133
Bank overdrafts	9,993	9,993	–	–
Current borrowings ⁽⁵⁾	393,796	393,796	–	–
Other current debt	4	4	–	–
Hedging instruments	5,618	5,618	–	–
Trade payables	1,233,221	1,233,221	–	–
Total financial liabilities	3,069,810	1,653,964	599,713	816,133
Financial assets and financial liabilities – net⁽⁶⁾	(970,893)	352,557	(507,473)	(815,977)

(1) Undiscounted amount (see Notes 5.1.10 "Current financial receivables" and 6.4.1 "Other long-term financial receivables").

(2) "Trade receivables" includes €124,021 thousand past due at December 31, 2017 against €90,036 thousand at December 31, 2016. See Note 6.3.1 on "Customer credit risk".

(3) See Note 5.1.16 for the breakdown of items included in "Assets and Liabilities held for sale", in 2016.

(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 5.2.7.4 on confirmed medium-term credit lines compared to uses in 2017 and 2016, the confirmed and unused bank lines largely covered the Group's cumulative medium-term financing requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2016

In thousand of euros	December 31, 2016 adjusted	Adjustments	December 31, 2016 published	Less than 1 year	1 to 5 years	More than 5 years
Financial assets						
Available-for-sale financial assets – Equity interests	394	–	394	–	394	–
Other available for sale financial assets	30,451	–	30,451	–	30,451	–
Other financial assets	25,816	–	25,816	–	25,816	–
Finance receivables ⁽¹⁾	64,889	–	64,889	34,038	30,702	149
Trade receivables ⁽²⁾	809,419	(205)	809,624	803,023	6,601	–
Other current financial assets and financial receivables	62,388	–	62,388	62,388	–	–
Hedging instruments	499	–	499	499	–	–
Cash and cash equivalents	334,189	–	334,189	334,189	–	–
Total financial assets	1,328,045	(205)	1,328,250	1,234,137	93,964	149
Reclassification of Financial assets IFRS 5 ⁽³⁾	30,532	–	30,532	30,349	183	–
Financial liabilities						
Non-current borrowings ⁽⁴⁾	1,230,968	–	1,230,968	28,497	890,667	311,805
Bank overdrafts	10,307	–	10,307	10,307	–	–
Current borrowings ⁽⁵⁾	174,117	–	174,117	174,117	–	–
Other current debt	5	–	5	5	–	–
Hedging instruments	17,870	–	17,870	17,870	–	–
Trade payables	1,229,049	2,431	1,226,618	1,226,618	–	–
Total financial liabilities	2,662,316	2,431	2,659,885	1,457,414	890,667	311,805
Reclassifications of financial liabilities IFRS 5 ⁽³⁾	32,202	–	32,202	32,202	–	–
Financial assets and financial liabilities – net⁽⁶⁾	(1,334,271)	(2,636)	(1,331,635)	(223,277)	(796,703)	(311,656)

(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 5.2.7.4 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 risks

Plastic Omnium's business is based for the most part on local plants: by producing locally what is sold locally, the Group has little exposure to currency fluctuations, except for the translation of financial statements.

The Group's policy is to minimize the currency risk arising from transactions that will result in future payment or future revenue. If a transaction does give rise to a material currency risk, it is hedged with 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 effects of a potential increase in variable rates on variable rate debt, which would adversely affect net financial income. Interest rate risk is managed on the basis of the Group's consolidated debt with the main objective of maintaining relatively low financing costs in relation to the profitability of the Group's operations.

At December 31, 2017 as at December 31, 2016, the Group's core funding was at fixed rates (see Notes 5.2.7.7 "Analysis of debt by type of interest rate" and 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 carried out for any significant financial transactions and counterparty diversification and sufficient participants is among the selection criteria.

Sensitivity to interest rate changes

At December 31, 2017, an increase of 1% in interest rates on variable rate debt would lead to a net increase of €1.3 million in interest expense after taking into account the impact of hedging instruments, compared with a reduction of €0.2 million (of interest expense after taking into account the impact of hedging instruments for a 1% increase in interest rate) at December 31, 2016.

At December 31, 2017, a 1% decrease in interest rates on floating rate debt would lead to a decrease of €1.3 million in the cost of interest after taking into account the impact of hedging instruments compared with an increase of €0.6 million (of interest expense after taking into account the impact of hedging instruments for a 1% decrease in interest rate on variable rate debt) at December 31, 2016.

6.7. Additional information on financial assets and liabilities

Most derivatives are traded over-the-counter on which there are no listed prices. Therefore, their valuation is based on models commonly used by traders to evaluate these financial instruments (models for discounting future cash flows or options).

Financial assets and liabilities by category and fair value break down as follows:

Assets	2017							
	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)
		Through the income statement	Through shareholders' equity (AFS) (2)	Through shareholders' equity (CFH hedge) (3)				
Available-for-sale financial assets – Equity interests	–	–	316	–	316	316	–	–
Available-for-sale financial assets	–	–	27,514	–	27,514	–	27,514	–
Other non-current financial assets	59,060	–	–	–	59,060	–	–	–
Finance receivables	42,807	–	–	–	42,807	–	–	–
Trade receivables	940,084	–	–	–	940,084	–	–	–
Other current financial receivables	33,202	50,007	–	–	83,209	–	50,007	–
Hedging instruments	–	5,254	–	–	5,254	–	–	5,254
Cash and cash equivalents	–	939,635	–	–	939,635	–	–	939,635

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In thousand of euros									
	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)
Liabilities		Through the income statement	Through shareholders' equity (AFS) (2)	Through shareholders' equity (CFH hedge)(3)					
Non-current borrowings ⁽¹⁾	1,323,771	–	–	–	1,323,771	–	–	–	–
Bank overdrafts	9,993	–	–	–	9,993	–	–	–	–
Current borrowings	381,078	–	–	–	381,078	–	–	–	–
Other current debt	4	–	–	–	4	–	–	–	–
Hedging instruments	–	8,021	–	(2,403)	5,618	–	–	5,618	–
Trade payables	1,233,221	–	–	–	1,233,221	–	–	–	–

In thousands of euros										
	2016									
	At amortized cost	Published			Total Carrying amount published	Adjustments	Total Carrying amount adjusted	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
Assets		Through the income statement	At fair value	Through shareholders' equity (AFS) (2)	Through shareholders' equity (CFH hedge)(3)					
Available-for-sale financial assets	–	–	394	–	394	–	394	394	–	–
– Equity interests										
Available-for-sale financial assets	–	–	30,451	–	30,451	–	30,451	–	30,451	–
Other non-current financial assets	54,449	–	–	–	54,449	–	54,449	–	–	–
Finance receivables	33,918	–	–	–	33,918	–	33,918	–	–	–
Trade receivables	809,624	–	–	–	809,624	(205)	809,419	–	–	–
Other current financial receivables	62,388	–	–	–	62,388	–	62,388	–	–	–
Hedging instruments	–	499	–	–	499	–	499	–	–	499
Cash and cash equivalents	–	334,189	–	–	334,189	–	334,189	–	100,593	233,596

In thousand of euros										
	At amortized cost	At fair value			Total Carrying amount published	Adjustments	Total Carrying amount adjusted	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
Liabilities		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	–	1,119,337	–	–	–
Bank overdrafts	10,307	–	–	–	10,307	–	10,307	–	–	–
Current borrowings	168,320	–	–	–	168,320	–	168,320	–	–	–
Other current debt	5	–	–	–	5	–	5	–	–	–
Hedging instruments	–	17,683	–	187	17,870	–	17,870	–	–	187
Trade payables	1,226,618	–	–	–	1,226,618	2,431	1,229,049	–	–	–

(1) See Note 5.2.7.5 "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".

In 2017 as in 2016, there was no transfer between fair value levels.

The fair value of financial assets and liabilities at amortized cost was close to the carrying amount, except for current and non-current debt.

In thousand of euros	Balance sheet values at December 31, 2017			Fair value at December 31, 2017		
	Total	Current portion	Non-current portion	Total	Current portion	Non-current portion
Bonds and bank loans ⁽¹⁾⁽²⁾	1,690,437	378,337	1,312,100	1,734,589	387,243	1,347,346

In thousand 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

(1) See Note 5.2.7.5 "Reconciliation of gross and net debt".

(2) The significant variation in bond issues between 2017 and 2016 is due to the new bond issued by Compagnie Plastic Omnium on June 17, 2017 (see Note 2.4.1 in the "Significant events of the period").

Methods for measuring fair value:

- The fair value of listed bonds is determined on the basis of quoted prices (level 1). The fair value of other borrowings is determined for each loan 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 is measured according to their last known liquidity value (level 1). The fair value of interest rate products (certificates of deposit, time-deposit accounts, negotiable medium-term notes, etc.) is based on discounted future cash flows (the principal and interest) for the remaining duration of the product on the balance sheet date (level 2) (certificates of deposit, term deposits,

negotiable medium-term notes, etc.) (nominal and interest). The discount rate used in this framework is the market rate matching the maturity and products' characteristics.

- Other non-current financial assets and finance receivables: items consisting mainly of finance receivables recorded on the basis of 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. As a result, their valuation is based on models commonly used by traders to evaluate financial instruments using discounted cash flow models or option valuation models (level 2).

7. Additional information

7.1. Headcount at year-end

	December 31, 2017			December 31, 2016			
	Excluding temporary	Temporary	Total	Excluding temporary	Temporary	Total	Changes/Total ⁽³⁾
France	3,703	867	4,570	4,456	1,037	5,493	-17%
%	17.5%	19.8%	17.9%	20.4%	22.4%	20.7%	
Europe excluding France ⁽²⁾	10,210	2,112	12,322	9,617	1,975	11,592	6%
%	48.3%	48.3%	48.3%	43.9%	42.7%	43.7%	
North America	3,761	596	4,357	3,821	646	4,467	-2%
%	17.8%	13.6%	17.1%	17.5%	14.0%	16.8%	
Asia and South America ⁽¹⁾⁽²⁾	3,453	802	4,255	4,000	970	4,970	-14%
%	16.3%	18.3%	16.7%	18.3%	21.0%	18.7%	
Total	21,127	4,377	25,504	21,894	4,628	26,522	-4%

(1) The "Asia and South America" region includes Turkey, South Africa and Morocco.

(2) The headcount integrated through the acquisition of Faurecia's Systems business represents a total of 4,662 employees in 2016.

(3) The change in headcount mainly corresponds to the headcounts departures following the sale of the "Truck" business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.2. Off-balance sheet commitments

7.2.1. Commitments given and received

At December 31, 2017

In thousand of euros	Total	Intangible assets	Property, plant and equipment	Financial assets and liabilities	Other non-financial current assets/ liabilities
Surety bonds given	(15,141)	–	(2,760)	(556)	(11,825)
Commitments to purchase assets	(55,455)	–	(55,455)	–	–
Debt collateral (mortgages)	(3,221)	–	–	(3,221)	–
Other off-balance sheet commitments ⁽¹⁾	(340)	(298)	–	–	(42)
Total commitments given	(74,157)	(298)	(58,215)	(3,777)	(11,867)
Surety bonds received	320	–	–	–	320
Total commitments received	320	–	–	–	320
Total commitments – net	(73,837)	(298)	(58,215)	(3,777)	(11,547)

At December 31, 2016

In thousand 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	(54,858)	–	(54,858)	–	–
Debt collateral (mortgages)	(3,695)	–	–	(3,695)	–
Other off-balance sheet commitments	(4,291)	–	–	(3,946)	(345)
Total commitments given	(78,486)	–	(56,306)	(7,923)	(14,257)
Surety bonds received	422	–	72	–	350
Total commitments received	422	–	72	–	350
Total commitments – net	(78,064)	–	(56,234)	(7,923)	(13,907)

At December 31, 2017:

- (1) The change in other commitments given is explained as follows:

The change in other off-balance sheet commitments given on assets and liabilities corresponds to non-renewal in 2017 of a counter-guarantee in favor of Plastic Omnium Automotive Argentina for €3,9 million (66 million of Argentinian pesos).

7.2.2. Operating leases where the Group is lessee

In thousand of euros	December 31, 2017	December 31, 2016
Minimum lease payments under non cancelable operating leases		
Due within one year	54,718	47,658
Due in one to five years	97,327	104,786
Due beyond five years	28,283	31,764
Total	180,328	184,208

7.3. Related-party transactions

7.3.1. Compensation paid to Senior Executives and Corporate Officers

The Senior Executives are, in accordance with IAS 24 "persons with the authority and responsibility for planning, directing and controlling the activities" of Compagnie Plastic Omnium and its subsidiaries.

The Board of Directors of February 22, 2017 granted 40,000 stock options to the Executive Corporate Officers. This plan took effect on March 10, 2017. It is exercisable as from March 11, 2021 for a period of three years and is subject to market and performance conditions.

The total amount of compensation paid to members of the Board of Directors and Senior Executives is presented in the table below:

In thousand of euros	Paid or payable by...	2017	2016
Directors' fees	Paid by Compagnie Plastic Omnium	155	138
Directors' fees	Paid by companies controlled by Compagnie Plastic Omnium (excl. Compagnie Plastic Omnium) and by Burelle SA	404	381
Gross compensation	Payable by the Plastic Omnium Group	6,889	6,735
Supplementary pension plans	Payable by the Plastic Omnium Group	878	989
Cost of stock option plans	Payable by the Plastic Omnium Group	786	947
	Cost spread over the vesting period	685	947
	Social contributions related to the new plan over the period ⁽¹⁾	101	-
Total compensation		9,112	9,190

(1) Details of the social contributions of the plan allocated by Compagnie Plastic Omnium on March 10, 2017:

The rate of social contributions of March 10, 2017 share purchase plan is 30%. The Group did not grant any new stock option plan in 2016.

The share of contributions related to the stock options of Executive Corporate Officers is presented in the table below and concerns only 2017:

In thousand of euros In units for the number of options	2017 plan	2016 plan
Rate of contribution of payroll taxes on stock option plans	30.00%	
Total number of options forming part of the basis on which contributions are calculated	190,000	
Total contributions subject to performance conditions (in thousand of euros)⁽¹⁾	480	None
Number of share options of Executive Corporate Officers	40,000	
Social contributions on stock options of Executive Corporate Officers (in thousand of euros)	101	

(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 €480 thousand, and €474 thousand for the others.

7.3.2. Transactions with Sofiparc SAS, Burelle SA and Burelle Participations SA

At December 31, 2017

In thousand 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	-	(5,468)	5	-	1,185	-	-	-	2
Burelle SA	2	(7,891)	12	-	-	2,460	-	-	11
Burelle Participations SA	-	-	6	-	-	-	-	-	-

At December 31, 2016

In thousand 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	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.4. Fees paid to the Statutory Auditors

In thousand of euros	2017		
	Mazars	Ernst & Young	Total
Audit services	(2,130)	(1,954)	(4,084)
of which:			
Compagnie Plastic Omnium	(416)	(424)	(840)
Subsidiaries	(1,714)	(1,530)	(3,244)
Fees other than certification of accounts⁽¹⁾	(168)	(602)	(770)
of which:			
Compagnie Plastic Omnium	(78)	(288)	(366)
Subsidiaries	(90)	(314)	(404)
Total	(2,298)	(2,556)	(4,854)

(1) The "Fees other than certification of accounts" are related to the review of the consolidated social, environmental and societal information provided in the management report, the certificates, the tax compliance services, the agreed procedures, the financial and tax due diligence.

In thousand of euros	2016		
	Mazars	Ernst & Young	Total
Audit services	(1,879)	(1,831)	(3,710)
of which:			
Compagnie Plastic Omnium	(366)	(353)	(719)
Subsidiaries	(1,513)	(1,478)	(2,991)
Fees and services specific to the duties of the Statutory Auditor	(77)	(229)	(306)
of which:			
Compagnie Plastic Omnium	(59)	(77)	(136)
Subsidiaries	(18)	(152)	(170)
Total	(1,956)	(2,060)	(4,016)

7.5. Consolidating Entity

Burelle SA holds 58.86% of Compagnie Plastic Omnium, after the cancellation of Compagnie Plastic Omnium's treasury stock (57.57% before cancellation of treasury stock), and fully consolidates the Company.

