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CORPORATE
GOVERNANCE

Corporate governance and ethics

Compagnie Plastic Omnium remains committed to the rules laid down by the AFEP and MEDEF, and refers to the Corporate Governance Code issued by these organizations, available at the Company's headquarters and on the MEDEF website, www.medef.com.

Compagnie Plastic Omnium's Internal Procedures and bylaws set out the rules governing the organization of the Board of Directors.

The Internal Procedures set out directors' obligation to act in the Company's best interest, to exercise independent judgment and act professionally, to avoid conflicts of interest and to demonstrate commitment. They also specify the obligations incumbent on each director. They reflect Compagnie Plastic Omnium's commitment to complying with the regulations governing trading by corporate officers in the Company's securities, reminding them of the prohibition of insider trading and their obligation to disclose transactions made by corporate officers, senior managers and persons closely associated with them.

2.1 — REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

This report, prepared by the Chairman of the Board of Directors pursuant to Article L. 225-37 of the French Commercial Code, includes information in respect of fiscal 2014 on the composition of the Board of Directors and the application of the principle of balanced representation of men and women, the preparation and organization of the work of the Board of Directors, and the internal control and risk management procedures implemented within the Company.

This report was presented to the Audit Committee for information purposes and then approved by the Board of Directors at its meeting on February 24, 2015.

2.1.1 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 French Commercial Code, the Board of Directors of Compagnie Plastic Omnium is composed of up to 18 members.

Directors are elected 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 financial year.

In 2014, the directorships of Anne Asensio and Vincent Labruyère expired at the Shareholders' Meeting of April 30, and were renewed.

At December 31, 2014, the Board of Directors had 13 members: the Chairman and CEO, two Chief Operating Officers and ten directors.

Directors as of December 31, 2014

	First appointed	Start of current term	End of current term
Laurent Burelle (65) <i>Chairman and CEO</i>	06/18/1981	04/26/2012	2015
Paul Henry Lemarié (68) <i>Chief Operating Officer</i>	06/26/1987	04/26/2012	2015
Jean-Michel Szczerba (54) <i>Chief Operating Officer</i>	04/26/2012	/	2015
Burelle SA (Éliane Lemarié – 69)	06/26/1987	04/26/2012	2015
Jean Burelle (76) <i>Honorary Chairman</i>	01/01/1970	04/26/2012	2015
Anne Asensio* (52)	04/28/2011	04/30/2014	2017
Anne-Marie Couderc* (65)	07/20/2010	04/26/2012	2015
Jean-Pierre Ergas (75)	07/26/1990	04/26/2012	2015
Jérôme Gallot* (55)	12/15/2006	04/26/2012	2015
Bernd Gottschalk* (71)	04/28/2009	04/26/2012	2015
Vincent Labruyère (64)	05/16/2002	04/30/2014	2017
Alain Mérieux (76)	06/23/1993	04/26/2012	2015
Amélie Oudea-Castera* (36)	04/25/2013 (effective as from 01/01/2014)	/	2016

* Independent directors.

Directorships and other positions held by serving directors as of December 31, 2014

Laurent Burelle, born October 6, 1949, French

Laurent Burelle is a graduate of the Federal Institute of Technology (ETH) in Zurich, and holds a Master of Science in Chemical Engineering from 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 director of Pernod-Ricard, Wendel, Lyonnaise de Banque – CIC, Labruyère-Eberlé, Fondation Jacques Chirac pour l'Enfance Handicapée, and the AFEP and Vice Chairman of the Institut de l'Entreprise.

Laurent Burelle is a Commandeur de la Légion d'Honneur.

Directorships and other positions held within the Company Number of shares held

Chairman and Chief Executive Officer since July 1, 2001 and director since June 18, 1981

Number of Compagnie Plastic Omnium shares held: 3,000

Directorships and other positions held in other companies in 2014

Chief Operating Officer and Director of Burelle SA*, Chief Executive Officer of SOGEC 2, Legal manager of Compagnie Financière de la Cascade (France)
Chairman and member of the Supervisory Committee of Sofiparc SAS and Plastic Omnium Environnement SAS** (France)
Director of Burelle Participations SA (France)
Chairman and Chief Executive Officer of Compania Plastic Omnium** (Spain)
Chairman of Plastic Omnium Auto Exteriors SAS**, Inergy Automotive Systems SAS** (France)
Chairman of Plastic Omnium Holding (Shanghai) Co. Ltd (China)
Chairman of Plastic Omnium International BV** (Netherlands)
Chairman of Plastic Omnium Inc.** (United States)
Director of Lyonnaise de Banque and Pernod-Ricard SA* (France)
Member of the Supervisory Board of Labruyère-Eberlé and Wendel SA* (France)
Legal manager of Plastic Omnium GmbH** (Germany) (until July 14, 2014)
Director of Signal AG*** (Switzerland) (until December 2, 2014)
Director of the AFEP and Vice Chairman of the Institut de l'Entreprise (France)

* Listed company.

** Member of the Plastic Omnium Group.

*** Company divested in 2014.

Paul Henry Lemarié, born January 1, 1947, French

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.

Directorships and other positions held within the Company Number of shares held

Chief Operating Officer since May 15, 2001 and director since June 26, 1987

Number of Compagnie Plastic Omnium shares held: 900

Directorships and other positions held in other companies in 2014

Chief Operating Officer and director of Burelle SA* and Burelle Participations SA (France)
Member of the Supervisory Committee of Sofiparc SAS and Plastic Omnium Environnement SAS** (France)
Director of Compania Plastic Omnium** (Spain)

* Listed company.

