



02 |

CORPORATE  
GOVERNANCE

## 2.1 Report from the Chairman of the Board of Directors

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

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

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

#### 2.1.1.1 Composition and Independence of the Board of Directors

##### Composition of the Board of Directors

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

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

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

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

**LIST OF CORPORATE OFFICES AND DIRECTORSHIPS HELD BY DIRECTORS IN 2016**



**Laurent Burelle**

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

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

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

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

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

**Term of office ends in 2018**

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

**French companies**

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

**International companies**

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

**Terms of office ended in 2016**

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

\* Listed company.

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

## Report from the Chairman of the Board of Directors



### Jean-Michel Szczerba

French

Age 56

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

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

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

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

### Term of office ends in 2018

Co-Chief Executive Officer since December 15, 2015

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

Holds 360,000 of Plastic Omnium's shares

### French companies

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

### International companies

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

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

## Report from the Chairman of the Board of Directors



### Paul Henry Lemarié

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

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

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

#### Term of office ends in 2018

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

#### French companies

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

#### International companies

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

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



### Éliane Lemarié

French  
Age 71  
Professional address: Burelle SA  
1, rue François 1<sup>er</sup> – 75008 Paris

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

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

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

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

#### Term of office ends in 2018

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

#### French companies

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

#### International companies

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

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

## Report from the Chairman of the Board of Directors



### Jean Burelle

French  
Age 78  
Professional address: Burelle SA  
1, rue François 1<sup>er</sup> – 75008 Paris

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

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

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

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

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

### Term of office ends in 2018

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

#### French companies and associations

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

#### International companies

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

#### Terms of office ended in 2016

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

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



### Anne Asensio

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

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

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

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

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

### Term of office ends in 2017

Director since April 28, 2011

Member of the Audit Committee since February 26, 2013

Chairman of the Audit Committee since February 24, 2015

Holds 900 of Plastic Omnium's shares

#### French companies

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

#### International companies

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

\* Listed company.

## Report from the Chairman of the Board of Directors



### Anne-Marie Couderc

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

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

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

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

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

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

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

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### Term of office ends in 2018

Director since July 20, 2010

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

### French companies

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

\* Listed company.



### Amélie Oudéa-Castera

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

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

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

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

### Term of office ends in 2019

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

Holds 900 of Plastic Omnium's shares

### French Companies/Associations - Jurisdiction

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

### Terms of office ended in 2016

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

\* Listed company.

## Report from the Chairman of the Board of Directors



### Lucie Maurel Aubert

French

Age 54

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

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

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

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

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

### Term of office ends in 2018

Director since December 15, 2015

Holds 910 of Plastic Omnium's shares

### French companies

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

### Terms of office ended in 2016

Montupet SA	Member of the Supervisory Board
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### Jérôme Gallot

French

Age 57

Professional address:  
46, rue du Ranelagh – 75016 Paris

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

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

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

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

### Term of office ends in 2018

Director since December 15, 2006

Member of the Audit Committee since July 19, 2011

Member of the Appointments Committee since July 22, 2014

Holds 5,400 of Plastic Omnium's shares

### French companies

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

\* Listed company.



## Report from the Chairman of the Board of Directors



### Prof. Dr. Bernd Gottschalk

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

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

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

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

#### Term of office ends in 2018

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

#### German companies

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

\* Listed company.

\*\* Member of the Compagnie Plastic Omnium Group.