Burelle SA – 19, boulevard Jules Carteret

69342 Lyon Cedex 07

7.6. Subsequent Events

No event likely to have a material impact on the Group's business, financial position, earnings or assets and liabilities at December 31, 2017 has occurred since the closing date.

LIST OF CONSOLIDATED COMPANIES AT DECEMBER 31, 2017

Legal name	Reportable segment			December 31, 2017			December 31, 2016			
	Automotive	Environment	Unaffected	Method of consolidation	% control	% interest	Method of consolidation	% control	% interest	Tax group
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
ENERGY AUTOMOTIVE SYSTEMS FRANCE SAS		*		FC	100	100	FC	100	100	1 - a
PLASTIC RECYCLING SAS	x2017f	*		EM_Ifrs_2014	50	50	EM_Ifrs_2014	50	50	
PLASTIC OMNIUM AUTO EXTÉRIEUR HOLDING 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 AUTO EXTERIORS SA		*		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	
BEAUVAS DIFFUSION SAS		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AITO EXTÉRIEUR SA	x2017e	*		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 - ca2017	*		FC	100	100	FC	100	100	1 - a
MIXT COMPOSITES RECYCLABLES – MCR SAS	g2016 - c2017	*		FC	100	100	FC	100	100	
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
ENERGY AUTOMOTIVE SYSTEMS INDUSTRIES SAS	d2016	*		-	-	-	FC	100	100	1 - a
PLASTIC OMNIUM AUTO INERGY SERVICES SAS		*		FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM AUTO INERGY FRANCE SAS		*		FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM MANAGEMENT 4	i2017	*		FC	100	100	-	-	-	

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Legal name	Reportable segment			December 31, 2017			December 31, 2016			Tax group
	Automotive	Environment	Unaffected	Method of consolidation	% control	% interest	Method of consolidation	% 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_I Ifrs_2014	33.33	33.33	EM_I Ifrs_2014	33.33	33.33	
HBPO RASTATT GmbH	*			EM_I Ifrs_2014	33.33	33.33	EM_I Ifrs_2014	33.33	33.33	
HBPO GERMANY GmbH	*			EM_I Ifrs_2014	33.33	33.33	EM_I Ifrs_2014	33.33	33.33	
HBPO GmbH	*			EM_I Ifrs_2014	33.33	33.33	EM_I 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	
SULO UMWELTTECHNIK GmbH		*		FC	100	100	FC	100	100	2 - a
SULO UMWELTTECHNIK BETEILIGUNGS GmbH	e2016	*		-	-	-	FC	100	100	2 - a
SULO EMBALLAGEN GmbH	c2016	*		-	-	-	FC	100	100	2 - a
PLASTIC OMNIUM URBAN SYSTEMS GmbH	d2016	*		-	-	-	FC	100	100	2 - a
PLASTIC OMNIUM COMPOSITES GmbH	h2016 - ca2017	*		FC	100	100	FC	100	100	2 - b
PLASTIC OMNIUM SYSTEMS GmbH	f2016 x2016a	*		FC	100	100	FC	100	100	2 - a
HBPO INGOLSTADT GmbH	*			EM_I Ifrs_2014	33.33	33.33	EM_I Ifrs_2014	33.33	33.33	
HBPO REGENSBURG GmbH	*			EM_I Ifrs_2014	33.33	33.33	EM_I 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	FC	100	100	2 - bi
HBPO VAIHINGEN Enz GmbH	b2017	*		EM_I Ifrs_2014	33.33	33.33	-	-	-	
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	FC	100	100	

Legal name	Reportable segment			December 31, 2017			December 31, 2016			Tax group
	Automotive	Environment	Unaffected	Method of consolidation	% control	% interest	Method of consolidation	% control	% interest	
Belgium										
PLASTIC OMNIUM NV		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM ADVANCED INNOVATION AND RESEARCH NV		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO ENERGY BELGIUM SA		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTOMOTIVE BELGIUM	b2016	*		FC	100	100	FC	100	100	
OPTIMUM CPV BVBA	b2017	*		FC	100	100	-	-	-	
Brazil										
PLASTIC OMNIUM AUTO ENERGY		*		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	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 - c2017	*		FC	100	100	FC	100	100	
WUHAN PLASTIC OMNIUM AUTO ENERGY 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 ENERGY (SHANGHAI) CONSULTING Co. Ltd		*		FC	100	100	FC	100	100	
ENERGY AUTOMOTIVE SYSTEMS CONSULTING (BEIJING) Co. Ltd		*		FC	100	100	FC	100	100	
BEIJING PLASTIC OMNIUM AUTO ENERGY 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	

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Legal name	Reportable segment			December 31, 2017			December 31, 2016			Tax group
	Automotive	Environment	Unaffected	Method of consolidation	% control	% interest	Method of consolidation	% control	% interest	
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	
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	
CHANGCHUN HUAZHONG YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIORS Co. Ltd	b2017 x2016d	*		EM_ Ifrs_2014	24.98	24.98	-	-	-	
YANFENG PLASTIC OMNIUM HANGZHOU AUTO EXTERIOR SYSTEMS Co. Ltd	b2017	*		EM_ Ifrs_2014	49.95	49.95	-	-	-	
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										
COMPAÑIA 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

Legal name	Reportable segment			December 31, 2017			December 31, 2016			Tax group
	Automotive	Environment	Unaffected	Method of consolidation	% control	% interest	Method of consolidation	% control	% interest	
PLASTIC OMNIUM AUTO ENERGY SPAIN SA	*			FC	100	100	FC	100	100	3
PLASTIC OMNIUM COMPOSITES ESPANA SA	*			FC	100	100	FC	100	100	3
SIGNATURE SENALIZACION 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 ESPANA	b2016	*		FC	100	100	FC	100	100	3i
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 ENERGY (USA) LLC	*			FC	100	100	FC	100	100	4
PLASTIC OMNIUM AUTOMOTIVE SERVICES Inc.	e2016	*		-	-	-	FC	100	100	4
HBPO NORTH AMERICA Inc.	*			EM_ Ifrs_2014	33.33	33.33	EM_ Ifrs_2014	33.33	33.33	
AUTOMOTIVE EXTERIORS LLC	b2016	*		FC	100	100	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 ENERGY INDIA PVT Ltd	*			FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO ENERGY MANUFACTURING INDIA PVT Ltd	*			FC	55	55	FC	55	55	
Israel										
EPO-CellTech	b2016p - f2017	*		EM_ Ifrs_2014	50	23	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 ENERGY (MOROCCO) SARL	*			FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO EXTERIEUR	a2017f	*		FC	100	100	-	-	-	

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Legal name	Reportable segment			December 31, 2017			December 31, 2016			Tax group
	Automotive	Environment	Unaffected	Method of consolidation	% control	% interest	Method of consolidation	% control	% interest	
Mexico										
PLASTIC OMNIUM AUTOMOVIL SA DE CV	d2016	*		—	—	—	FC	100	100	
PLASTIC OMNIUM INDUSTRIAL AUTO EXTERIORES RAMOS ARIZPE SA DE CV		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM DEL BAJIO SA DE CV	d2016	*		—	—	—	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	
PLASTIC OMNIUM AUTO EXTERIORES SA DE CV	x2016b g2016 -c2017	*		FC	100	100	FC	100	100	
INOPLASTIC OMNIUM INDUSTRIAL SA DE CV	d2016	*		—	—	—	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	
PLASTIC OMNIUM AUTO INDUSTRIAL SRL DE CV		*		FC	100	100	FC	100	100	
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	EM_ Ifrs_2014	33.33	33.33	
HBPO MANAGEMENT SERVICES MEXICO SA DE CV	a2016	*		EM_ Ifrs_2014	33.33	33.33	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	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	

Legal name	Reportable segment			December 31, 2017			December 31, 2016			Tax group
	Automotive	Environment	Unaffected	Method of consolidation	% control	% interest	Method of consolidation	% control	% interest	
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	
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 - d2017	*		FC	100	100	FC	100	100	
Sweden										
PLASTIC OMNIUM AB	*			FC	100	100	FC	100	100	
Switzerland										
PLASTIC OMNIUM AG	*			FC	100	100	FC	100	100	
PLASTIC OMNIUM RE AG	*			FC	100	100	FC	100	100	
SWISS HYDROGEN	b2017	*		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	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidation method and special features:

- FC: Full consolidation
EM: Companies that were already consolidated by the equity method before the application of the new consolidation standards at January 1st 2014.
EM_IFRS_2014: Companies consolidated by the equity method since the application of the new consolidation standards at January 1, 2014

Movements for the period:

Creation of companies:

- a2016 Companies created in 2016
a2017 Companies created in 2017
a2017f Companies being formed in 2017 created in 2018

Acquisition of companies:

- b2016 Companies acquired in 2016
b2016p Investments in 2016
b2017 Companies acquired in 2017

Disposal of companies:

- c2016 Companies divested in 2016
c2017 Companies divested in 2017

Disposal of sites and/or activities:

- ca2017 Disposal of sites and/or businesses

Merging of companies:

- d2016 Companies merged in 2016
d2017 Companies merged in 2017

Liquidation of companies:

- e2016 Companies liquidated in 2016

Change in the percentage of Plastic Omnium ownership:

- f2016 Buyout of the minority stake in the company "RMS Rotherm Maschinenbau GmbH". See "x2016a" for change in name
f2017 "EPo-CellTech" capital increase.

Companies in the process of being sold:

- g2016 Truck business companies reclassified as "Assets and Liabilities held for sale" in 2016. They were sold in 2017.

Companies with sites in the process of being sold:

- h2016 Companies with only the Truck business being reclassified in "Assets and Liabilities held for sale" in 2016. The activities concerned were sold in 2017.

Activation of companies:

- i2016 Companies activated during 2016

- i2017 Companies activated during 2017

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".
x2016d "Changchun Huazhong Yanfeng Plastic Omnium Automotive Exteriors Co. Ltd" is the new name of "Changchun Huaxiang Automotive Plastic Parts Manufacturing Co Ltd".

x2017 Companies whose name was changed in 2017

- x2017e "Plastic Omnium Auto Exterieur SA" is the new name of "Plastic Omnium Vernon SAS".
x2017f "Plastic Omnium Auto Exterieur Holding SA" is the new name of "Plastic Omnium Auto Exterieur SA".

Tax group:

- 1 - a Plastic Omnium France
1 - b Plastic Omnium Environnement Holding
2 - a Germany Systèmes Urbains
2 - b Germany Plastic Omnium GmbH
2 - bi Companies integrated during 2017 in the Germany Plastic Omnium GmbH tax group
2 - c Germany Plastic Omnium Environnement
3 Spain
3i Companies integrated during 2017 in the Spain tax group
4 United States
5 Netherlands;
6 United Kingdom.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

4.9 Statutory Auditors' report on the consolidated financial statements

FOR THE YEAR ENDED DECEMBER 31, 2017

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

OPINION

In compliance with the engagement entrusted to us by your annual general meeting we have audited the accompanying consolidated financial statements of Compagnie Plastic Omnium for the year ended December 31, 2017.

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, 2017 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.

The audit opinion expressed above is consistent with our report to the Audit Committee.

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BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' responsibilities for the audit of the consolidated financial statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 paragraphe 1, of Regulation (EU) no. 537/2014 or in the French Code of ethics (*Code de déontologie*) for statutory auditors.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

VALUATION OF REVENUE

Note 1.1.7 "Revenue" and note 1.1 "Accounting policies, accounting rules and principles" of the notes to the consolidated financial statements.

Revenues for the year ended December 31, 2017 in the income statement for Compagnie Plastic Omnium amount to €6,768 million.

Key audit matter

Parts and trading revenues are recognized when the main risks and rewards of ownership of the goods have been transferred to the customer, usually upon delivery of the goods, and measured at the fair value of the consideration received, after deducting discounts, rebates and other sales taxes and customs duties.

Revenue from services and tooling is recognized on the basis of the stage of completion when the Group obtains:

- a contractual agreement from his customers on the selling price of the hours of development;
- a contractual agreement on the price of tools and a technical validation from his customers, at the latest, at the start of series production of the model concerned.

The accounting treatment of the costs and revenues related to the activities carried out during the project phase of the automotive contracts has been modified from January 1, 2018 on by the application of IFRS 15.

- The new accounting treatment is based on the Group's identification of two performance obligations, separate from the production of parts, which are the Design of the part activity and certain specific tools, for which control is transferred to customers.
- Revenue related to "lumps sums" payments and contractually stated amounts that will be paid via part price ("PPA") that are explicitly identified in the contracts, and the negative or positive margin related to these performance obligations are recognized at the start of series production. Costs related to performance obligations are recognized as inventory during the project phase and then expensed when their control is transferred to the customer, i.e. at the start of series production.

We have considered revenue recognition and the analysis performed by the Group in regards to the first application of IFRS 15 as a key audit matter given:

- the volume of accounting entries related to sales of goods and the numerous ongoing discussions between the Group and its customers on prices;
- judgments to be made by Management of the Group to estimate the incurred and projected costs related to the project phase that could lead to an incorrect turnover related to the services rendered and the production of tools.

Our response

We analyzed the process and identified key controls implemented by management regarding revenue recognition and tested their effectiveness by sampling.

In order to assess the recognition of revenues related to the sale of goods, we conducted tests on a sample of contracts by:

- comparing the sale prices applied to the deliveries of parts with the contractual prices;
- examining the credit notes issued during the period.

In order to corroborate the level of progress and the recognition of the turnover related to services and tooling, we conducted tests in order to:

- analyze the estimations made by the Management of the Group of projected costs and revenues;
- analyze the assumptions used to estimate the projected costs and the costs incurred at the end of the period.

We have considered the following under the accounting standard IFRS 15:

- justification of performance obligations (design / tooling / parts sales);
- the procedures for identifying and monitoring revenue and the costs allocated to performance obligations;
- the associated accounting schemes.

We assessed the conformity of the methodology applied by the Group with IFRS 15 standard and the impact of the new accounting treatment on revenues and budgeted operating margin of the Group as it relates to fiscal year 2018 by analyzing a sample of contracts

EVALUATION OF FIXED ASSETS RELATING TO THE DEVELOPMENT COSTS

Note 1.1.11 "Intangible assets", note 1.2 "Use of estimates" of the notes to the Consolidated Financial Statements.

As of December 31, 2017, fixed assets related to development costs for Compagnie Plastic Omnium amount to €412 million.

Key audit matter

In the absence of a contractual agreement with the customer on the sale price of these costs, the costs incurred by the Group in the context of automotive projects and related to development hours and orders for specific tools and molds are recognized as fixed assets in progress during the development phase and amortized on a linear basis over the estimated duration of the series production, at the latest, three months after the start of series production of the model concerned. These fixed assets are subject to impairment tests whenever there are indications of impairment.

The valuation of capital assets related to development costs is considered a key audit matter due to judgments to be made by Management to estimate:

- the costs to be incurred in the development phase;
- the recoverable value of these assets, based on forecasts of future sales volumes.

Our response

We have:

- acknowledged the process of identifying capitalized development costs;
- analyzed the estimated development costs incurred for the Automotive projects;
- analyzed the depreciation method used and carried out arithmetic checks.

We also considered the relevance of the impairment indicators used by the Group at the closing date and, when appropriate, we examined the impairment tests performed.