** Member of the Plastic Omnium Group.

Jean-Michel Szczerba, born April 18, 1960, French

After graduating from ESSEC business school in 1982, Jean-Michel Szczerba joined Banque Vernes & Commerciale de Paris as a financial analyst. He moved to 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, and director in 2012.

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

**Directorships and other positions held within the Company
Number of shares held**

Chief Operating Officer since March 16, 2010, director since April 26, 2012

Number of Compagnie Plastic Omnium shares held: 900

**Directorships and other positions held in other companies
in 2014**

Chief Executive Officer and member of the Supervisory Committee of Plastic Omnium Environnement SAS** (France)
Legal manager of Plastic Omnium GmbH (Germany)
Director of Hella Behr Plastic Omnium GmbH** (Germany)
Director of Yanfeng Plastic Omnium Automotive Exterior Systems Co. Ltd **, Plastic Omnium Holding (Shanghai) Co. Ltd** and Chairman of Plastic Omnium Inergy (Shanghai) Consulting Co. Ltd** (China)
Director of Plastic Omnium Inc.** (United States) and Compania Plastic Omnium** (Spain)
Director of Burelle Participations SA, Legal Manager of Plastic Omnium Finance SNC** and Plastic Omnium Gestion SNC** (France)
Chairman of Plastic Omnium International SAS**, Groupe Progrès SA, Plastic Omnium Management 1 SAS **, Plastic Omnium Management 2 SAS**, Plastic Omnium Environnement Holding SAS** (France)
Legal Manager of Plastic Omnium Auto Exteriors Spzoo** and Plastic Omnium Auto Spzoo** (Poland)
Chairman and director of Plastic Omnium Automotive NV** (Belgium)
Director of Plastic Omnium Automotive Ltd** (United Kingdom)
Director of Plastic Omnium Auto Exteriors (India) Pvt Ltd** (India)
Director of DSK Plastic Omnium BV ** (Netherlands)
Director of B-Plas Plastic Omnium Otomotiv AS** (Turkey)
Chairman of DSK Plastic Omnium Inergy LLC** (Russia)
Member of the Supervisory Committee of Inergy Automotive Systems Industries SAS ** until April 15, 2014, of Plastic Omnium Auto Exteriors Industries SAS** until June 30, 2014 (France)

** Member of the Compagnie Plastic Omnium Group.

Éliane Lemarié, born August 18, 1945, French

After earning a master's degree in English from University of Paris-Sorbonne and graduating from Sciences Po, 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 list of French and international companies listed in Paris, New York and Mumbai, serving as Chairman and Chief Executive Officer until 2010.

**Directorships and other positions held within the Company
Number of shares held**

Permanent representative of Burelle SA on the Board of Compagnie Plastic Omnium since April 28, 2009, member of the Appointments Committee since July 23, 2014

Number of Compagnie Plastic Omnium shares held: 395,996

**Directorships and other positions held in other companies
in 2014**

Director of Burelle SA* and Chief Executive Officer of SOGEC 2 (France)
Member of the Supervisory Committee of Sofiparc SAS (France)
Chairman of the Supervisory Board of Union Industrielle (France)

* Listed company.

Jean Burelle, born January 29, 1939, French

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

He began his career in 1966 at L'Oréal, before joining Compagnie Plastic Omnium in 1967 as Department Manager. In 1987, he was appointed Chairman and Chief Executive Officer, a position he held until 2001. Since then, he has been Chairman and Chief Executive

Officer of Burelle SA, the majority shareholder of Compagnie Plastic Omnium.

Jean Burelle is director of Compagnie Plastic Omnium and is also Chairman of MEDEF International.

Mr. Burelle is an Officier de la Légion d'Honneur and an Officier de l'Ordre National du Mérite.

**Directorships and other positions held within the Company
Number of shares held**

Director since July 1, 1970 and Honorary Chairman since September 20, 2001

Number of Compagnie Plastic Omnium shares held: 396,378

**Directorships and other positions held in other companies
in 2014**

Chairman and Chief Executive Officer of Burelle SA *, Chief Executive Officer of SOGEC 2 (France)
Chairman and Chief Executive Officer of Burelle Participations SA (France)
Member of the Supervisory Committee of Sofiparc SAS and Plastic Omnium Environnement SAS** (France)
Permanent representative of Burelle Participations SA on the Board of Sycovest 1 (France)
Director of Compania Plastic Omnium SA** (Spain)
Member of the Supervisory Committee of Soparexo SCA
Member of the Supervisory Board and the Compensation Committee of Banque Hottinguer SA (France)
Chairman of MEDEF International (France)
Director of Signal AG*** (Switzerland) (until December 2, 2014)

* Listed company.

** Member of the Compagnie Plastic Omnium Group.

*** Company divested in 2014.

Anne Asensio, born July 13, 1962, French

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 and corporate identity.

Ms. Asensio is also a Chevalier de la Légion d'Honneur.

**Directorships and other positions held within the Company
Number of shares held**

Director since April 28, 2011, Chairman of the Audit Committee since February 24, 2015 and member of the Audit Committee since February 26, 2013

Number of Compagnie Plastic Omnium shares held: 900

**Directorships and other positions held in other companies
in 2014**

Vice President for Design Experience, Dassault Systèmes*
Director of Agence de la Promotion de la Création Industrielle, Web School Factory, Strate College (France)
Member of the Strategic Council of the Umeå Institute of Design (Sweden)
Founder member of Design Code
Member of the Global Advisory Council, Design Innovation of the World Economic Forum
Member of the college of designers for the "Design and competitiveness of new industrial France" Mission of the Ministry for Productive Recovery until November 6, 2014

* Listed company.