### Vincent Labruyère

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

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

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

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

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

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

#### Term of office ends in 2017

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

#### French companies

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

## Report from the Chairman of the Board of Directors



### Dr. Alain Mérieux

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

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

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

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

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

### Term of office ends in 2018

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

### French companies and foundations

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

### International companies

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

### Terms of office ended in 2016

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

### Composition of the Board of Directors at December 31, 2016

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

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

● Chairman of the Committee

● Member of the Committee

### **Procedure for exercise of implementing powers of senior management**

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

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

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

### **Organization and work of the Board of Directors**

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

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

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

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

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

### **Changes in the terms of office and positions of corporate officers**

#### **Change in 2016**

#### **Renewal of the Directors' terms of office**

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

#### **Ratification of the appointment of a Director**

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

#### **Change scheduled in 2017**

#### **Appointment of a new director: Mrs. Félicie Burelle**

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

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

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

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

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

#### **Appointment of a new director: Mrs. Cécile Moutet**

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

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

## Report from the Chairman of the Board of Directors

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

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

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

### Gender equity on the Board of Directors

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

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

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

### Experienced directors that complement each other

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

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

### Directors' independence

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

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

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

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

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

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

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

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

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

### Conflicts of interest

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

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

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

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

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

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

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

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

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

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

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

### Stock exchange Code of Ethics

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

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

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

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

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

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

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

##### Informed directors

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

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

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

## Report from the Chairman of the Board of Directors

### Diligent directors

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

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

### Activity of the Board of Directors

#### General missions of the Board of Directors

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

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

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

#### The work of the Board of Directors focused on strategy

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

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

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

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

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

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

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

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

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

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

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

### 2.1.1.3 Activity of Board of Directors' Committees

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

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

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

### Audit Committee

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

## Compensation Committee

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

## Appointments Committee

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

### 2.1.1.4 Self-assessment of the Board of Directors

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

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

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



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

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

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

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

### 2.1.1.5 Corporate Governance Code

#### AFEP-MEDEF Code: the reference code

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

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

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

### 2.1.2 Procedures of internal control and risk management

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

##### Definition and objectives of internal control and risk management

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

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

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

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

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

##### Scope of this report

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

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

### Summary description of the internal control and risk management system

#### Organization

Compagnie Plastic Omnium is built around two Divisions:

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

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

#### Organization of the internal control and risk management system

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

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

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

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

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

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

#### The Internal Control Framework

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

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

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

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

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

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

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

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

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

### Risk management

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

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

The system is overseen by senior management.

### Control activities

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

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

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

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

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

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

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

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

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

### Information and communication

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

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

### Oversight

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

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

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

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

### Internal control relating to the preparation of financial and accounting information

#### Basis of preparation of the Group's financial information

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

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

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

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

Consolidated financial information is prepared for the following key processes:

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

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

#### Financial reporting and control procedures

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

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

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

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

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

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

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

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

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

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

### Work planned in 2017

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

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

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

### 2.1.3. Financial risks related to the effects of climate change

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

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

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

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

### 2.2.1. Compensation of the members of the Board of Directors

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

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

#### 2.2.1.1 Distribution rules for 2016

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

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

#### 2.2.1.2 Amounts paid for 2016

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

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

#### Amount of attendance fees allocated (in euros)

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

\* Director whose term of office ended in 2015.

### 2.2.1.3 Distribution rules for 2017

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

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

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

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

## 2.2.2. Compensation paid to executive directors

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

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

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

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

### 2.2.2.2 Performance related compensation

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

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

### 2.2.2.3 Components of the compensation of executive directors

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

##### Fixed salary 2016

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

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

##### Bonus 2016

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

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

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

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

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

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

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

##### Fixed salary 2016

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

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

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

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

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

### Bonus 2016

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

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

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

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

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

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

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

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

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

### Compensation of Mr. Paul Henry Lemarié, Chief Operating Officer

#### Fixed salary 2016

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

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

#### Bonus 2016

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

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

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

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

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

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



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

### Summary table of compensation of each executive director

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

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

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

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

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

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

### 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
<b>Mr. Laurent Burelle</b> <i>Chairman and Chief Executive Officer</i>	-	-	-	-
<b>Mr. Jean-Michel Szczerba</b> <i>Co-Chief Executive Officer, Chief Operating Officer</i>	-	-	-	-
<b>Mr. Paul Henry Lemarié</b> <i>Chief Operating Officer</i>	-	-	-	-

### Performance shares awarded to each executive director

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

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

Grant date	Number of options awarded	Number of options not exercised	Date of 1 <sup>st</sup> possible exercise	Expiry date	Subscription price (in euros)
<b>Mr. Laurent Burelle</b> <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
<b>Mr. Jean-Michel Szczerba</b> <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
<b>Mr. Paul Henry Lemarié</b> <i>Chief Operating Officer</i>					
08/07/2013 Plan	60,000	60,000	08/07/2017	08/07/2020	€16.16

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

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

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

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

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

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

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

**History of performance share allocations to each executive director**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- the fixed portion;

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

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

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

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

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

## 2.3 Statutory Auditors' Report

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

Year ended December 31, 2016

To the Shareholders,

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

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

Our role is to:

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

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

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

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

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

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

### **Other information**

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

Paris-la Défense, February 22, 2017

The Statutory Auditors

MAZARS

Jean-Luc Barlet

ERNST & YOUNG et Autres

Gilles Rabier