ACCOUNTING TREATMENT FOR THE CHANGES IN SCOPE

Key audit matter

- As indicated in note 2.1.1 "Acquisition of the Exterior Systems business of the Faurecia Group" of the notes to the consolidated financial statements:
 - The period of identification and valuation of assets and liabilities acquired at fair value ended twelve months after the acquisition date, namely July 29, 2017. At the end of the year of allocation of the price of acquisition, the final goodwill amounts to €310 million, revised upwards by €49 million compared to December 31, 2016.
 - At the end of the arbitration proceedings, the Plastic Omnium Group obtained on October 4, 2017 from Faurecia the payment of a sum of €37 million recognized for €1.8 million in exchange for goodwill and €35.2 million in other operating income.
- As indicated in note 2.3 "Disposals of entities, real estate assets and site closures" in the notes to the consolidated financial statements: the Group has also announced its plan to sell its Environment Division. As of December 31, 2017, a process is underway to find an acquirer; however, considering the progress of the disposal plan, it is not possible at December 31, 2017 to conclude that the sale is highly probable. On this basis, IFRS 5 "Non-current assets held for sale and discontinued operations" has not been applied as of December 31, 2017.

These changes in scope and accounting treatment are a key audit matter due to their significance, complexity and judgments that management has had to exercise.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Our response

Our work consisted in considering:

- the appropriateness and justification of the business combination adjustment entries;
- the nature and the underlying of the entries constituting the €37 million paid by Faurecia to Plastic Omnium Group.

As part of the proposed disposal of the Environment Division, we considered the accounting treatment used based on the progress of actions initiated by management as at December 31, 2017.

VERIFICATION OF THE GROUP INFORMATION GIVEN IN THE MANAGEMENT REPORT

In accordance with the professional standards applicable in France, we have also performed the specific verification required by law of the information relating to the Group given in the management report of the Board of Directors.

We have no comments to make as to their fairness and consistency with the consolidated financial statements.

INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Compagnie Plastic Omnium by the annual general meeting held on December 28, 1977 for Mazars and on May 15, 2001 for Ernst & Young et Autres (under the name Ernst & Young Audit on May 15, 2001 until April 29, 2010).

As at December 31, 2017, Mazars and Ernst & Young et Autres were in the fortieth year and eightieth year of total uninterrupted engagement respectively.

Responsibilities of management and corporate governance officers in the consolidated financial statements

It is the responsibility of management to prepare consolidated accounts that present a true and fair view in accordance with the IFRS as adopted in the European Union, as well as to implement the internal control that it deems necessary for the preparation of consolidated financial statements. No material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating the ability of the Company to continue as a going concern, to present in these accounts, where appropriate, the necessary information relating to the continuity of operations and operations apply the going concern accounting policy unless it is intended to wind up the company or cease trading.

The Accounts Committee is responsible for following the process of preparing financial information and for monitoring the effectiveness of the internal control and risk management systems and, where applicable, internal audit, as regards procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-la Défense, February 14, 2018

The Statutory Auditors French original signed by

MAZARS

Juliette Decoux

ERNST & YOUNG et AUTRES

Gilles Puissochet

05 STATUTORY ACCOUNTS AT DECEMBER 31, 2017 (AFR)

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COMMENTS ON THE STATUTORY ACCOUNTS

5.1 Comments on the Statutory Accounts

BALANCE SHEET

The main changes in the balance sheet involved the following items:

- the sale of acquired entities to the Faurecia Group on July 29, 2016. This sale was made to fulfill the commitment Compagnie Plastic Omnium had made to the Competition Authority as part of the acquisition of Faurecia's Exterior Systems business;
- issue of the €500 million private placement bond on June 26, 2017. At December 31, 2017, Compagnie Plastic Omnium ended the year with positive net cash flow of €20.5 million, compared with negative net cash flow of €13.8 million at December 31, 2016.

Net financial income for Compagnie Plastic Omnium was €99 million, versus €57.4 million in 2016. The change was largely due to:

- dividends from subsidiaries of €104.6 million in 2017, versus €176.1 million in 2016;
- net provisions of €8.7 million in 2017 on equity securities, versus €122.6 million in 2016.

After factoring in €12.3 million of exceptional non-operating income consisting in part of gains on treasury shares, net income before tax amounted to €94.1 million in 2017, versus €43.3 million in 2016.

A net income tax profit of €17.6 million was recorded in 2017, compared with a tax profit of €3.4 million in 2016.

As a result, the net profit for 2017 was €111.7 million, compared with €46.7 million in 2016.

No non-deductible overhead expenses were added back to taxable income during 2017, in application of articles 223 *quater* and 223 *quinquies* of the French General Tax Code.

EARNINGS PERFORMANCE

Compagnie Plastic Omnium posted operating revenue of €43.9 million in 2017, compared with €40.2 million in 2016. This revenue can be broken down as follows:

- €29.6 million in trademark license fees from subsidiaries;
- €11.8 million in rents.

Net operating loss came to €17.1 million in 2017, compared with a loss of €10.9 million in 2016.

INCOME STATEMENT

5.2 Income Statement

In thousands of euros	Notes	2017	2016
Net sales⁽¹⁾		11,841	12,064
Production held as inventory		0	0
Provision reversals and expense transfers		2,447	113
Other operating revenue ⁽¹⁾		29,706	28,053
Total operating revenue	J	43,994	40,230
Purchases and other external charges	K	(48,394)	(40,138)
Taxes other than on income		(1,294)	(1,609)
Payroll taxes		(118)	(89)
Depreciation, amortization and provisions	L	(7,308)	(5,672)
Other expenses		(3,995)	(3,708)
Total operating expenses		(61,109)	(51,216)
Net operating income (loss)		(17,115)	(10,986)
Net financial income	M	98,966	57,470
Income before non-operating items		81,851	46,484
Non-operating items	N	12,318	(3,186)
Income before tax		94,169	43,298
Corporate income tax	O	17,559	3,372
Net income		111,728	46,670
(1) Net sales and other operating revenue		41,547	40,117

BALANCE SHEET STATEMENT

5.3 Balance Sheet

ASSETS

In thousands of euros	Notes	2017			2016
		Gross	Depreciation, amortization and provisions	Net amounts	Net amounts
Non-current assets					
Intangible assets	A	7,457	931	6,526	7,939
Property, plant and equipment	B	95,725	13,886	81,839	85,164
Investments	C	1,735,273	20,282	1,714,991	1,874,714
Total non-current assets		1,838,455	35,099	1,803,356	1,967,817
Current assets					
Inventories and goods in process		0	0	0	0
Prepayments to suppliers	D	22	0	22	0
Trade receivables	D	7,462	0	7,462	7,524
Other receivables	D	673,719	8,271	665,448	226,508
Cash and cash equivalents	E	430,052	0	430,052	221,759
Total current assets		1,111,255	8,271	1,102,984	455,791
Prepaid expenses	F	1,083	0	1,083	1,063
Deferred charges (debt issuance costs)	F	4,736	0	4,736	3,438
Bond redemption premiums	F	4,690	0	4,690	2,591
Translation loss on FX payables and receivables	F	97	0	97	993
Total		2,960,316	43,370	2,916,946	2,431,693

LIABILITIES

In thousands of euros	Notes	2017	2016
Shareholders' equity			
Share capital	G	9,059	9,149
Additional paid-in capital	G	17,389	17,389
Other reserves	G	1,055,235	1,130,658
Net income for the year		111,728	46,670
Tax-regulated provisions	G	694	649
Total equity		1,194,105	1,204,515
Provisions for contingencies and charges	H	67,913	46,473
Liabilities			
Bonds		1,564,810	1,061,470
Bank borrowings	I	3,290	41,907
Other borrowings	I	24,170	24,789
Customer prepayments	I	0	0
Trade payables	I	15,964	11,142
Accrued taxes and payroll costs	I	4,498	4,665
Other liabilities	I	42,181	31,375
Total liabilities	I	1,654,913	1,175,348
Prepaid expenses and accrued income-liabilities		15	5,357
Total		2,916,946	2,431,693

Note: Net cash and cash equivalents of Compagnie Plastic Omnium of +€20.5 million in 2017 (including medium- and long-term loans) versus a -€13.8 million net liability in cash and cash equivalents in 2016.

NOTES TO THE STATUTORY ACCOUNTS

5.4 Notes to the Statutory Accounts

In thousands of euros		2017	2016
Financial position			
Capital		9,059	9,149
Shareholders' equity		1,194,105	1,204,515
Net financial liabilities		20,464	(13,811)
Net non-current assets		1,803,356	1,967,817
Total assets		2,916,946	2,431,693
Results of operations			
Operating revenue		43,994	40,230
Net operating income (loss)		(17,115)	(10,986)
Income before non-operating items		81,851	46,484
Non-operating items		12,318	(3,186)
Net income		111,728	46,670
Earnings per share (in euros)		0.7	0.3

SIGNIFICANT EVENTS OF THE YEAR

On July 29, 2016, the Compagnie Plastic Omnium Group acquired all the shares of entities comprising 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 March 31, 2017, Compagnie Plastic Omnium formally signed a sale agreement with the American company Flex|N|Gate for the Faurecia Exterior Systems sites concerned by the European Commission decision.

On September 20, 2017, Plastic Omnium announced its plan to dispose of its Environment Division to focus exclusively on the global development of its automotive businesses.

Financial structure trend

On June 26, 2017, Compagnie Plastic Omnium obtained new financing in the form of a "Euro-Bond" private placement of €500 million.

The main characteristics of this scheme are described in Note I.

During the year, Compagnie Plastic Omnium granted loans to subsidiaries totaling €133.3 million. Subsidiaries also repaid Compagnie Plastic Omnium €266.4 million on the loans granted, including €30.2 million from the companies held by Compagnie Plastic Omnium that own the sites concerned by the divestment commitment.

On July 18, 2017, Compagnie Plastic Omnium subscribed to the Aster IV professional equity fund of Aster Capital Partners SAS. At December 31, 2017, this investment amounted to €20 million out of a total of €40 million.

Organizational chart

Compagnie Plastic Omnium participated in the capital increase of its subsidiary Plastic Omnium, Inc. for €90 million and that of its subsidiary Plastic Omnium Holding (Shanghai) for €20 million.

Reduction of capital

In accordance with the authorization conferred by the Combined Shareholders' Meeting of April 28, 2016, at its meeting of July 20, 2017, the Board of Directors decided to carry out a capital reduction on August 14, 2017 amounting to €90,000 corresponding to the cancellation of 1,500,000 shares each with a par value of €0.06. The capital was reduced to €9,058,603.20 and is divided into 150,976,720 shares, each 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 annual financial statements incorporate Regulation 2015-05 of the French accounting standards board (ANC) relating to forward financial instruments and hedging transactions, whose application is compulsory as of the fiscal year 2017.

The regulation, whose purpose is to specify the accounting treatment of forward financial instruments and hedging transactions, has no material impact on the Compagnie Plastic Omnium annual financial statements.

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 2017 financial statements are the same as those used in 2016. 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

Property, plant and equipment are initially recognized at cost and depreciated on a straight-line basis over their estimated useful lives, as follows:

• Buildings	20-40 years
• Fixtures and fittings	10 years
• Office equipment and furniture	5-10 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.

Nanterre office complex

Compagnie Plastic Omnium owns a multipurpose office complex in Nanterre, France, that it rents out to Group companies.

Lyon Gerland office complex

The office complex is mostly rented out to non-Group companies.

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 net book 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 exercise of current stock option plans or for future plans still pending allocation are recognized 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.

NOTES TO THE STATUTORY ACCOUNTS

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

Loans in foreign currencies are converted on the balance sheet at the exchange rates in effect at the closing date as an offset to items in "Translation differences – Assets/Liabilities" on the balance sheet, except for hedges on loans in foreign currencies. Unrealized foreign exchange gains are not recognized in accounting income.

A provision for foreign exchange losses is recognized for the total amount of unrealized losses, except for the following situations:

- in the case of a hedge, the provision is recognized only for the amount of unhedged exposure;
- when unrealized gains or losses on foreign exchange relate to transactions maturing in the same accounting period, the provision is limited to the excess of the losses over the gains.

Bank accounts in foreign currencies are valued on the balance sheet at the exchange rate in effect at the closing date as an offset to foreign exchange gain or losses.

Financial instruments and hedging instruments

The company may at times use currency derivative to hedge the currency risk on loans granted to Group companies. Realized foreign exchange gains or losses on these derivatives are recognized in financial income to match those of the hedged items.

Unrealized gains and losses on foreign exchange are recognized in financial assets and liabilities as offsets to the income statement, to show on the balance sheet their exact correspondence with the monetary items in hedged currencies.

Swaps are spread in the income statement under financial income/expense over the hedging term.

At December 31, 2017, the Company does not hold any derivative instrument that does not qualify as a hedge.

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.

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.

Notes to the balance sheet

A – Intangible assets

In thousands of euros	2016	+	-	2017
Patents, trademarks and licenses	8,857		1,400	7,457
Total, gross	8,857	0	1,400	7,457
Accumulated amortization	(918)	(13)		(931)
Total, net	7,939	(13)	(1,400)	6,526

B – Property, plant and equipment

In thousands of euros	2016	+	-	2017
Land	2,287			2,287
Buildings	85,732	57		85,789
Fixtures and fittings	3,845	122		3,967
Office equipment and furniture	3,433	247		3,680
Property, plant and equipment in progress	0	2		2
Prepayments to suppliers of non-current assets	0			0
Total, gross	95,297	428	0	95,725
Accumulated amortization	(10,133)	(3,753)		(13,886)
Total, net	85,164	(3,325)	0	81,839

C – Investments

In thousands of euros	2016	+	-	2017
Shares in subsidiaries and affiliates	1,289,165	109,567	272,390	1,126,342
Other long-term investments	16,176	27,038	12,511	30,703
Loans	711,342	133,307	266,421	578,228
Total, gross	2,016,683	269,912	551,322	1,735,273
Provisions for impairment	(141,969)	(37)	(121,724)	(20,282)
Total, net	1,874,714	269,875	429,598	1,714,991

Changes in shares in subsidiaries and affiliates and in provisions correspond to the sale of the Exterior Systems business of the Faurecia group and the capital increases of subsidiaries mentioned in the section "Significant events of the year".

Compagnie Plastic Omnium also sold the shares in its subsidiary Plastic Omnium Vernon to Plastic Omnium Auto Exterior as part of a simplification of the legal structure of the Auto Exterior Division.

NOTES TO THE STATUTORY ACCOUNTS

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 AUTO ENERGY 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%
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 3502, Block 2, 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 N° 391 Guiping Road Shanghai – PR China	EUR 70,000,000	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%	

The other long-term investments include 9,500 treasury shares, valued at €350 thousand and allocated to market making.

Loans consist of medium- and long-term financing provided to entities of Plastic Omnium Group.

D – Receivables

In thousands of euros	2017	Maturity date Less than 1 year	Maturity date More than 1 year
Prepayments to suppliers	22	22	
Trade receivables	7,462	7,462	0
Tax receivables	63,227	30,743	32,484
Short-term loans – Current accounts	583,794	583,794	0
Other receivables	18,427	18,427	
Total, net	672,932	640,448	32,484

Trade receivables mainly consisted of €5.2 million of accrued income, including €3.5 million in royalties and €1.3 million for the re-invoicing of patent protection costs.

Tax receivables include €25.7 million of research tax credits from consolidated subsidiaries, €18.4 million of tax credits for competitiveness and employment from subsidiaries consolidated in the 2014-2017 fiscal years, €7.7 million as a result of the ruling on the unconstitutionality of the 3% tax on dividends paid, €7.4 million of deductible withholding tax and €3.4 million of deductible VAT.

Amounts received as competitiveness and employment tax credits will be used by wholly-owned subsidiaries in accordance with Article 244 quater C of the French General Tax Code.

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 €16 million owed by various companies belonging to the tax group headed by Compagnie Plastic Omnium.

E – Cash and cash equivalents

In thousands of euros	2016	+	-	2017
Short-term investment securities	48,332	15,166	9,122	54,376
Other short-term investment securities	124,610	113,481	16	238,075
Bank accounts	48,817	88,784		137,601
Total, gross	221,759	217,431	9,138	430,052
Impairment provisions	0			0
Total, net	221,759	217,431	9,138	430,052

The item “Short-term investment securities” includes 3,306,070 treasury shares allocated to various stock option plans in the amount of €54,376 thousand.