Anne-Marie Couderc, born February 13, 1950, French

After beginning her professional career in 1973 as a lawyer in Paris, Anne-Marie Couderc joined the Hachette Group in 1982 as Deputy Corporate Secretary, becoming Deputy Chief Executive Officer in 1993.

A Paris city councilor, then Deputy Mayor, and Member of Parliament for Paris, she was appointed Secretary of State for Employment in 1995, and 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.

Ms. Couderc is an Officier de la Légion d'Honneur and an Officier de l'Ordre National du Mérite.

**Directorships and other positions held within the Company
Number of shares held**

Director since July 20, 2010, member and Chairman of the Compensation Committee since December 13, 2013 and member and Chairman of the Appointments Committee since July 23, 2014
Number of Compagnie Plastic Omnium shares held: 1,350

**Directorships and other positions held in other companies
in 2014**

Chairman of the Board of Directors of Presstalis SAS (*France*)
Director and Chairman of the Compensation and Appointments Committee of Transdev (*France*)
Director and Chairman of the Compensation Committee and member of the Audit Committee of Générale de Santé
Member of the Supervisory Committee of Alma Consulting
Director of the Fondation Veolia Environnement and the Fondation Elle (*France*)

Jean-Pierre Ergas, born July 9, 1939, dual French and US national

A graduate of the Institut d'Études Politiques de Paris and holder of a Master in Business Administration from Harvard University, Jean-Pierre Ergas had headed up various industrial manufacturing groups in the metallurgy and packaging sectors in Europe and the United States for over 30 years.

Chief Executive Officer of Cebal and then Cégédur Pechiney, Chairman of the Chambre Syndicale de l'Aluminium, he was appointed Deputy Chief Executive Officer of Pechiney Group in 1986.

Jean-Pierre Ergas has lived in Chicago (USA) since 1989 and was Chairman and Chief Executive Officer of American National Can in 1990. He served as Chairman and Chief Executive Officer of Alcan Europe from 1995 to 2000 and subsequently became Chief Executive Officer of BWAY Corporation (NYSE) in 2000, a company he sold in 2010.

Jean-Pierre Ergas is a director of Dover Corporation (NYSE), and Managing Partner of Ergas Ventures LLP and Sagre LP.

Jean-Pierre Ergas is a Chevalier de la Légion d'Honneur.

**Directorships and other positions held within the Company
Number of shares held**

Director since July 26, 1990 and member of the Audit Committee from November 27, 1996 to December 11, 2014
Number of Compagnie Plastic Omnium shares held: 10,800

**Directorships and other positions held in other companies
in 2014**

Director of FIBI-Aplix SA (*France*)
Director of Dover Corporation, Sagre Group LP and Ergas Ventures LLC (*United States*)

Jérôme Gallot, born October 25, 1959, French

Jérôme Gallot began his career at the French Court of Auditors in 1985, before moving to the Ministry of Finance, where he was Director General in charge of Competition, Consumer Affairs and Prevention of Fraud (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 2011, Jérôme Gallot was appointed Chief Executive Officer of Veolia Transdev and acted as Advisor to the Chairman until February 2014. He is also a director of Nexans and Caixa Seguros, and a non-voting director of NRJ Group.

**Directorships and other positions held within the Company
Number of shares held**

Director since December 15, 2006, member of the Audit Committee, acting as Chairman from July 17, 2011 to February 24, 2015, member of the Appointments Committee since July 23, 2014
Number of Compagnie Plastic Omnium shares held: 5,400

**Directorships and other positions held in other companies
in 2014**

Legal Manager of JGC (*France*)
Director of Abivax SA and member of the Supervisory Board of Acerde SAS (*France*)
Director of Nexans SA* (*France*)
Non-voting director of NRJ Group (*France*)
Director of Caixa Seguros SA (*Brazil*)
Advisor to the Chairman and Chief Executive Officer of Veolia Environment (*France*) until February 2014

* Listed company.

Bernd Gottschalk, born June 10, 1943, German

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 Automobile Industry (VDA), and in 2007 created AutoValue GmbH, an automotive consultancy that he has headed since that date.

**Directorships and other positions held within the Company
Number of shares held**

Director since April 28, 2009 and member of the Compensation Committee since December 13, 2013

Number of Compagnie Plastic Omnium shares held: 900

**Directorships and other positions held in other companies
in 2014**

Member of Serafin Group München (*Germany*)
Managing Partner of AutoValue GmbH
Director of Schaeffler GmbH, Jost Groupe, Voith AG (*Germany*)
Chairman of the Board of Directors of Joh Hay GmbH & Co. KG and Facton GmbH (*Germany*)
Chairman of the Board of Woco Group (*Germany*)

Vincent Labruyère, born June 3, 1950, French

A graduate of the Federal Institute of Technology (ETH) in Zurich, Vincent Labruyère began his career in 1976 at Éts Bergeaud Mâcon, a subsidiary of Rexnord Inc., a U.S.-based 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.