At December 31, 2017, Compagnie Plastic Omnium had granted the following stock purchase or subscription options:

- 574,012 stock options approved by the Board of Directors on March 6, 2012 acting on authorization granted at the Extraordinary Shareholders' Meeting of April 28, 2011;
- 687,160 stock options approved by the Board of Directors on July 23, 2013 acting on authorization granted at the Extraordinary Shareholders' Meeting of Thursday, April 25, 2013;

• 1,169,000 stock options approved by the Board of Directors on July 21, 2015 acting on authorization granted at the Extraordinary Shareholders' Meeting of April 25, 2013;

- 552,500 stock options approved by the Board of Directors on February 22, 2017 acting on authorization granted at the Extraordinary Shareholders' Meeting of April 28, 2016.

The item “Other short-term investment securities” totaling €238 million consists of €164 million in short-term investments, €50 million in money market funds and €24 million in negotiable medium-term bank notes.

F – Prepaid expenses and accrued income

In thousands of euros	2017	2016
Prepaid expenses	1,083	1,063
Deferred charges (debt issuance costs)	4,736	3,438
Bond redemption premiums	4,690	2,591
Translation loss on FX payables and receivables	97	993
Total, net	10,606	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 expense.

G – Change in Equity

In thousands of euros	2016	+	-	2017
Capital	9,149		90	9,059
Additional paid-in capital	17,389			17,389
Revaluation reserve	245			245
Legal reserve	1,501			1,501
Other reserves	41,166		32,210	8,956
Carried forward	1,087,746	46,670	89,882	1,044,534
Net income for the year	46,670	111,728	46,670	111,728
Tax-regulated provisions	649	44		693
Total	1,204,515	158,442	168,852	1,194,105

At December 31, 2017, share capital amounted to €9,058,603.20, consisting of 150,976,720 shares of €0.06 each.

The number of shares held as treasury shares totals 3,306,070 and represents 2.19% of the Company's capital.

NOTES TO THE STATUTORY ACCOUNTS

Movements for the year concerning treasury shares were as follows:

In number of shares	Number as at 01/01/2017	Purchases	Sales	Transfer	Cancellation of shares	Number as at 12/31/2017
Treasury stock allocated to external growth	436,811	1,580,000		(316,811)	(1,500,000)	200,000
Treasury stock allocated to stock option plans	3,764,624		(984,865)	316,811		3,096,570
Treasury stock allocated to liquidity contracts	25,032	750,665	(766,197)			9,500
Total	4,226,467	2,330,665	(1,751,062)		(1,500,000)	3,306,070

In value In thousands of euros	Amount at 01/01/2017	Purchases	Sales	Transfer	Cancellation of shares	Amount at 12/31/2017
Treasury stock allocated to external growth	12,105	53,566		(8,723)	(49,910)	7,038
Treasury stock allocated to stock option plans	48,332		(2,678)	8,723		54,377
Treasury stock allocated to liquidity contracts	756	25,230	(25,636)			350
Total	61,193	78,796	(28,314)		(49,910)	61,765

H – Provisions for contingencies and charges

Provisions for contingencies and charges	2016	+	Utilized (-)	Surplus (-)	2016
Provisions for foreign exchange losses	993	97		993	97
Provisions for other contingencies	165	8,500	7	0	8,658
Provisions for taxes (see Note O)	45,315	13,843			59,158
Total	46,473	22,440	7	993	67,913

Compagnie Plastic Omnium recognized a provision for income taxes of €13.8 million to reflect the use by the tax group of tax losses that might subsequently be used by its subsidiaries, bringing the amount of this provision to €59.1 million at December 31, 2017.

Compagnie Plastic Omnium also recognized a provision for financial risks €8.5 million in connection with the negative net position of its subsidiaries.

I – Liabilities

In thousands of euros	2017	Maturity date Less than 1 year	Maturity date 1 and 5 years	Maturity date More than 5 years
Bonds	1,564,810	264,810	500,000	800,000
Bank borrowings	3,290	3,290	0	0
Other borrowings	24,170	22,540	1,630	0
Total net financial liabilities	1,592,270	290,640	501,630	800,000
Trade payables	15,964	15,964		
Accrued taxes and payroll costs	4,498	4,498		
Other liabilities	42,181	11,361	30,820	0
Total	1,654,913	322,463	532,450	800,000

Net financial liabilities

Bonds

The key features of bonds issued are as follows:

Bond issue of Thursday, October 04, 2012

Private bond placement	Euro PP
Issuance 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
Issuance 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”
Issuance amount (in euros)	300,000,000
Maturity	June 17, 2023
Annual coupon – Fixed rate	1.478%

Bond issue of June 26, 2017

Bond issue	Euro Bond
Issuance amount (in euros)	500,000,000
Maturity	June 26, 2024
Annual coupon – Fixed rate	1.250%
Listed	Euronext Paris

The accrued interest payable on bonds totaled €14.8 million at December 31, 2017.

Bank borrowings

The loans from credit institutions, amounting to €3.3 million at December 31, 2017 consist of fixed-rate loans due to mature in 2018.

Borrowings and other financial debts consist largely of the remaining financial commitment to the Aster VI fund of €19.5 million at December 31, 2017 and of €1.8 million of currency hedges.

Forward financial instruments and hedging transactions

The currency swaps portfolio, created to hedge foreign-currency loans granted to subsidiaries stood as follows:

Portfolio at December 31, 2017

Currency In thousands of euros	Nominal Currency	Fair value Assets	Fair value Liabilities	Fair value
CNY/EUR	350,000	87	(742)	(655)
GBP/EUR	48,000	–	(517)	(517)
USD/EUR	113,300	2,415	(487)	1,928
Total		2,502	(1,746)	756

NOTES TO THE STATUTORY ACCOUNTS

Portfolio at December 31, 2016

Currency In thousands of euros	Nominal Currency	Fair value Assets	Fair value Liabilities	Fair value
CNY/EUR	77,000		(326)	(326)
GBP/EUR	8,000	–	(366)	(366)
USD/EUR	173,300	134	(9,184)	(9,050)
Total		134	(9,876)	(9,742)

Trade payables, tax and other liabilities

Compagnie Plastic Omnium is the parent company of a tax consolidation group with debt amounting to €3.8 million.

Other liabilities mainly relate to tax current accounts with the other corporate members of the tax group for €41.6 million (including €40.1 million relating to tax credits).

Accrued expenses

In thousands of euros	Amount
Bonds	14,809
Bank borrowings and liabilities	22
Net financial liabilities	0
Trade payables	12,248
Other liabilities	515
Total	27,594

Related companies

Balance sheet items In thousands of euros	Related parties
Assets	
Shares in subsidiaries and affiliates	1,106,573
Loans	578,007
Trade receivables	7,088
Short-term loans – Current accounts	583,795
Other receivables	16,027
Liabilities	
Trade payables	4,162
Other liabilities	41,635

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	2017	2016
By business segment		
Rental payments and other expenses re-invoiced	11,841	12,064
Production held as inventory	--	--
License and service fees	29,587	28,007
Total	41,428	40,071
By region		
France	16,983	17,913
International	24,445	22,158
Total	41,428	40,071

K – Purchases and other external charges

In thousands of euros	2017	2016
General management services	1,765	1,919
Overheads and headquarters expenses	1,486	1,458
Professional fees	18,453	14,254
Advertising, print collateral and publication	5,824	2,639
Travel and entertainment	1,398	1,529
Bank charges	7,378	4,853
Other purchases and external charges	12,090	13,486
Total	48,394	40,138

Professional fees are mainly those incurred as part of external growth plans or the disposal of subsidiaries.

L – Depreciation, amortization and impairment

Change in depreciation In thousands of euros	2016	+	-	2017
Trademarks, patents and software	918	13		931
Land development	395	225		620
Buildings	6,847	3,118		9,965
Fixtures and fittings	2,456	171		2,626
Office equipment and furniture	435	240		675
Total	11,051	3,766	0	14,817

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Changes in provisions	2016	+	-	2017
On assets				
Investments	141,969	37	121,724	20,282
Other receivables	5,796	2,475		8,271
Total	147,765	2,512	121,724	28,553
On liabilities				
Tax-regulated provisions	649	45		694
Provisions for contingencies and charges	46,473	22,439	999	67,913
Total	47,122	22,484	999	68,607

NOTES TO THE STATUTORY ACCOUNTS

M – Net financial income

In thousands of euros	2017	2016
Dividend income	104,586	176,125
Other financial income and expenses	244	358
Interest income and expense	(2,053)	5,817
Net gain on disposal of short-term investment securities	(2)	104
Foreign exchange gains and losses	4,918	(2,280)
Provision charges and reversals	(8,727)	(122,654)
Total	98,966	57,470

Dividend income includes €36.4 million in dividends from French subsidiaries and €68.2 million from international subsidiaries.

The decrease in interest expense was related to the reduction in loans granted to subsidiaries.

In 2017, provisions mainly concern the provision for financial risk in connection with the negative net position of the subsidiaries.

N – Non-operating items

In thousands of euros	2017		
	Income	Expenses	Net
On revenue transactions		8	-8
On disposals of intangible assets	126	1,400	-1,274
On disposals of non-current financial assets	168,763	272,389	-103,626
Other non-operating income and expenses	8,595	12,970	-4,375
Provision charges and reversals	121,645	44	121,601
Total	299,129	286,811	12,318

Disposals of intangible assets refer to the Inoplast brand sold during the period as part of the disposal outside the group of the truck business.

Non-operating income on disposals of non-current financial assets are largely due to the sale outside the group of shares in Faurecia's Exterior Systems business and the intra-group sale of Plastic Omnium Vernon (see Note C to the balance sheet).

Other non-operating income represents a gain on the sale of treasury stock.

Other non-operating expense mainly represents a price reduction granted by the company as part of a previously completed internal disposal.

The extraordinary reversal of provisions is linked to the capital loss realized through the sale of shares in Faurecia's Exterior Systems business.

Related companies

Income statement items In thousands of euros	Related parties
Income	
Net sales and other operating revenue	34,898
Financial income	141,367
Non-operating income	14,988
Expenses	
Operating expenses	(21,338)
Interest cost	(433)
Non-operating expenses	(10,000)

0 – Corporate income tax

In thousands of euros	2017 Results		
	Current portion	Non-operating items	Net
* Income before tax	81,851	12,318	94,169
* Tax adjustments	(91,291)	(125,859)	(217,150)
= Tax base	(9,440)	(113,541)	(122,981)
Theoretical tax (34.43%)	0	0	0
Income after tax at standard rate	81,851	12,318	94,169
Impact of Group relief			22,899
Addition to provisions for taxes			(13,843)
Other impacts			8,503
Total corporate income tax			17,559
Income after tax			111,728

Compagnie Plastic Omnium is the parent company of a tax consolidation group comprising 16 entities.

The impact of the tax consolidation for 2017 was income of €22.9 million.

During the year, Compagnie Plastic Omnium recognized a €13.8 million provision for taxes to reflect the use by the tax group of tax losses likely to be used in the future by its subsidiaries.

The tax group has tax loss carryforwards totaling €149 million, equivalent to future tax savings of €43 million.

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, 2017:

In thousands of euros	
Translation adjustment on FX payables 2017	15
Translation adjustment on FX receivables 2017	(97)
Net deferred tax asset	(82)

NOTES TO THE STATUTORY ACCOUNTS

Other disclosures

Off-balance sheet commitments

Commitments given

In thousands of euros	2017
Guarantee ⁽¹⁾	317,068
Collateral	3,221
Total	320,289

(1) Guarantees given to banks on behalf of subsidiaries.

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 2017 amounted to €526,240.

Subsequent events

No significant events have occurred since December 31, 2017 that would be likely to have a material impact on the Company's business, financial position, results or assets.

Other

The identity of the parent company consolidating the financial statements of Compagnie Plastic Omnium: Burelle SA – 19, boulevard Jules Carteret – 69342 Lyon Cedex 07.

At December 31, 2017, Burelle SA held 57.57% of the capital of Compagnie Plastic Omnium (58.86% excluding treasury stock).

5.5 Five-Year Financial Summary

In thousands of euros	2013	2014	2015	2016	2017
1 - Capital at year end					
a) Share capital	9,299	9,215	9,215	9,149	9,058
b) Shares outstanding*	154,977,021	153,576,720	153,576,720	152,476,720	150,976,720
c) Convertible bonds outstanding	0	0	0	0	0
2 - Revenue and profit/(loss) for the year					
a) Total operating revenue	27,605	40,542	38,395	40,230	43,994
b) Profit before tax, depreciation, amortization and provisions	211,614	186,503	223,159	171,273	(11,484)
c) Corporate income tax before provisions	11,970	7,595	11,041	3,372	17,559
d) Net income	222,526	184,324	222,893	46,670	111,728
e) Dividends distributed ⁽¹⁾	51,142	56,823	62,966	74,714	101,154
3 - Per share data⁽¹⁾					
a) Profit after tax, before depreciation, amortization and provisions	1.44	1.26	1.33	1.15	0.04
b) Net income	1.43	1.20	1.45	0.31	0.74
c) Dividend paid per share	0.33	0.37	0.41	0.49	0.67
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.

SUBSIDIARIES AND AFFILIATES

5.6 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 AUTO ENERGY 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%
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 N° 391 Guiping Road Shanghai – PR China	EUR 70,000,000	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	1,118,809	7,533
• Net	1,101,792	4,780
Loans and advances granted	960,351	1,345
Dividends received	97,053	7,533

STANDARD TABLE FOR PRESENTING INFORMATION ABOUT PAYMENT PERIODS FOR PAYABLES AND RECEIVABLES AS REFERRED TO IN ARTICLE D. 441-4 OF THE FRENCH COMMERCIAL CODE

Invoices received or issued but not paid and overdue as of the closing date

(Table pursuant to Article D. 441-4 of the French Commercial Code)

	Article D. 441 I. - 1° of the French Commercial Code: Invoices received but not paid and overdue as of the closing date					Article D. 441 I. - 2° of the French Commercial Code: Invoices issued but not paid and overdue as of the closing date						
	0 days (as reference)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 days (as reference)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Portion past due												
Number of invoices in question						20					22	
Total amount of invoices in question	0.00	0.00	0.00	1	1		1,082	2		1,274	2,358	
(state if VAT incl. or VAT excl.)						€ thousands incl. VAT	€ thousands incl. VAT		€ thousands incl. VAT	€ thousands incl. VAT	€ thousands incl. VAT	
Percentage of total purchases in the period												
(state if VAT incl. or VAT excl.)						€ thousands incl. VAT	€ thousands incl. VAT		€ thousands incl. VAT	€ thousands incl. VAT	€ thousands incl. VAT	
Percentage of year's revenue							0.00%	2.40%	0.00%	0.00%	2.82%	5.22%
(state if VAT incl. or VAT excl.)							€ thousands incl. VAT			€ thousands incl. VAT	€ thousands incl. VAT	
(B) Invoices excluded from (A) involving disputed or non-recognized liabilities and receivables												
Number of invoices excluded						0					0	
Total amount of invoices excluded						0.00					0.00	
(state if VAT incl. or VAT excl.)												
(C) Reference payment periods used (contractual or legal periods – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment periods used in calculating late payments	<ul style="list-style-type: none"> • 30 days from invoice date – 30 days from the end of the month • 45 days from invoice date – 45 days from the end of the month • 60 days from invoice date 					<ul style="list-style-type: none"> • Upon receipt 						

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

5.7 Statutory Auditors' report on the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2017

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of the Annual General Meeting of Compagnie Plastic Omnium,

OPINION

In compliance with the engagement entrusted to us by your annual general, we have audited the accompanying financial statements of Compagnie Plastic Omnium for the year ended December 31, 2017.

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, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' responsibilities for the audit of the financial statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 paragraphe 1, of Regulation (EU) no. 537/2014 or in the French Code of ethics (Code de déontologie) for statutory auditors.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

VALUATION OF EQUITY INVESTMENTS AND RECEIVABLES RELATED TO EQUITY INVESTMENTS

Note "Accounting principles and methods – Equity investments and related receivables", note "C – Investments" and note "L – Depreciation, amortization and impairment" of the notes to the financial statements.

Key audit matter

Equity investments of Compagnie Plastic Omnium amount to €1,126 million as of December 31, 2017 (€1,106 million in net value).

Gross values of investments in subsidiaries and affiliates are initially recognized at cost or transfer value. In the event of indication of impairment, the management of the group estimates the recoverable amounts of equity investments as the higher of the value in use or the probable realization value. If necessary, a provision for impairment is recorded when value in use or the probable realization value is lower than the net value.

Value in use is determined by taking into account the share of net equity and profit outlook in view of current market conditions as set out in the subsidiaries' medium-term business plans.

The valuation of equity securities is considered to be a key audit matter given the importance of equity investments in the balance sheet and because of the judgments to be made by management to estimate the profit outlook of the subsidiaries.

Our response

Our work consisted in:

- Comparing the net book value of equity securities with the net equity of these companies;
- Assessing the existence of indication of impairment by:
- interviewing the Group's Finance Department on the results and profit outlook of the different companies,
- assessing the minutes of the meetings of the Board of Directors of Compagnie Plastic Omnium.

Assessing, when applicable, the valuation methodology and the arithmetical accuracy of the calculation of the recoverable value and verifying the consistency of assumptions used with the economic environment at the reporting and closing dates.

VERIFICATION OF THE MANAGEMENT REPORT AND OF THE OTHER DOCUMENTS PROVIDED TO GENERAL ASSEMBLY OF THE SHAREHOLDERS

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We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and other documents sent to shareholders on the financial position and the financial statements

We have no observations 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 other documents addressed to the shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We confirm the existence, in the Board of Directors report on corporate governance, the information required by Articles L. 225-37-3 and L. 225-37-4 of the Commercial Code (Code de commerce).

With regard to the information provided pursuant to the provisions of Article L. 225-37-3 of the French Commercial Code (Code de commerce) on compensation and benefits paid to corporate officers and the commitments made in their favor, we verified their consistency with the financial statements or with the data 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 certify the accuracy and truthfulness of the information.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Other information

In accordance with the law, we have ensured that the various information relating to the acquisition of equity interests and control and the identity of the holders of the capital or voting rights have been communicated to you in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Compagnie Plastic Omnium by the annual general meeting held on December 28, 1977 for Mazars and on May 15, 2001 for Ernst & Young et Autres (under the name Ernst & Young Audit on May 15, 2001 until April 29, 2010).

As at December 31, 2017, Mazars and Ernst & Young et Autres were in the fortieth year and eightieth year of total uninterrupted engagement respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-la-Défense, February 14, 2018

The Statutory Auditors
French original signed by

MAZARS

Juliette Decoux

ERNST & YOUNG et AUTRES

Gilles Puissochet

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SPECIAL REPORT OF THE STATUTORY AUDITORS ON RELATED PARTY AGREEMENTS AND COMMITMENTS

5.8 Special Report of the Statutory Auditors on Related Party Agreements and Commitments

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Annual general meeting held to approve the financial statements for the year ended December 31, 2017

To the Annual General Meeting of Compagnie Plastic Omnium,

In our capacity as statutory auditors of your Company, we hereby present to you our report on 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, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) of the continuation of the implementation, during the year ended December 31, 2017, of the agreements and commitments previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE ANNUAL GENERAL MEETING

We hereby inform you that we have not been notified of any agreements or commitments authorized during the year ended December 31, 2017 to be submitted to the Annual General Meeting for approval in accordance with Article 225-38 of the French Commercial Code (*Code de commerce*).

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments authorized in prior years

a) whose implementation continued during the year ended December 31, 2017

In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we have been notified that the implementation of the following agreements and commitments, which were approved by the Annual General Meeting in previous years, continued during the year ended December 31, 2017.

With Burelle SA which directly holds a 57.57% stake in your Company's share capital

Persons concerned: Mr. Jean Burelle, Chairman, Mr. Laurent Burelle and Mr. Paul Henry Lemarié, Executive CEOs, and Mrs. Eliane Lemarié and Mrs. Félicie Burelle, Directors.

Nature and purpose: Burelle SA invoices your Company for services of general management according to cost allocation keys. This agreement was reviewed at your Company's board meetings of February 24, 2016, July 26, 2016 and October 26, 2016, during which it was decided to modify the method of determining the incentive paid by Burelle SA to Mr. Laurent Burelle, Mr. Jean Burelle and Mr. Paul Henry Lemarié, then re-invoiced to your Company.

Conditions: As at December 31, 2017, your Company recorded an expense of €1,765 thousands for Group executive services.

With Yanfeng Plastic Omnium Automotive Systems Co. Ltd, in whose share capital your Company indirectly holds a 49.95% stake

Person concerned: Mr. Jean-Michel Szczerba, Director.

Nature and purpose: This trademark license fees agreement was authorized by the Board of Directors on February 26, 2013 and ratified by the Annual General Meeting of April 25, 2013. Its purpose is the use of your Company's trademarks.

Conditions and duration: 0.25% of the turnover of the company benefiting from the agreement. The agreement has a duration of thirty years.

As at December 31, 2017, your Company recorded a revenue corresponding to billing fees to be invoiced to Yanfeng Plastic Omnium Automotive Systems Co. Ltd in the amount of 1,791 thousands.

With BPO-B.Plas Plastic Omnium Otomotiv Plastik Yan Sanayi AS Plastic Omnium, 50% of the voting rights of which are held by your Company

Person concerned: Mr. Jean-Michel Szczerba, Director.

Nature and purpose: This license fee and technical support agreement was authorized by the Board of Directors on February 26, 2013 and ratified by the Annual General Meeting of April 25, 2013. Its purpose is the use of your Company's industrial designs, and processes, know-how and related technical assistance services. This agreement was entered into on December 21, 2001 for a five-year term, renewable by tacit agreement. It can no longer be tacitly renewed and must be authorized every year and set out in the first part of the report on related party agreements.

Conditions: The fee rate amounts to 1.5% of BPO-B.PLAS-Plastic Omnium Otomotiv Plastik's net sales of licensed products.

As at December 31, 2017, your Company invoiced BPO-B.PLAS-Plastic Omnium Otomotiv Plastik an amount of €463 thousands.

With Plastic Omnium Auto Inergy SAS of which Mr Laurent Burelle is also President. Compagnie Plastic Omnium directly holds 100.00% of the share capital of Plastic Omnium Auto Inergy SAS

Person(s) concerned: Mr. Laurent Burelle, President.

Autorization: This agreement was authorized by the Board of Directors on March 15, 2011 and ratified by the General Meeting of April 28, 2011.

Compagnie Plastic Omnium has expressed an interest in owning the portfolio of brands held by Plastic Omnium Auto Inergy SAS, and in the meantime has applied to be granted a license in its favor for a trademark license for manufacture or have manufactured, and/or sell or have sold the products covered by all the Brands.

Terms / Reasons justifying why the Company benefits from this agreement: 0.1% of the turnover of all the entities of the Inergy division.

Duration: The agreement took effect on September 1, 2010 and ends no later than December 31, 2012. Unless otherwise requested by the parties, this agreement continues.

At December 31, 2017, Plastic Omnium Auto Inergy invoiced Compagnie Plastic Omnium for €2,630 thousands.

b) Which were not implemented during the year ended December 31, 2017

In addition, we have been notified that the following agreements and commitments, which were approved by the Annual General Meeting in prior years, were not implemented during the year ended December 31, 2017

With the company Burelle S.A. which directly holds a 57.57% stake in your Company's share capital

Persons concerned: Mr Jean Burelle, Chairman, Laurent Burelle and Paul Henry Lemarié, Executive CEOs, and Eliane Lemarié and Félicie Burelle, Directors.

Nature and purpose: This agreement was authorized by the Board of Directors on December 11, 2003 and ratified by the General Meeting of April 22, 2004. This agreement relates to a supplementary pension plan granted to corporate officers, who are employees of the Company, by which these latter are granted an additional pension of 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.

The agreement is renewable automatically every year.

As at December 31, 2017, no invoice was made by the Company Burelle S.A. to your company, as there was no payment related to this supplementary pension plan.

Courbevoie and Paris-la-Défense, February 14, 2018

The Statutory Auditors French original signed by

MAZARS

Juliette Decoux

ERNST & YOUNG et Autres

Gilles Puissochet

06

RELATIONS WITH THE FINANCIAL COMMUNITY AND SHAREHOLDING STRUCTURE

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FINANCIAL COMMUNICATION

6.1 Financial communication

The Investor Relations Department acts as liaison between the Group and the financial community, composed of institutional investors including socially responsible investors (ISR) and bond-holders, financial analysts, and individual shareholders. Investor Relations provides all these market participants with clear, rigorous, and transparent information in real time, to keep them informed of the Group's strategies, businesses, financial results, and medium-term objectives.

Plastic Omnium makes two areas dedicated to "Investors" and "Shareholders" available to the financial community and its shareholders on its website www.plasticomnium.com. Its website also contains regulatory information about the Group, including its Registration Document and Annual Report, its half-year financial report, all of its press releases, and its financial and investor presentations. On the "Shareholders" page, a section entitled "Shareholders' Meeting" contains all documents relating to the Shareholders' Meeting. All of this information is available as well on smartphone or tablet through an app that Plastic Omnium launched in January 2018. This application may be downloaded via the App Store for iPhones and iPads or Google Play for Androids.

6.1.1 INSTITUTIONAL INVESTORS

The Investor Relations Department communicates with the financial community, upon each release of annual and half-year results as well as during numerous meetings held throughout the year at the Group's headquarters for investors and financial analysts, and during roadshows, and conferences organized by brokers. This year, close to 30 roadshows were held in France, the United Kingdom, the United States, Canada, Germany, Switzerland and elsewhere, attended by nearly 800 investors and analysts. On December 13, 2017, an Investor Day was held at our Σ-Sigmatech Lyon research and development center. The Group presented its growth and innovation strategy for responding to the new challenges of the connected, autonomous, and carbon-free car.

6.1.2 INDIVIDUAL SHAREHOLDERS

At December 31, 2017, the Plastic Omnium Group had more than 30,000 individual shareholders (versus approximately 24,000 at December 31, 2016). Since 2016, Plastic Omnium strengthened its individual investor communications strategy by holding site visits. Some twenty individual shareholders had the opportunity to tour the Ruitz (Hauts-de-France) production plant, dedicated to the production of exterior body parts. In addition, in June 2017, on the occasion of the Group's 70th anniversary, celebrated at the Grand Palais in Paris, our shareholders had the chance to tour a temporary exhibit on 70 years of history and innovation.

The Investor Relations Department provides its individual shareholders with two Shareholder letters, published in March for the annual results and in September for the half-year results; it also published a Shareholder's Guide in 2017 for the first time. All of these documents may be found in the "Shareholders" section of the Group's website.

BNP Paribas Securities Services is the registrar for shares held in registered form. The issuers' service can be reached at +33 (0)826 109 119. There you may obtain all share performance data. For any other requests, Shareholder Services' toll free number is +33 (0)800 777 889.

THE PLASTIC OMNIUM SHARE

6.2 The Plastic Omnium share

FACT SHEET

ISIN code: FR0000124570

Par value: €0.06

Eligible for the Deferred Settlement Service (SRD)

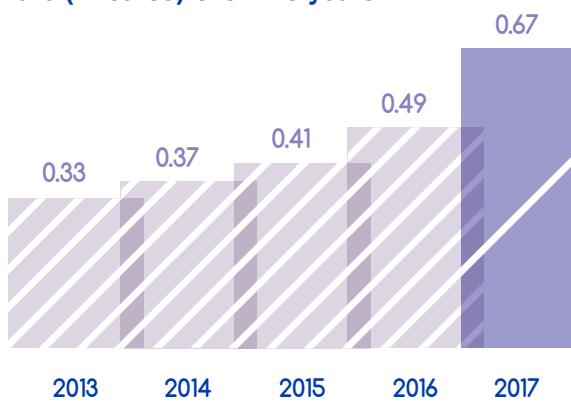
6.2.1 TRADING DATA

Price as at December 31, 2017	€37.895
Average closing price of the last 30 trading sessions in 2017	€36.25
Highest price in 2017	€38.08 on December 22, 2017
Lowest price in 2017	€29.90 on January 4, 2017
Year on year increase as at December 31, 2017	
Plastic Omnium	+24.9%
SBF 120	+10.8%
CAC Mid 60	+22.13%
Market capitalization as at December 31, 2017	€5,721,262,804

6.2.2 SHAREHOLDER DIVIDENDS

Dividend per share proposed to the Shareholders' Meeting of April 26, 2018: €0.67.

Change in dividend per share (in euros) over five years:

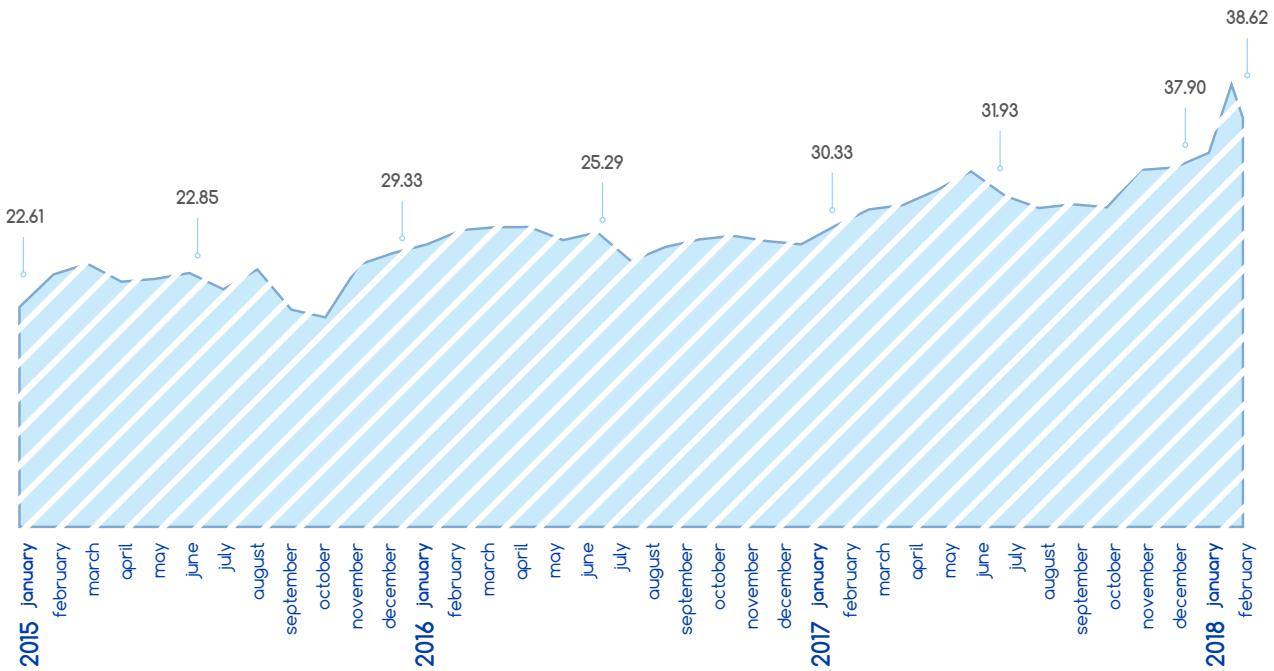


Dividends must be claimed within five years. Unclaimed dividends are paid back to the Caisse des Dépôts et Consignations.