**Directorships and other positions held within the Company
Number of shares held**

Director and member of the Audit Committee since May 16, 2002

Number of Compagnie Plastic Omnium shares held: 9,705

**Directorships and other positions held in other companies
in 2014**

Chairman of Société Financière du Centre SAS (*France*)
Chairman of the Management Board of Labruyère Eberlé SAS (*France*)
Member of the Management Board of Société Commerciale de Bioux SAS (*France*)
Director of X. Perroux et fils, Martin Maurel and Slota SA (*France*)
Member of the Supervisory Board of SNPI SCA (*France*)
Permanent representative of Labruyère Eberlé on the board of Pige SA (*France*)

Alain Mérieux, born July 10, 1938, French

Alain Mérieux is Chairman of Institut Mérieux, a family-owned holding company for three industrial biology companies dedicated to serving public health worldwide: bioMérieux (in vitro diagnostics), Transgène (immunotherapy to treat cancer and infectious diseases) and Mérieux NutriSciences (food safety, environment, nutrition). Institut Mérieux also comprises ABL, a research company, Mérieux Développement, an investment company operating in healthcare, and Imaccess, a not-for-profit company dedicated to diagnostics in developing countries. Institut Mérieux currently has over 12,000 employees in more than 40 countries worldwide.

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.

Alain Mérieux is also Chairman of Fondation pour l'université de Lyon and the Institut de Recherche Technologique en infectiologie, BioAster.

He is a Member of the Ordre National du Mérite and a Grand Officier de la Légion d'Honneur.

**Directorships and other positions held within the Company
Number of shares held**

Director since June 23, 1993

Number of Compagnie Plastic Omnium shares held: 6,318

**Directorships and other positions held in other companies
in 2014**

Chairman and Chief Executive Officer of Institut Mérieux (*France*)
Chairman of the Board of Directors and director of Fondation Mérieux (*France*)
Honorary Chairman and director of Fondation Christophe et Rodolphe Mérieux – Institut de France
Chairman of Fondation pour l'université de Lyon (*France*)
Director of bioMérieux SA*, Fondation Pierre Fabre, Fondation Pierre Vérots, Transgène SA and CIC Lyonnaise de Banque (*France*)
Director of bioMérieux Italia SpA (*Italy*)
Director of Mérieux NutriSciences (*United States*)
Chairman of Institut de Recherche Technologique BioAster until March 2014

* Listed company

Amélie Oudéa-Castera, born April 9, 1978, French

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 auditor with the French Court of Auditors, acting as Legal Advisor 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 became Director of Strategic Planning for the AXA Group. In 2011, she was appointed Director of Marketing, Brand and Services at AXA France. In September 2012, her scope of responsibility was extended to digital activities at AXA France, where she was appointed Director of Marketing, Services and Digital.

**Directorships and other positions held within the Company
Number of shares held**

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

Number of Compagnie Plastic Omnium shares held: 900

**Directorships and other positions held in other companies
in 2014**

Deputy Chief Executive Officer of AXA Particuliers Professionnels & Director of Marketing, Services and Digital of AXA France
Member of the Management Committee of AXA Seed Factory (*France*)
Director of Groupement d'Intérêt Économique AXA (*France*)
Member of the Strategic Council of the digital division of La Poste Group
Advisor at the Court of Auditors

Directorships expiring in 2015

The directorships of Laurent Burelle, Paul Henry Lemarié, Jean-Michel Szczerba, Burelle SA represented by Eliane Lemarié, Jean Burelle, Anne-Marie Couderc, Jean-Pierre Ergas, Jérôme Gallot, Bernd Gottschalk and Alain Mérieux will expire at the close of the Shareholders' Meeting on April 30, 2015. Based on the proposal by the Appointments Committee, the Board of Directors will ask the Shareholders' Meeting to reappoint all of these directors for another three-year term, until the Shareholders' Meeting held to approve the financial statements for the year ending 2017.

Representation of men and women in accordance with the law of January 27, 2011

Out of a total of 13 directors, four women sit on the Board of Directors of Compagnie Plastic Omnium, representing 30.7%. The Board of Directors therefore complies with the law of January 27, 2011 on the balanced representation of men and women, which requires at least 20% of directors to be women as of 2014.

The Appointments Committee is developing proposals to submit to the Board of Directors on the next steps to be taken to comply with the law, which requires at least 40% of directors to be women by 2017.

Directors' independence

Directors have a duty of care, and enjoy complete freedom of judgment.

With regard to the independence criteria set out in the AFEP-MEDEF Code, members of the Board are deemed independent when they have no relationship of any kind with the Company, its Group or its management that could compromise the exercise of their freedom of judgment. The criteria laid down in the AFEP-MEDEF Corporate Governance Code are:

- not to be an employee or corporate officer of the Company, or an employee or director of the parent or a consolidated company, and not having been so in the previous five years;
- not to be a corporate officer 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 corporate officer of the Company (currently or within the previous five years);
- not to be a customer, supplier, investment banker or corporate banker:
 - of significant importance for the Company or the Group, or
 - for which the Company or its Group represents a significant part of its activity;
- not to have close family ties with a corporate officer;
- not to have been an auditor of the Company during the previous five years;
- not to have been a director of the Company for more than twelve years.