6.2.3 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)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
January	25.605	30.605	32.69	21.580	27.830	29.9	240,114	324,906	203,065
February	27.205	30.055	33.35	25.055	25.880	31.605	211,298	306,916	195,292
March	27.380	31.185	34.14	24.540	28.925	32.605	258,106	255,508	222,702
April	26.960	30.370	35.91	24.830	28.475	33.31	245,568	193,075	234,786
May	26.645	29.970	36.49	24.180	27.965	33.075	198,070	162,434	226,307
June	25.830	30.820	33.66	22.855	24.450	31.935	235,133	248,444	207,801
July	26.380	28.555	33.42	22.220	25.135	31.655	271,674	216,069	241,599
August	26.455	28.750	32.87	22.490	27.530	31.545	199,236	112,144	120,205
September	26.875	29.530	36.195	20.100	27.580	32.375	288,633	215,978	179,667
October	26.510	30.200	36.585	21.220	29.480	35.44	266,072	184,416	148,505
November	27.710	28.945	36.72	25.455	27.675	33.735	172,779	180,723	154,735
December	29.500	30.485	38.08	25.250	28.175	35.545	200,810	175,949	156,433

Trends in the Compagnie Plastic Omnium share price from January 2015 to February 2018

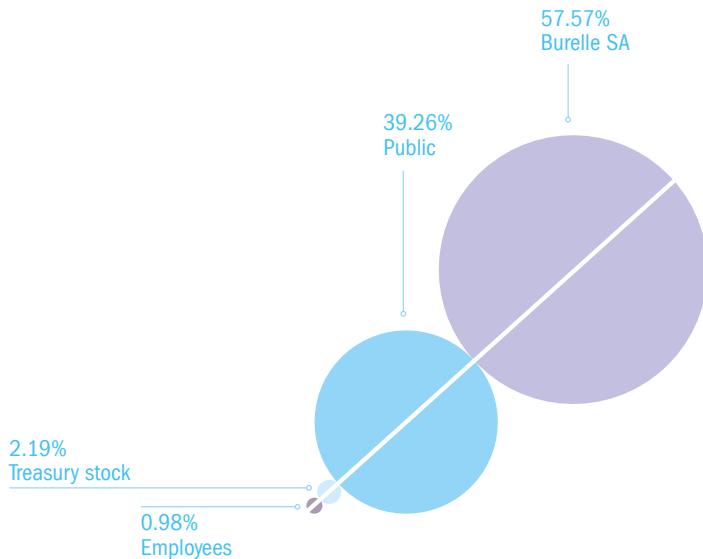


06

RELATIONS WITH
THE FINANCIAL
COMMUNITY AND
SHAREHOLDING
STRUCTURE

TIMETABLE FOR FINANCIAL COMMUNICATION AND SHAREHOLDERS' TIMETABLE

COMPAGNIE PLASTIC OMNIUM SHAREHOLDER STRUCTURE



6.3 Timetable for financial communication and shareholders' timetable

6.3.1 CALENDAR FOR FINANCIAL COMMUNICATION

Publication of the annual results for 2017	February 15, 2018
Publication of revenue for the first quarter of 2018	April 24, 2018
Publication of the interim financial statements for 2018	July 20, 2018
Publication of revenue for the third quarter of 2018	October 25, 2018

6.3.2 SHAREHOLDERS' TIMETABLE

Meeting for shareholders in Lyon	March 13, 2018
Shareholders' Meeting	April 26, 2018
Dividend payment date	May 4, 2018
Meeting for shareholders in Nice	October 2018 (date to be confirmed)

Registrar: BNP Paribas Securities Services – tel.: +33 (0) 826 109 119.

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SHAREHOLDERS' MEETING

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AGENDA

7.1 Agenda

7.1.1 ORDINARY RESOLUTIONS

- First resolution: Approval of the financial statements for the year ended December 31, 2017
- Second resolution: Appropriation of net income and determination of the dividend
- Third resolution: Statutory Auditors' report on related-party agreements – Acknowledgement of the absence of a new agreement
- Fourth resolution: Approval of the consolidated financial statements for the year ended December 31, 2017
- Fifth resolution: Authorization to be granted to the Board of Directors to buy back the Company's shares pursuant to the provisions of Article L. 225-209 of the French Commercial Code (*Code de commerce*), duration of the authorization, purposes, terms, ceiling
- Sixth resolution: Renewal of the term of office of Mr. Laurent Burelle as Director
- Seventh resolution: Renewal of the term of office of Mr. Jean-Michel Szczera as Director
- Eighth resolution: Renewal of the term of office of Mr. Paul Henry Lemarié as Director
- Ninth resolution: Renewal of the term of office of the company Burelle SA as Director, represented by Mrs. Éliane Lemarié
- Tenth resolution: Renewal of the term of office of Mr. Jean Burelle as Director
- Eleventh resolution: Renewal of the term of office of Mrs. Anne-Marie Couderc as Director
- Twelfth resolution: Renewal of the term of office of Mrs. Lucie Maurel Aubert as Director
- Thirteenth resolution: Renewal of the term of office of Mr. Jérôme Gallot as Director

- Fourteenth resolution: Renewal of the term of office of Prof. Dr. Bernd Gottschalk as Director
- Fifteenth resolution: Acknowledgement of the non-renewal of the term of office of Mr. Alain Mérieux as Director, and appointment of a new Director (Mr. Alexandre Mérieux)
- Sixteenth resolution: Amount of attendance fees allocated to the members of the Board of Directors
- Seventeenth resolution: Approval of the principles and criteria for determining, 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
- Eighteenth resolution: Approval of the Compensation components paid or awarded in respect of the year ended December 31, 2017 to Mr. Laurent Burelle, Chairman and Chief Executive Officer
- Nineteenth resolution: Approval of the Compensation components paid or awarded in respect of the year ended December 31, 2017 to Mr. Paul Henry Lemarié, Chief Operating Officer
- Twentieth resolution: Approval of the Compensation components paid or awarded in respect of the year ended December 31, 2017 to Mr. Jean-Michel Szczera, Co-Chief Executive Officer and Chief Operating Officer

7.1.2 EXTRAORDINARY RESOLUTIONS

- Twenty-first resolution: Authorization to be granted to the Board of Directors to allocate free existing shares in the Company to employees and/or corporate officers of the Company and/or of Group companies, duration of the authorization, ceiling, minimum vesting and holding periods
- Twenty-second resolution: Authorization to be granted to the Board of Directors to cancel the shares bought back by the Company pursuant to Article L. 225-209 of the French Commercial Code, duration of the authorization, ceiling
- Twenty-third resolution: Amendment of Article 13 of the bylaws concerning the rules limiting the age of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers
- Twenty-fourth resolution: Insertion of an Article 16 "Censors" of the bylaws permitting the appointment of non-voting members and an accompanying change to the numbering of the succeeding articles of the bylaws
- Twenty-fifth resolution: Powers for the formalities

7.2 Text of the Resolutions Submitted for Approval by the Combined Shareholders' Meeting on April 26, 2018

7.2.1 ORDINARY RESOLUTIONS

First resolution: Approval of the financial statements for the year ended December 31, 2017

After having read the Company financial statements for the year ended December 31, 2017, the reports of the Board of Directors and the Statutory Auditors' report on the Company financial statements for the year ended December 31, 2017, 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, 2017 as presented, showing a net profit of €111,728,344, 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, 2017 shows a net balance of €111,728,344, that retained earnings totaled €1,044,533,256 and voting in accordance with the quorum and majority requirements for Ordinary Shareholders'

Meetings, the shareholders decide to allocate the net sum of €1,156,261,600 as proposed by the Board of Directors, namely:

	In euros
Total amount to be appropriated	1,156,261,600
Appropriation:	
Net dividend distributed for the 2017 fiscal year	101,154,402
Carried forward	1,055,107,198
Total appropriated	1,156,261,600

Consequently, the Shareholders' Meeting set the net dividend for 2017 at €0.67 per share.

As a reminder, for individual shareholders resident for tax purposes in France, who do not opt for withholding at the flat rate of 30%, this dividend is eligible for the 40% tax relief resulting from the provisions of Article 158-3-2° of the French General Tax Code. The dividends for individual shareholders are subject to withholding at 12.8%.

The ex-dividend date will be May 2, 2018.

The dividend will be paid on the date set by the Board of Directors, i.e. May 4, 2018.

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.

In accordance with the provisions of Article 243 bis of the French General Tax Code, the following table summarizes the amount of dividends and other income distributed in respect of the three preceding fiscal years, as well as their eligibility for the 40% tax relief, provided for in Article 158-3-2° of the French General Tax Code, where applicable, for individual shareholders resident in France for tax purposes.

Year	Number of shares with dividend rights	Dividend per share	Income eligible for the tax relief provided for in Article 158-3-2° of the French General Tax Code		Income ineligible for the tax relief provided for in Article 158-3-2° of the French General Tax Code	
			Dividends	Other income	Dividends	Other income
2014	148,197,149	0.37	54,832,945	—	—	—
2015	147,589,746	0.41	60,511,796	—	—	—
2016	147,494,915	0.49	72,272,508	—	—	—

TEXT OF THE RESOLUTIONS SUBMITTED FOR APPROVAL BY THE COMBINED SHAREHOLDERS' MEETING ON APRIL 26, 2018

Third resolution: Statutory Auditors' report on related-party agreements – Acknowledgement of the absence of a new agreement

After having read the special report of the Statutory Auditors on related-party agreements referred to in Article L. 225-38 of the French Commercial Code, the Shareholders' Meeting notes (i) the absence of a new agreement during fiscal year 2017 and (ii) the information mentioned regarding the continuation, during the current year, of agreements signed in the course of previous years.

Fourth resolution: Approval of the consolidated financial statements for the year ended December 31, 2017

After having read the reports 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, 2017 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 €425,177 thousand resulted.

Fifth resolution: Authorization to be granted to the Board of Directors to buy back 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 the Company's shares under the terms and conditions set forth in the provisions

of Article L. 225-209 et seq. of the French Commercial Code 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, subject to the authorization to be granted by this Shareholders' Meeting in its twenty-first 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 15,097,672 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).

On December 31, 2017, the Company held 3,306,070 treasury shares. If these shares were canceled or used, the maximum amount that the Company would be allowed to spend in the buyback program would be €905,860,320 for the acquisition of 15,097,672 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 27, 2017 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 issues, 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 €905,860,320.

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.

Sixth resolution: Renewal of the term of office of Mr. Laurent Burelle as Director

After having read the Board of Directors' report, and having voted in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting renewed the term of office of Mr. Laurent Burelle for a three-year term. His term of office will expire at the close of the Shareholders' Meeting to be held in 2021 to approve the 2020 financial statements.

Seventh resolution: Renewal of the term of office of Mr. Jean-Michel Szczerba as Director

After having read the Board of Directors' report, and having voted in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting renewed the term of office of Mr. Jean-Michel Szczerba for a three-year term. His term of office will expire at the close of the Shareholders' Meeting to be held in 2021 to approve the 2020 financial statements.

Eighth resolution: Renewal of the term of office of Mr. Paul Henry Lemarié as Director

After having read the Board of Directors' report, and having voted in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting renewed the term of office of Mr. Paul Henry Lemarié for a three-year term. His term of office will expire at the close of the Shareholders' Meeting to be held in 2021 to approve the 2020 financial statements.

Ninth resolution: Renewal of the term of office of the company Burelle SA as Director, represented by Mrs. Éliane Lemarié

After having read the Board of Directors' report, and having voted in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting renewed the term of office of the company Burelle SA, represented by Mrs. Éliane Lemarié, for a three-year term. Her term will expire at the close of the Shareholders' Meeting to be held in 2021 to approve the 2020 financial statements.

Tenth resolution: Renewal of the term of office of Mr. Jean Burelle as Director

After having read the Board of Directors' report, and having voted in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting renewed the term of office of Mr. Jean Burelle for a three-year term. His term of office will expire at the close of the Shareholders' Meeting to be held in 2021 to approve the 2020 financial statements.

TEXT OF THE RESOLUTIONS SUBMITTED FOR APPROVAL BY THE COMBINED SHAREHOLDERS' MEETING ON APRIL 26, 2018

Eleventh resolution: Renewal of the term of office of Mrs. Anne-Marie Couderc as Director

After having read the Board of Directors' report, and having voted in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting renewed the term of office of Mrs. Anne-Marie Couderc for a three-year term. Her term of office will expire at the close of the Shareholders' Meeting to be held in 2021 to approve the 2020 financial statements.

Twelfth resolution: Renewal of the term of office of Mrs. Lucie Maurel Aubert as Director

After having read the Board of Directors' report, and having voted in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting renewed the term of office of Mrs. Lucie Maurel Aubert for a three-year term. Her term of office will expire at the close of the Shareholders' Meeting to be held in 2021 to approve the 2020 financial statements.

Thirteenth resolution: Renewal of the term of office of Mr. Jérôme Gallot as Director

After having read the Board of Directors' report, and having voted in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting renewed the term of office of Mr. Jérôme Gallot for a three-year term. His term of office will expire at the close of the Shareholders' Meeting to be held in 2021 to approve the 2020 financial statements.

Fourteenth resolution: Renewal of the term of office of Prof. Dr. Bernd Gottschalk as Director

After having read the Board of Directors' report, and having voted in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting renewed the term of office of Prof. Dr. Bernd Gottschalk for a three-year term. His term will expire at the close of the Shareholders' Meeting to be held in 2021 to approve the 2020 financial statements.

Fifteenth resolution: Non-renewal of the term of office of Mr. Alain Mérieux as Director, and appointment of a new Director (Mr. Alexandre Mérieux)

After having read the Board of Directors' report, and having voted in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, the Shareholders' Meeting acknowledged the non-renewal of the directorship of Mr. Alain Mérieux, which expired at the end of the Shareholders' Meeting, and decided to appoint Mr. Alexandre Mérieux, in addition to the members currently in office, as Director for a three-year term, ending after the Meeting held in 2021 to approve the 2020 financial statements.

Sixteenth 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 €580,000 to €640,000.

This decision applies from the current year until a new amount is set.

Seventeenth resolution: Approval of the principles and criteria for determining, 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, the Shareholders' Meeting, pursuant to Article L. 225-37-2 of the French Commercial Code, approved the principles and criteria used to determine, distribute and award the fixed, variable and exceptional components of total compensation and all kinds of benefits that may be granted to executive directors in respect of their terms of office, as detailed in the report on corporate governance, referred to in articles L. 225-100 and L. 225-102 of the French Commercial Code, presented in the Registration Document.

Eighteenth resolution: Approval of the compensation components paid or allocated in respect of the year ended December 31, 2017 to Mr. Laurent Burelle, Chairman and Chief Executive Officer

The Shareholders' Meeting, pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, voting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approved the fixed, variable and exceptional components of the total compensation and all kinds of benefits paid or allocated to Mr. Laurent Burelle in respect of year ended December 31, 2017, in recognition of his position as Chairman and CEO, as presented in the Company's report on corporate governance referred to in Article L. 225-37 of the same code.

Nineteenth resolution: Approval of the compensation components paid or allocated to Mr. Paul Henry Lemarié, Chief Operating Officer, in respect of the year ended December 31, 2017

The Shareholders' Meeting, pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, voting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approved the fixed, variable and exceptional components of the total compensation and all kinds of benefits paid or allocated to Mr. Paul Henry Lemarié in respect of the year ended December 31, 2017, in recognition of his position as Chief Operating Officer, as presented in the Company's report on corporate governance referred to in Article L. 225-37 of the same code.

Twentieth resolution: Approval of the compensation components paid or allocated in respect of the year ended December 31, 2017 to Mr. Jean-Michel Szczerba, Co-Chief Executive Officer and Chief Operating Officer

The Shareholders' Meeting, pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, voting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approved the fixed, variable and exceptional components of the total compensation and all kinds of benefits paid or allocated to Mr. Jean-Michel Szczerba in respect of the year ended December 31, 2017, in recognition of his position as Chief Operating Officer, Co-Chief Executive Officer as presented in the Company's report on corporate governance referred to in Article L. 225-37 of the same code.

7.2.2 EXTRAORDINARY RESOLUTIONS

Twenty-first resolution: Authorization to be granted to the Board of Directors to allocate free existing shares in the Company to employees and/or corporate officers of the Company and/or of Group companies, duration of the authorization, ceiling, minimum vesting and holding periods

The Shareholders' Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report, voting in accordance with the quorum and majority rules applicable to Extraordinary Shareholders' Meetings, and pursuant to the provisions of Article L. 225-197-1 et seq. of the French Commercial Code:

1. authorized the Board of Directors, with the option of sub-delegation under the conditions set by law, to allocate free existing shares in the Company, on one or more occasions, to employees or certain employee categories which it will determine from among employees and/or corporate officers of the Company or of related companies or groupings within the meaning of Articles L. 225-197-1, II and L. 225-197-2 of the French Commercial Code;
2. set the period of validity of this authorization to thirty-eight months starting from the date of this Shareholders' Meeting, and supersedes any previous authorization with the same purpose, for the surplus fraction, previously granted by the Shareholders' Meeting of April 28, 2016 in its 18th resolution;
3. decided that the total number of shares that may be allocated free of charge pursuant to this authorization may not exceed 1% of the number of ordinary shares comprising the Company's share capital on the date this Meeting is held, on the proviso that this is an overall ceiling for all awards of Company stock options to Group employees and/or corporate officers likely to take place pursuant to the 17th resolution adopted by the Shareholders' Meeting of April 28, 2016 and all free share awards likely to be made pursuant to this resolution provided that it is adopted by this Shareholders' Meeting;
4. decided that the Board of Directors shall determine, in accordance with the law, when making each allocation decision, the vesting period after which the shares will be definitively awarded. The vesting period must be no less than one year from the date on which the shares were allocated;
5. decided that the Board of Directors shall determine, in accordance with the law, when making each allocation decision, the period for which Company shares must be held, which begins from the time the shares are definitively allocated. The holding period may be no less than a year. However, if the vesting period is two years or more, the holding period may be canceled by the Board of Directors.

TEXT OF THE RESOLUTIONS SUBMITTED FOR APPROVAL BY THE COMBINED SHAREHOLDERS' MEETING ON APRIL 26, 2018

Existing shares which may be allocated pursuant to this resolution must be purchased by the Company, either within the framework of Article L. 225-208 of the French Commercial Code, or, if applicable, under the share buyback program authorized by the fifth ordinary resolution adopted by this Meeting pursuant to Article L. 225-209 of the French Commercial Code or any stock option program applicable before or after this resolution was adopted;

6. granted all powers, subject to the limits set out above, to the Board of Directors to implement this authorization and in particular to:

- determine the identity of the beneficiaries of the allocations,
- determine the number of shares awarded to each beneficiary,
- set the conditions as well as any criteria for share awards, particularly the minimum vesting and holding periods,
- allow, if applicable, for the option to defer the definitive award date for the shares and to adjust, for the same duration, the obligatory holding period for said shares (so that the date from which the shares may be sold remains unchanged),
- purchase those shares necessary under the share buyback program and allocate them to the stock option plan,
- adjust the price of the shares and the number of shares awarded in the event of transactions on the Company's share capital which result in a change to the value of the shares comprising the share capital,
- determine the dates and terms of the awards and the exercise conditions pursuant to applicable legal and regulatory provisions, and generally take all useful steps and enter into all agreements conducive to ensuring the successful completion of the planned awards.

Twenty-second resolution: Authorization to be granted to the Board of Directors to cancel the shares bought back by the Company pursuant to Article L. 225-209 of the French Commercial Code, duration of the authorization, ceiling

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. 225-209 of the French Commercial Code, the Shareholders' Meeting:

- authorized the Board of Directors to reduce the share capital, on one or more occasions, in the proportions and at the times that it shall determine, by canceling all or some of the shares purchased or which could be purchased pursuant to the authorization granted by the Ordinary Shareholders' Meeting, by the Company itself, by up to 10% of the share capital per 24-month period, on the proviso that this limit applies to a share capital amount which may be adjusted if necessary in response to transactions affecting the share capital subsequent to this Shareholders' Meeting;
- set the validity period for this delegated power at twenty-six months as of the date of this Shareholders' Meeting, and noted that this authorization supersedes any previous authorization with the same purpose, for the surplus fraction, previously granted by the Combined Shareholders' Meeting of April 28, 2016 in its 19th resolution;
- granted all powers to the Board of Directors to perform any transaction(s) to cancel or reduce the capital by virtue of this authorization, determine the practical implementation of said transaction(s), acknowledge the completion of said transaction(s), charge the difference between the carrying amount of the canceled shares and their notional amount against all reserve and premium items in the balance sheet, amend the bylaws as a result, complete all formalities and generally do all that is required to implement this resolution.

Twenty-third resolution: Amendment of Article 13 of the bylaws concerning the rules limiting the age of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers

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 the last paragraph of Article 13 "Chairman and Senior Executives" of the bylaws in the following manner, with the rest of the article remaining unchanged:

Article 13 – Chairman and Senior Executives

"...

The age limit for the position of Chairman of the Board of Directors shall be eighty years.

The age limit for the positions of CEO and Chief Operating Officer shall be seventy-five years."

Twenty-fourth resolution: Insertion of an Article 16 Censors of the bylaws permitting the appointment of censors and an accompanying change to the numbering of the succeeding articles of the bylaws

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 insert an Article 16 censors of the bylaws and changes accordingly the numbering of the succeeding articles of the bylaws. The Article is redrafted as follows:

"Article 16 – Censors

The Board of Directors may appoint one or more censors of the Board, either natural persons or legal entities, who may or may not be chosen from among the shareholders and whose number shall in no event exceed three.

They shall be appointed for a term of three years, ending with the close of the Ordinary Shareholders Meeting called to approve the financial statements for the preceding year and held in the year in which their duties terminate.

The censors shall be called to the meetings of the Board of Directors and take part in its deliberations on a consultative basis, and their absence shall not affect the validity of the deliberations.

The Board of Directors may allocate directors' fees to the censors as compensation for their participation. The Board shall determine their share and distribute it among them.

That share shall be deducted from the total amount of directors' fees set by the Ordinary Shareholders Meeting."

The numbering of the following articles shall be changed as follows:

Article 17 – Shareholders' Meetings

Article 18 – Statutory accounts

Article 19 – Dissolution

Article 20 – Disputes

Twenty-fifth 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.

BOARD OF DIRECTORS' REPORT ON THE RESOLUTIONS PRESENTED TO THE COMBINED SHAREHOLDERS' MEETING ON APRIL 26, 2018

7.3 Board of Directors' Report on the Resolutions Presented to the Combined Shareholders' Meeting on April 26, 2018

7.3.1 REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS PRESENTED AT THE ORDINARY SHAREHOLDERS' MEETING

Approval of the 2017 parent company financial statements (first resolution)

The first resolution submits for your approval the parent company financial statements for the year ended December 31, 2017, which result in a profit of €111,728,344.

Appropriation of net income and determination of the dividend for 2017 (second resolution)

The second resolution concerns the appropriation of net income and determination of the dividend for the year ended December 31, 2017.

In euros	
Retained earnings at December 31, 2017 of	1,044,533,256
And net income for the year ended December 31, 2017 stood at	111,728,344
Total amount to be appropriated	1,156,261,600

If the Shareholders' Meeting approves this resolution, the net dividend for the year ended December 31, 2017 will amount to €0.67 per share, corresponding to a total distributed dividend of €101,154,402.

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 2, 2018, and the dividend will be paid on May 4, 2018.

For individual shareholders resident for tax purposes in France, who do not opt for withholding at the flat rate of 30%, this dividend is eligible for the 40% tax relief resulting from the provisions of Article 158-3-2° of the French General Tax Code. The dividends for individual shareholders are subject to withholding at 12.8%.

As a reminder, the following dividends have been distributed over the past three years.

Year	Number of shares with dividend rights	Dividend per share	Income eligible for the tax relief provided for in Article 158-3-2° of the French General Tax Code		Income ineligible for the tax relief provided for in Article 158-3-2° of the French General Tax Code	
			Dividends	Other income	Dividends	Other income
2014	148,197,149	0.37	54,832,945	—	—	—
2015	147,589,746	0.41	60,511,796	—	—	—
2016	147,494,915	0.49	72,272,508	—	—	—

The Board of Directors recommends that this amount be appropriated as follows:

In euros	
Total amount to be appropriated	1,156,261,600
Appropriation:	
Net dividend distributed for 2017	101,154,402
Carried forward	1,055,107,198
Total appropriated	1,156,262,600

Statutory Auditors' report on related-party agreements continued during the year (third resolution)

The purpose of the third resolution, in compliance with Article L. 225-38 of the French Commercial Code, is to acknowledge the agreements mentioned in the special report of the Statutory Auditors on related-party agreements pursued by Compagnie Plastic Omnium during 2017.

Approval of the consolidated financial statements for the financial year 2017 (fourth resolution)

The fourth resolution submits for your approval the consolidated financial statements for the year ended December 31, 2017, which show a Group share of consolidated net profit of €425,177 thousand.

Authorization to the Board of Directors to buy back the Company's shares (fifth resolution)

At the Shareholders' Meeting of April 27, 2017, the shareholders authorized the Company to buy back 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	€914,860,320

Between April 28, 2017 and January 31, 2018, the Company:

- purchased 914,156 shares for an overall amount of €31,547,771, i.e. €34,51 per share; 514,156 of these shares were purchased under the liquidity agreement, and 400,000 were purchased outside of this agreement;
- disposed of 1,112,541 shares as part of the liquidity agreement for a total sale value of €26,626,537, i.e. €23,93 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' management report.

The authorization to buy back the shares of the Company granted by the Shareholders' Meeting on April 27, 2017 expires on October 26, 2018.

You are being asked to grant the Board of Directors a new authorization to buy back the shares of the Company for a further period of 18 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	€905,860,320

Reappointment of directors' terms of office (sixth to fourteenth resolutions)

The Shareholders' Meeting is asked to vote to renew, for a three-year period as defined in the bylaws, the terms of office of the following directors: Mr. Laurent Burelle, Mr. Jean-Michel Szcerba, Mr. Paul Henry Lemarié and Mr. Jean Burelle; of the company Burelle SA, represented by Mrs. Éliane Lemarié, of Mrs. Anne-Marie Couderc and Mrs. Lucie Maurel Aubert, Mr. Jérôme Gallot and Prof. Dr. Bernd Gottschalk.

Their term of office will expire at the close of the Shareholders' Meeting to be held in 2021 to approve the 2020 financial statements.

Biographies for the candidates can be found in part 2 of this Registration Document – Report on Corporate Governance. The Board of Directors, on the recommendation of the Appointments Committee, resolved that Mrs. Anne-Marie Couderc and Mrs. Lucie Maurel Aubert, Mr. Jérôme Gallot and Prof. Dr. Bernd Gottschalk could be considered as independent directors within the meaning of the AFEP-MEDEF Code.

Non renewal of the term of office of a director and appointment of a new director (fifteenth resolution)

Having acknowledged the non-renewal of the term of office of Mr. Alain Mérieux, which expires at the end of this Shareholders' Meeting, it is proposed that Mr. Alexandre Mérieux is appointed as director, for a three-year period as defined in the bylaws, i.e. until the end of the Ordinary Shareholders' Meeting called in 2021 to approve the 2020 financial statements.

The biography for Mr. Alexandre Mérieux can be found in part 2 of the Registration Document – Report on Corporate Governance.

Amount of attendance fees (sixteenth resolution)

The sixteenth resolution asks the Shareholders' Meeting to increase the amount of attendance fees granted to the members of the Board of Directors to €640,000 starting in 2018.

Definition of principles and criteria for fixing, distributing and awarding the components of compensation of executive directors (seventeenth resolution)

The seventeenth 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 French Commercial Code, the details of which can be found in section 2 of this Registration Document.

BOARD OF DIRECTORS' REPORT ON THE RESOLUTIONS PRESENTED TO THE COMBINED SHAREHOLDERS' MEETING ON APRIL 26, 2018

Components of compensation paid or allocated in respect of 2017 to the Chairman and Chief Executive Officer, and the Chief Operating Officers (eighteenth to twentieth resolutions)

The eighteenth, nineteenth and twentieth resolutions ask the Shareholders' Meeting to vote on the components of compensation paid or allocated in respect of 2017 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 of the Registration Document.

If the Shareholders' Meeting votes for this resolution, any free share awards will be decided on the basis of proposals from senior management and reviewed by the Compensation Committee.

The Board of Directors will determine the identity of the beneficiaries, the number of shares awarded to each one, as well as any criteria for allocating these equities.

It may make use of this authorization on one or more occasions.

In accordance with Article L. 225-197-4 of the French Commercial Code, a special report will be drafted to notify the Shareholders' Meeting of the transactions performed pursuant to this authorization.

Renewal of this authorization would be valid for a period of 38 months from the date of this Shareholders' Meeting, and in turn supersedes any authorization previously granted by the Shareholders' Meeting of April 28, 2016.

7.3.2 REPORT OF THE BOARD OF DIRECTORS ON THE EXTRAORDINARY RESOLUTIONS PRESENTED AT THE ANNUAL SHAREHOLDERS' MEETING

Authorization to be granted to the Board of Directors to allocate free existing shares in the Company to employees and/or corporate officers of the Company and/or of Group companies (twenty-first resolution)

The twenty-first resolution involves renewal of the authorization granted to the Board of Directors at the Shareholders' Meeting of April 28, 2016 in its 18th resolution. It involves granting the Board of Directors a new authorization to allocate free shares to employees and/or corporate officers of the Company and of companies related to it in accordance with the law and in accordance with the provisions of Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code.

Authorization to be granted to the Board of Directors to cancel the shares bought back by the Company pursuant to Article L. 225-209 of the French Commercial Code (twen- ty-second resolution)

The twenty-second resolution put before the Shareholders' Meeting involves authorizing the Board of Directors, in accordance with the provisions of Article L. 225-209 of the French Commercial Code, to reduce the share capital, on one or more occasions, in the proportions and at the times it shall decide, by canceling all or some of the shares purchased or which may be purchased by virtue of an authorization granted by the Ordinary Shareholders' Meeting, by the Company itself, up to the limit of 10% of the share capital per 24-month period, on the proviso that this limit applies to a share capital amount which may be adjusted in response to transactions affecting the share capital subsequent to the next Shareholders' Meeting.

This authorization shall be valid for a period of 26 months from the date on which the next Shareholders' Meeting is held.

Changes to the bylaws (twenty-third and twenty-fourth resolutions)

The 23rd and 24th resolutions propose to the Shareholders' Meeting amendments to the bylaws to (i) change the rules concerning the age limits of the Chairman of the Board of Directors and the senior executives and (ii) insert an additional article allowing for the possibility of appointing censors to the Board.

Powers of attorney to carry out formalities (twenty-fifth resolution)

The purpose of the twenty-fifth 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.

Free share awards shall become definitive for the beneficiaries:

- either after the legal vesting period of one year, on the proviso that the beneficiaries must then hold these shares for a statutory minimum period of one year from the definitive allocation date;
- or after the minimum vesting period of two years (in this case there will be no minimum holding period).

The Board of Directors shall in either case have the option to set a vesting or holding period in excess of these minimum periods.

STATUTORY AUDITORS' REPORT ON THE FREE ALLOCATION PRESENTED TO THE COMBINED SHAREHOLDERS'

7.4 Statutory Auditors' report on the free allocation of existing shares

General Meeting of April 26, 2018

Twenty-first resolution

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed free allocation of existing shares, reserved for employees and/or directors of the company Plastic Omnium and group companies, in the sense of Articles L. 225-197-1, II and L. 225-197-2 of the French Commercial Code (*Code de commerce*), an operation upon which you are called to vote. The total number of shares that may be allocated by the present authorization shall not exceed more than 1% of ordinary shares of the share capital at the date of the General Meeting.

The shares to be allocated under the present resolution shall be acquired by the company, either as part of Article L. 225-208 of the French Commercial Code (*Code de commerce*), or, as the case may be, as part of the shares purchase plan authorized by the fifth resolution voted by the present General Meeting under Article L. 225-209 of the French Commercial Code (*Code de commerce*) or any other shares purchase plan applicable before or after the vote of this resolution.