The process of assessing the independence of each director was reviewed by the Appointments Committee at its meeting held on November 24, 2014 and by the Board of Directors on February 24, 2015. Basing its review on the AFEP-MEDEF recommendations available on the website www.medef.fr, the Board established the following conclusions :

- As Laurent Burelle, Paul Henry Lemarié, Éliane Burelle and Jean Burelle have family ties, they are not independent directors.
- Jean-Michel Szczerba had been employed by the Group since 1985 before being appointed member of the Board of Directors of Compagnie Plastic Omnium and is therefore not deemed independent.
- Anne Asensio, Anne-Marie Couderc, Jérôme Gallot, Bernd Gottschalk and Amélie Oudéa-Castera qualify as independent directors.
- Jean-Pierre Ergas, Vincent Labruyère and Alain Mérieux have been members of the Board of Directors for over twelve years and are no longer considered independent.

The Board of Directors of Compagnie Plastic Omnium noted that the individual situation of each Chairman of the Board's Committees meet the criteria to be considered independent.

As a result, five out of the thirteen members of the Board of Directors qualify as independent.

The proportion of independent directors is accordingly more than one-third, in compliance with AFEP-MEDEF recommendations.

Pursuant to the provisions of Article 11 of the bylaws, each director must own at least 900 shares of the Company. The Board's Internal Procedures include provisions relating to the director's duty to act in the Company's best interest, to comply with the law and the Company's bylaws, to act independently and to raise any issues of concern, to avoid conflicts of interest, to act professionally and to devote sufficient time to the business of the Board.

Conflicts of interest

To Compagnie Plastic Omnium's knowledge, there are no conflicts of interests between the duties of the directors to the Company and their private interests and/or other duties.

Among the members of the Board of Directors, Laurent Burelle, Jean Burelle, Paul Henry Lemarié and Éliane Lemarié are related. There are no family ties between the other members of the Board of Directors of Compagnie Plastic Omnium.

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.

Further, no loans or guarantees have been given or set aside in favor of members of the Company's administrative or management bodies.

2.1.2 Preparation and Organization of the Work of the Board of Directors

Responsibilities of the Board of Directors

Pursuant to legal and regulatory provisions and Article 11 of the Company's bylaws, the Board of Directors determines the Company's business strategy and oversees its implementation. With the exception of powers expressly granted to shareholders, and, within the limits of the corporate purpose, it considers all matters concerning the smooth running of the Company, and resolves, through its discussions, all matters of concern to it. The Board of Directors performs any checks and controls it deems necessary.

In addition to the issues governed by the Board in accordance with the legal and regulatory provisions, the Chairman and CEO and the Chief Operating Officers must obtain, in application of the Internal Procedures, prior authorization from the Board of Directors for decisions involving major deals that could affect Group strategy or significantly change its financial position or consolidation scope. These decisions include:

- acquisitions, mergers, disposals, investments and withdrawals that could substantially affect the Group's financial structure;
- global investments.

Each year, the Board of Directors authorizes the Chairman and Chief Executive Officer to issue sureties, endorsements and guarantees in an amount determined by it.

It also examines, at least once a year, the Group's budget, its industrial and financial strategies, and its research and development policy.

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 Procedures of the Board of Directors. The Internal Procedures may be amended by the Board of Directors in response to changes in laws and regulations, but also to changes in its own organization.

The Board of Directors meets as often as the interests of the Company require and, pursuant to the Internal Procedures, 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 Procedures.

The Chairman of the Board of Directors directs the proceedings and ensures compliance with the provisions of the Internal Procedures. 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 Secretary of the Board of Directors establishes the minutes of meetings of the Board of Directors.

The Board conducts an annual review of its composition, its organization and its work. Based on a summary of individual questionnaires, the Board of Directors considers possible avenues of progress, and makes improvements where it deems necessary. This assessment is carried out within the framework of the implementation of the AFEP-MEDEF Code, to which the Board of Directors refers.

The directors once again exercised total freedom of judgment in 2014. This freedom of judgment allowed them to take part with full independence in the work and collective decisions of the Board of Directors, and, for those concerned, the preparatory work and the proposals of the Audit Committee, Compensation Committee and the Appointments Committee.

Preparing and holding meetings of the Board of Directors and its Committees requires an increasing amount of time and involvement from directors.

The directors of Compagnie Plastic Omnium are informed of all Group activities and its performance in a very competitive environment. The Committees prepare the discussions and proceedings of the Board.

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

Activity of the Board of Directors

In 2014, the Board of Directors met four times, with an attendance rate of 95%. Four meetings have been scheduled for 2015, one of which had already been held in 2015 at the time of writing this report (February 24, 2015).

The directors are appointed by the shareholders to monitor the Group's economic and financial management and help define its strategy. They examine and approve the major strategies laid down by senior management, which implements them.

In 2014, the Board of Directors examined and discussed the following main topics: the Group's trading environment and strategy, the effectiveness of the Group's internal control and risk management systems, the annual 2013 financial statements, the closing of the interim 2014 financial statements, 2015 budget estimates, the review of available banking reserves to meet Company operations, the review of directors' independence, review of the Board, the convening of the Shareholders' Meeting, the review and mapping of Group risks, renewal of the authorization to issue sureties, endorsements and guarantees, management planning documents, changes in the share capital due to the cancellation of treasury shares, and the research and innovation policy.

The Board of Directors meeting in December 2014 was held at the Group's Chinese registered office in Shanghai. This gave directors the opportunity to meet local teams and visit Chinese industrial sites.

Directors' fees

The breakdown of directors' fees, based on the attendance of each director at Board meetings and its Committee meetings, is provided in the section Compensation of corporate officers on page 32.

The Board applies the AFEP-MEDEF Code recommendations and retains a majority variable share based on compensating attendance at Committee and Board meetings.

To take into account the appointment of a new director in early 2014 and the set-up of the Appointments Committee, the Board will propose at the Shareholders' Meeting of April 30, 2015 an increase in the maximum total directors' fees from €340,000 to €400,000 in 2014.

2.1.3 Committees of the Board of Directors

The Board of Directors set up permanent committees from among its members to assist in making decisions. These committees were set up in application of the provisions of the Internal Procedures, to examine all Company issues that the Board or Chairman submit to them for review, prepare the work of the Board and report their conclusions to the Board in the form of minutes, proposals, opinions, information or recommendations. These committees fulfill their duties overseen by the Board of Directors, but have no decision-making power. The Board of Directors, acting on the proposal of the Chairman and after deliberation, appointed the members of the committees and their Chairman based on the expertise, experience and the availability of directors.

Three committees assist the Board of Directors of Compagnie Plastic Omnium: Audit Committee, Compensation Committee and Appointments Committee. The Corporate Secretary also acts as secretary for the Board committees.

Audit Committee

Composition of the Audit Committee

The Audit Committee was formed of four directors until December 11, 2014: Anne Asensio, Jean-Pierre Ergas, Jérôme Gallot and Vincent Labryère. It is chaired by Jérôme Gallot.

With two out of four of its directors being independent (50%), its composition was no longer comprised of at least 66% independent directors in accordance with the AFEP-MEDEF Code recommendations.

To comply with the AFEP-MEDEF Code, Jean-Pierre Ergas stepped down from the Audit Committee. As a result, since December 11, 2014, two out of three of the Audit Committee members are now independent (66%), and its composition complies with the AFEP-MEDEF Code recommendations.

Role of the Audit Committee

Article 7 of the Internal Procedures of the Board of Directors sets out the rules and procedures of the Audit Committee, in accordance with the prevailing regulations and changes thereto. The Audit Committee has three main missions. First, the Audit Committee examines in detail the draft financial statements, the relevance and consistency in applying the accounting policies and principles and the content of public documents. Part of this mission includes monitoring the review of the consolidated and annual financial statements performed by the Statutory Auditors. Second, the Audit Committee reviews the internal and external control procedures to ensure that they suitably cover risks. Third, the Audit Committee regularly examines the Group's financial position, cash position, commitments, significant risks, risk management policy and risk assessment procedures.

Activity of the Audit Committee in 2014

The Audit Committee met three times in 2014. The participation rate at its meetings was 100%. The Statutory Auditors attended all meetings. The Committee did not seek advice from external experts. Three meetings have been scheduled for 2015, one of which had already been held at the time of writing this report.

In 2014, the Committee analyzed the following items: 2014 budget forecasts, forecasts and estimates for the close of fiscal 2013, the close of the statutory and consolidated accounts at December 31, 2013, estimates and options for the half-year close, the close of the interim statutory and consolidated accounts at June 30, 2014, assumptions and options for the close of fiscal 2014, renewal of authorizations to issue guarantees, the 2014 audit schedule, the independence of internal audits and the review of the Group's internal control procedures. The Committee was informed of the map of identified risks based on in-depth identification and analysis methodology, in application of AMF regulations and recommendations.

As part of the Statutory Auditors' review of the financial statements, the Committee took note of their verifications, recommendations and the follow-up measures taken. The Committee reviewed the breakdown of fees invoiced by the Statutory Auditors between the auditing services in the strict sense, related services and all other services.

Compensation Committee

Composition of the Compensation Committee

The Compensation Committee is comprised of three independent directors: Anne-Marie Couderc, Amélie Oudéa-Castera and Bernd Gottschalk. The Compensation Committee is chaired by Anne-Marie Couderc.

As all of its members are independent, the composition of the Compensation Committee complies with AFEP-MEDEF Code recommendations which advise at least 50% independent members.

Role of the Compensation Committee

Article 8 of the Internal Procedures of the Board of Directors sets out the rules and procedures of the Compensation Committee, in accordance with the prevailing regulations and changes thereto.

Its main purpose is to make recommendations to the Board of Directors on the fixed and variable compensation of executive corporate officers, the pension plan and death/disability insurance plan, benefits in kind and all pecuniary rights conferred upon them, directors' fees and their distribution to be put to the Shareholders' Meeting, and the implementation of long-term incentive plans.

Activity of the Compensation Committee in 2014

The Compensation Committee met once in 2014. The participation rate at its meeting was 100%. One meeting had been scheduled for 2015 and had already been held at the time of writing this report.

The Compensation Committee reviewed the components of compensation of the three executive corporate officers in light of the Company's performance over the period. Its independent, documented analysis and its proposals have led to recent Board decisions. The shareholders were specifically and fully informed of these decisions and will be asked to vote on a resolution relating to this issue at the Shareholders' Meeting.

Appointments Committee

Composition of the Appointments Committee

The Appointments Committee, formed by the Board of Directors at its meeting of October 21, 2014, is comprised of three directors: Anne-Marie Couderc, Éliane Lemarié and Jérôme Gallot. The Appointments Committee is chaired by Anne-Marie Couderc.

As two out of three of the Appointments Committee members are independent (66%), its composition is in line with the AFEP-MEDEF Code, which advises that at least 50% of members be independent.

Role of the Appointments Committee

Article 9 of the Internal Procedures of the Board of Directors sets out the rules and procedures of the Appointments Committee.