Your Board of Directors proposes that on the basis of its report it be authorized for a period of thirty-eight months to allocate, for free, existing shares or shares to be issued. It is the responsibility of the Board of Directors to prepare a report on the proposed operation. Our role is to report on any matters relating to the information regarding the proposed operation.

We have performed those 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 mainly in verifying that the proposed methods described in the Board of Directors's report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Board of Directors's report relating to the proposed free allocation of shares.

Courbevoie and Paris-la-Défense, February 28, 2018

The Statutory Auditors French original signed by

MAZARS

ERNST & YOUNG et Autres

07

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GENERAL INFORMATION ABOUT THE COMPANY

8.1 General 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 INFORMATION ABOUT THE COMPANY

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.

Subject to approval by the Shareholders' Meeting of the change to the last paragraph in Article 13 of the bylaws, the age limit for the position of Chairman of the Board of Directors shall be eighty years and the age limit for the positions of Chief Executive Officer and Chief Operating Officer shall be seventy-five 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 and others

Represented by Gilles Puissochet

Tour First
1, place des Saisons
92037 Paris-la-Défense Cedex

Mazars

Represented by Juliette Decoux

61, rue Henri Régnault
92075 Paris-la-Défense Cedex

Alternate Auditors

AUDITEX

Tour First – 1, place des Saisons, 92037 Paris-la-Défense Cedex, France.

Gilles Rainaut

61, rue Henri Régnault, 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, May 2013 and June 2017 include a clause allowing the investor to demand redemption or repurchase of his bond(s) if control over 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.

Material contracts

In March 2017, the Group finalized the sale to the American group Flex|N|Gate of 7 European plants whose disposal was required by the European Commission in the context of the Faurecia Auto Exterior acquisition.

On June 30, 2017, the Group signed an agreement for the disposal of the heavy truck composites business to the German group mutares.

On December 18 and 19, 2017 respectively, agreements were also signed for the acquisition of Optimum CPV and Swiss Hydrogen, companies operating in the hydrogen fuel cell propulsion sector.

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 Note 2 – Significant events of the period 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.

LIST OF REGULATED INFORMATION PUBLISHED DURING THE LAST 12 MONTHS

8.2 List of Regulated Information Published During the Last 12 Months

Nature of the information	References for the publications or releases
Business and results	
1 st quarter revenue, 2017	April 25, 2017
First-half results, 2017	July 21, 2017
3 rd quarter revenue, 2017	October 24, 2017
Full-year results, 2017	February 15, 2018
Share performance	
Half-year balance sheet 2017 from the liquidity agreement	July 4, 2017
Full-year balance sheet 2017 from the liquidity agreement	January 8, 2018
Declaration of transactions involving treasury stock	April 10, April 13, May 22, May 29, November 7, November 20, November 27, December 4, December 11, December 18, 2017
Declaration of voting rights	May 5, June 7, July 10, August 23, September 6, October 10, December 5, 2017, January 8, February 5, March 6, 2018
Regulated and permanent information	
2017 Interim Results Report in French	July 21, 2017
2017 Interim Results Report in English	July 21, 2017
2017 Registration Document in French	March 12, 2018
2017 Registration Document in English	March 12, 2018
Plastic Omnium in China: Strong growth continues, doubling of revenue to 1.3 billion in 2021	April 19, 2017
Plastic Omnium draws upon the knowledge of internationally-renowned outside experts to boost its innovative capacity	May 22, 2017
Plastic Omnium completes a €500 million bond issue, over 7 years, at 1.25% interest	June 19, 2017
Plastic Omnium sells its heavy truck operations	July 3, 2017
First-half 2017: strong growth in revenue and results, 2021 revenue above €10 billion	July 21, 2017
Capital reduction (cancellation of treasury stock) (0.98%)	August 21, 2017
Plastic Omnium attends the 67 th Motor Show in Frankfurt: the clean, connected car of the future	September 11, 2017
Plastic Omnium, planned disposal of the Environment Division	September 20, 2017
Economic revenue at September 30, 2017: €5,901 million	October 24, 2017
Very sharp growth in Automotive operations: +22.6%	
Plastic Omnium invests in a venture capital fund	November 9, 2017
Plastic Omnium invests in a €20 million extension to its global Research and Development center in Lyon	November 28, 2017
Plastic Omnium, a growth and innovation strategy to SHAPE THE FUTURE NOW!	December 13, 2017
Jean-Pierre Raffarin appointed as Director of Plastic Omnium in China	January 11, 2018
Plastic Omnium is strengthening its position as world leader of front-end modules	March 1, 2018

The press releases have been posted on the website of the French Financial Market Authority (*Autorité des Marchés Financiers*) and can be viewed on the Plastic Omnium website, www.plasticomnium.com.

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GLOSSARIES

9.2 Glossaries

9.2.1 FINANCIAL GLOSSARY

A	
AMF (French Financial Markets Authority)	Financial institution and French independent administrative authority whose role is to set the operating and ethics rules of the markets, monitor the markets and protect investors and shareholders.
B	
Broker	Intermediary between a buyer and a seller, the broker facilitates trades between different traders or asset managers.
C	
Capital expenditures and projects	Corresponds 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 Statement of Cash Flows and Note I.5 to the Consolidated Financial Statements, line E "Net cash used in operations").
Consolidated revenue	In accordance with IFRS 10, 11 and 12, consolidated revenue does not include the Company's share of the revenue of joint ventures, which are accounted for by the equity method.
E	
EBITDA	Corresponds to the operating margin which includes the share of profit of associates and joint ventures before allowances for depreciation and operating provisions.
Economic revenue	Corresponds to consolidated revenue, plus revenue from the Group's joint ventures, consolidated at their percentage of ownership. BPO, HBPO and YFPO for Plastic Omnium Automotive. The figure reflects the operational and managerial realities of the Group.
Equities	Negotiable security representing a fraction of a company's share capital. Equities grant certain rights to its shareholders. The share may be held in registered or bearer form.
Euronext Paris	Market operator which organizes, manages and develops the Paris securities markets. It performs a market regulatory function (financial transactions, monitoring of brokers) through delegation of the AMF.
Ex-dividend date	The date on which the share's dividend is paid. The dividend amount is deducted from the closing price on the day preceding the ex-dividend date. The dividend will then be received by the shareholder on the payment date. On the ex-dividend date, the opening price theoretically loses the equivalent value of the dividend from its closing price of the day before.
F	
Float	Portion of the equity capital available to the public and used in stock market trading. Plastic Omnium's float is 39.26%.
Free cash flow	Corresponds to the operating cash flow, less tangible and intangible investments net of disposals, taxes and net interest paid +/- the change in working capital requirements (cash surplus from operations).
G	
Gearing	The net debt rate (net debt/shareholders' equity) is the ratio which measures a company's level of indebtedness in relation to its shareholders' equity.
I	
IFRS (International Financial Reporting Standards)	International accounting standards established by the IASB (International Accounting Standards Board). Since January 1, 2005, the preparation of consolidated financial statements is mandatory for all listed companies in Europe to facilitate the comparison of their financial positions.
M	
Market capitalization	Value of all the shares of a company on the market at a given time. It is equal to the stock market price multiplied by the number of shares comprising the equity capital of the company.
N	
Net debt	Includes all long-term borrowings, short-term borrowings and bank overdrafts less loans, marketable debt instruments and other non-current financial assets, and cash and cash equivalents.
Net dividend per share	Share of the net income of a company distributed to shareholders. Its amount is voted on by shareholders at the Shareholders' Meeting, after approval of the annual financial statements and on the recommendation of the Board of Directors.
Net profit - Group share	The profit or loss of the company is obtained by adding the operating margin, other income and expenses, net financing expenses, net income after tax of discontinued, or being discontinued, operations and by deducting net income tax and earnings payable to minority shareholders.

GLOSSARIES

O	
Operating margin	Corresponds to the 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.
P	
Par value	Initial value of a share set in the bylaws of a company. The share capital of a company is the product of the par value of the share multiplied by the total number of shares.
Q	
Quorum	Minimum percentage of shares present or represented and having the right to vote, necessary for the Shareholders' Meeting to legally deliberate.
R	
Roadshow	Institutional investor meetings during which the company's senior managers and/or the "Investor relations" team communicates their net income, their markets and their strategy.
ROCE (Return on capital employed)	Return on capital employed: is the ratio of the operating margin compared to the sum of shareholders' equity and net financial debt.
S	
Share buyback	Transaction where a company buys its own shares on the market, up to a threshold of 10% of its share capital and after authorization by the shareholders given at the Shareholders' Meeting. Shares bought back are not included in the calculation of earnings per share and do not receive dividends.
Shareholders' equity	The shareholders' equity is the financial resources of the Company (excluding debt) and is comprised of share capital, reserves, net income for the year and operating subsidies.
Shareholder of an administered registered share	Equities held in administered registered form are registered with the listed company, but their management remains with the financial intermediary who remains the preferred contact for all transactions.
Shareholder of bearer shares	Shares are held in an account opened with a financial intermediary (bank, broker).
Shareholder of pure registered share	Equities held in pure registered form are held with the listed company, who has delegated the management of them to its financial intermediary.
SRD (Deferred Settlement Service)	Paid service enabling, for the most liquid shares, to defer the payment for orders and delivery of shares until the last stock market day of the month.
SRI Socially responsible investor	Socially responsible investment includes, in addition to the usual financial criteria, environmental, social and governance (ESG) criteria in the analysis and investment process.
Subscription option (Stock option)	It gives the right to subscribe for, at a price fixed in advance and during a pre-determined period, shares of a company.
T	
Treasury stock	Treasury shares represent the portion of the share capital held by the company which issued them. They do not have voting rights and do not receive dividends.
Treasury shares	A portion of the Treasury stock held by a company, regulated and capped at 10%.

GLOSSARIES

9.2.2 TECHNICAL AND SUSTAINABLE DEVELOPMENT GLOSSARY

B	
Bilan Carbone (carbon footprint)	The Bilan Carbone, a registered trademark of the French Environment and Energy Management Agency (ADEME), is a tool to account for greenhouse gas emissions; it takes into account the primary and final energy used to make a product and/or provide a service.
C	
Circular Economy	The circular economy is an economic concept that is notably inspired by the ideas of the green economy, the economy of use or the economy of functionality, the performance economy and industrial ecology. It aims to produce goods and services whilst significantly limiting the consumption and waste of raw materials, and the use of non-renewable energy sources.
CMR	
Composite	Carcinogenic, Mutagenic and Reprotoxic substance. A composite material is an assembly of at least two immiscible components (but with a high penetration ability) with properties that complement each other. This process enhances the material's performance for certain uses (lightness, rigidity, etc.).
CO₂	
CSR (Corporate Social Responsibility)	Carbon dioxide, or carbon gas, mainly from the combustion of hydrocarbons and coal (industry, energy generation, transport, etc.). CSR for Plastic Omnium is structured around three focus areas with the aim of becoming the leading partner for sustainable mobility: <ul style="list-style-type: none">• sustainable production;• attention to employees;• responsible entrepreneurs.
F	
Fuel cell	This is an electrochemical device that produces electricity by reverse electrolysis of water.
G	
GHG (Greenhouse gases)	Greenhouse gases (GHG) are gas components that absorb the infrared radiation emitted by the Earth's surface, and contribute to the greenhouse effect. Their increased concentration in the Earth's atmosphere is one of the factors causing global warming.
GRI (Global Reporting Initiative)	A not-for-profit organization that aims to develop directives applicable worldwide with respect to corporate sustainable development policies and reporting. www.globalreporting.org
I	
ISO 14001	International environmental management system standard.
ISO 50001	International energy management system standard.
H	
HSE (Health, Safety and Environment)	A function that deals with workplace Health, Safety and Environment issues.
Hybrid	This is a general operating principle which consists of combining an electrical engine (often reversible as a generator) with a combustion engine to propel a vehicle.
Hydrogen	«Hydrogen vehicle» refers to any type of transport that uses the chemical transformation of hydrogen as a propulsion energy source.
Hydro-soluble paint	Paint that uses water and not solvents as thinners.
N	
NO_x	Comprising nitrogen and oxygen and including nitric acid and nitrogen dioxide gases. NO _x are mainly produced by the combustion of hydrocarbons.
O	
OHSAS 18001	International workplace health and safety management system standard.
Open Innovation	Plastic Omnium has chosen an «open innovation» approach. Its three main focuses are environmental sustainability, or how to move towards clean propulsion systems; the autonomous car and the shared vehicle, or how to integrate the new IT, data capture and processing technologies; and industrial performance (4.0 plant) or how to use data to create the most efficient production and logistics technologies while developing employees' skills.
R	
RobecoSAM	RobecoSAM (Sustainable Asset Management): an asset manager specializing in sustainable investments and the analysis of non-financial corporate performance (environmental, social, governance, etc.). The quality of the analysis produced has led it to create and manage jointly with Standard and Poors the “Dow Jones Sustainability Indexes”, a family of indexes that assess the sustainable performance of the 2,500 largest companies ranked in the Dow Jones Global Total Stock Market Index. www.sustainability-index.com

GLOSSARIES

S	
SCR (Selective Catalytic Reduction)	Through the injection of the additive AdBlue®, this technology reduces NOx emissions (nitrogen oxides which have adverse health effects) by 95%.
T	
Tf1	Workplace accident frequency rate with lost time: number of workplace accidents with lost time multiplied by 1 million, divided by the number of hours worked (including temporary staff).
Tf2	Workplace accident frequency rate with and without lost time: number of workplace accidents with and without lost time multiplied by 1 million, divided by the number of hours worked (including temporary staff).
Tg (severity rate)	Severity rate of workplace accidents: number of days lost as a result of accidents multiplied by one thousand, divided by the number of hours worked (including temporary staff).
Thermosetting	Polymer that hardens under heat. The constituting molecules connect to each other, making the polymer more rigid. Plastic Omnium uses this material in automotive parts for its lightness and resistance properties.
Thermoplastic	A thermoplastic material is one that softens (we sometimes observe fusion) repeatedly when heated above a certain temperature, but which becomes hard again below that temperature.
TOP Planet	Energy management system applicable to all subsidiaries and joint ventures controlled by Plastic Omnium.
TOP Safety	System to manage the security of people and property applicable to all subsidiaries and joint ventures controlled by Plastic Omnium.
V	
VOCs	Volatile Organic Compounds: VOCs comprising carbon, oxygen and hydrogen are easily found in gas form in the atmosphere. They are mainly the result of solvent evaporation.

DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT (AFR)

Person responsible for the Registration Document

NAME OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT CONTAINING THE ANNUAL FINANCIAL STATEMENTS

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

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 9, 2018

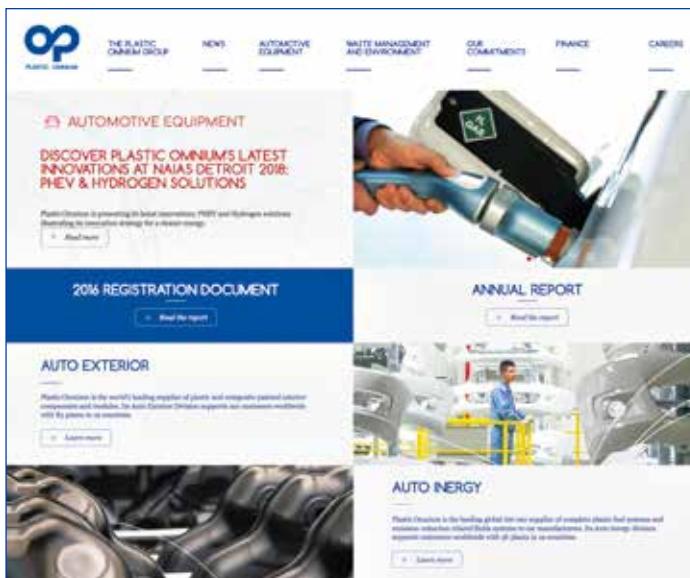
Laurent Burelle

Chairman and Chief Executive Officer

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COMPAGNIE PLASTIC OMNIUM

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