Its main purpose is to examine and make recommendations to the Board of Directors on all the nominations for directors to be submitted for approval by the Shareholders' Meeting and for Committee members and Chairmen, to discuss qualification for independent directors – which are reviewed every year by the Board of Directors before the publication of the Annual Report – and to ensure that Compagnie Plastic Omnium applies its guideline Corporate Governance Code.

The Appointments Committee also ensures that Compagnie Plastic Omnium has succession plans in place for its three executive corporate officers.

Activity of the Appointments Committee in 2014

The Appointments Committee met for the first time on November 24, 2014.

It reviewed each director's compliance with the independence criteria listed in the AFEP-MEDEF Corporate Governance Code. The Appointments Committee submitted proposals for reappointments, as mentioned in section 2.1.1 – Directorships expiring in 2015. It also reviewed the composition of each of the Board Committees with regard to the AFEP-MEDEF Code recommendations.

The Appointments Committee assessed changes in the composition of the Board of Directors in order to comply with the law of January 27, 2011, which requires balanced representation of men and women by 2017.

2.1.4 Internal Control and Risk 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 assets of the Group 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 large part 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 (i) the reliability of the consolidated financial statements and (ii) 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** (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:

- 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 comprises the Chairman and Chief Executive Officer, the Chief Operating Officers, the Director of Planning and Mergers & Acquisitions, the Chief Financial Officer, the Corporate Secretary and General Counsel, the Head of Human Resources, the Deputy Head of Human Resources and the CEOs of each division. 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 Company'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**, 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 informed 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 the environment.

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

- **The Accounting and Financial Procedures Handbook:** Compagnie Plastic Omnium has an Accounting and Financial Procedures Handbook prepared in accordance with IFRS. 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 of the Management Report. 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: operational management teams, corporate departments and internal audit.

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 corrective 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 to 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 2014 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, 2014, 89% of the eligible facilities that were at least 50%-owned had earned ISO 14001 certification and 84% 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 Assistant Head of Human Resources, the Chief Financial Officer, the Head of Risk Management and Internal Audit, 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.

Monthly reporting is submitted to senior management one week after the close of the monthly accounts, and is reviewed 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 – together with an analysis of material differences.

The budget process begins in September each year, when the subsidiaries prepare their figures, which are consolidated at division level. 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 subsequent year, plus the main income statement data projected over a two-year period.

Revised forecasts are regularly produced to allow corrective 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 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 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 Chairman and Chief Executive Officer and the Chief Operating Officers 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 2014 that could have compromised the effectiveness of the internal control system described above.

Work planned in 2015

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 is playing an important role, covers internal control procedures, accounting and financial, and risk management procedures.

The Internal Audit Department will conduct 38 audits in 2015, compared with 36 in 2014, 35 in 2013, 34 in 2012 and 21 in 2011.

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.

2.2 — COMPENSATION OF CORPORATE OFFICERS

In accordance with the provisions of Article L. 225-102.1 of the French Commercial Code and the AFEP-MEDEF Corporate Governance Code, the total compensation and benefits in kind paid to each corporate officer is presented in the tables below.

Gross compensation paid and stock options and performance shares awarded to each executive corporate officer

Laurent Burelle Chairman and Chief Executive Officer	Year 2013	FY 2014
Compensation due in respect of the year (see details below)	3,869,394	4,234,744
Value of stock options awarded during the year	497,400	0
TOTAL	4,366,794	4,234,744

Paul Henry Lemarié Director and Chief Operating Officer	Year 2013	FY 2014
Compensation due in respect of the year (see details below)	1,936,100	2,120,342
Value of stock options awarded during the year	165,800	0
TOTAL	2,101,900	2,120,342

Jean-Michel Szczerba Director and Chief Operating Officer	Year 2013	FY 2014
Compensation due in respect of the year (see details below)	1,227,107	1,295,873
Value of stock options awarded during the year	331,600	0
TOTAL	1,558,707	1,295,873

Gross compensation paid to each executive corporate officer

Laurent Burelle Chairman and Chief Executive Officer	Year 2013		FY 2014	
	Totals due	Totals paid	Totals due	Totals paid
• Fixed salary ⁽¹⁾	85,637	85,637	86,573	86,573
• Bonus ⁽¹⁾⁽²⁾	3,540,588	3,259,086	3,905,604	3,774,709
• Exceptional compensation	0	0	0	0
• Directors' fees	243,169	243,169	242,567	242,567
• Benefits in kind	Company car		Company car	
TOTAL	3,869,394	3,587,892	4,234,744	4,103,849

Paul Henry Lemarié Director and Chief Operating Officer	Year 2013		FY 2014	
	Totals due	Totals paid	Totals due	Totals paid
• Fixed salary ⁽¹⁾	85,637	85,637	86,573	86,573
• Bonus ⁽¹⁾⁽²⁾	1,770,294	1,629,543	1,952,802	1,887,355
• Exceptional compensation	0	0	0	0
• Directors' fees	80,169	80,169	80,967	80,967
• Benefits in kind	Company car		Company car	
TOTAL	1,936,100	1,795,349	2,120,342	2,054,895

(1) Paid by Burelle SA. This fixed compensation equals 120% of the highest coefficient in the collective bargaining agreement in the Plastics industry (coefficient of 940).

(2) 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 director on business relating to the Plastic Omnium Group. Directors' bonuses are paid by Burelle SA, and are determined on the basis of the Burelle Group's consolidated operating cash flow. This calculation is based on consolidated operating cash flow after tax and interest expense, including all fully consolidated companies and joint ventures in which Plastic Omnium has significant influence reflected by operational management statements monitored by the Burelle SA Group. Operating cash flow is calculated using operational accounts reviewed by the Statutory Auditors.

Jean-Michel Szczerba Director and Chief Operating Officer	Year 2013		FY 2014	
	Totals due	Totals paid	Totals due	Totals paid
• Fixed salary	775,215	775,215	830,929	830,929
• Bonus ⁽¹⁾	350,000	350,000	363,829	363,829
• Exceptional compensation	0	0	0	0
• Directors' fees	101,892	101,892	101,115	101,115
• Benefits in kind	Company car		Company car	
TOTAL	1,227,107	1,227,107	1,295,873	1,295,873

(1) Calculated on individual objectives and financial performance (operating margin and debt).

In accordance with article L. 225-102-1 of the French Commercial Code, the compensation paid by Burelle SA to Compagnie Plastic Omnium's corporate officers in 2014 and the portion billed to Compagnie Plastic Omnium for management services are presented in the table below:

	Gross compensation paid by Burelle SA in 2014	O/w bonus	Amount billed to the Plastic Omnium Group in 2014	O/w bonus
Laurent Burelle	3,887,134	3,774,709	2,934,574	2,868,778
Paul Henry Lemarié	1,999,780	1,887,355	986,964	943,677
Jean-Michel Szczerba	0	0	0	0
Jean Burelle	2,012,305	1,887,355	375,046	358,597

Directors' fees

Paid by Compagnie Plastic Omnium

Members of the Board	Directors' fees paid in 2013	Directors' fees paid in 2014
Laurent Burelle	30,892	29,715
Paul Henry Lemarié	23,892	24,115
Jean-Michel Szczerba	23,892	24,115
Éliane Lemarié	23,892	25,415
Jean Burelle	23,892	24,115
Anne Asensio	15,635	26,715
Anne-Marie Couderc	23,892	28,315
Jean-Pierre Ergas	23,013	26,715
Jérôme Gallot	30,192	31,715
Bernd Gottschalk	19,113	24,115
Vincent Labruyère	27,792	28,015
Alain Mérieux	15,000	12,058
Amélie Oudéa-Castera	NA	25,415
TOTAL	281,097	330,538

At its meeting of December 13, 2013, the Board of Directors allocated directors' fees for 2014 as follows:

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

Total directors' fees paid (by Compagnie Plastic Omnium, other controlled companies and Burelle SA)

Corporate officer	Directors' fees paid in 2013	Directors' fees paid in 2014
Laurent Burelle	243,169	242,567
Paul Henry Lemarié	80,169	80,967
Jean-Michel Szczerba	101,892	101,115
Jean Burelle	117,253	118,492
TOTAL	542,483	543,141

Stock options awarded during the year to each executive corporate officer

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
Laurent Burelle <i>Chairman and Chief Executive Officer</i>	0	-	-	-
Paul Henry Lemarié <i>Director and Chief Operating Officer</i>	0	-	-	-
Jean-Michel Szczerba <i>Director and Chief Operating Officer</i>	0	-	-	-

In accordance with the AFEP-MEDEF Code recommendations:

- The exercise of stock options granted in 2013 is subject to two performance conditions related to the outperformance over the vesting period of the options (2013-2017) in respect of:
 - the share price relative to the SBF 120 index;
 - the Company's operating margin compared with its main competitors.
- Each director must retain 10% of the shares resulting from the exercise of options in registered form until the end of his or her term of office.

Stock options exercised during the year by each executive corporate officer

Name and position of the corporate officer	Plan date	Number of options exercised during the year	Exercise price
Laurent Burelle <i>Chairman and Chief Executive Officer</i>	2007 Plan	0	€4.37
	2008 Plan	486,000	€2.94
	2010 Plan	0	€2.84
Paul Henry Lemarié <i>Director and Chief Operating Officer</i>	2007 Plan	0	€4.37
	2008 Plan	60,000	€2.94
	2010 Plan	0	€2.84
Jean-Michel Szczerba <i>Director and Chief Operating Officer</i>	2007 Plan	0	€4.37
	2008 Plan	10,000	€2.94
	2010 Plan	360,000	€2.84

Performance shares awarded to each executive corporate officer

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
Laurent Burelle <i>Chairman and Chief Executive Officer</i>	0	-	-	-	-	-
Paul Henry Lemarié <i>Director and Chief Operating Officer</i>	0	-	-	-	-	-
Jean-Michel Szczerba <i>Director and Chief Operating Officer</i>	0	-	-	-	-	-

Performance shares that vested during the year for each executive corporate officer

Name and position of the corporate officer	Performance shares that vested during the year for executive corporate officers	Plan date	Number of shares that vested during the year	Vesting conditions
Laurent Burelle <i>Chairman and Chief Executive Officer</i>	0	–	–	–
Paul Henry Lemarié <i>Director and Chief Operating Officer</i>	0	–	–	–
Jean-Michel Szczerba <i>Director and Chief Operating Officer</i>	0	–	–	–

Supplementary pension plans

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	The length of service of the three executive corporate officer is: Laurent Burelle, 40 years – Paul Henry Lemarié, 35 years – Jean-Michel Szczerba, 30 years	
Reference compensation	Average of the average total annual compensation for the five years prior to retirement	Several years
Annual amount paid (% of the reference compensation)	1%	5% maximum
Ceilings	10% of the reference compensation, and 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 886 thousand of euros in 2014. The other pension plans for senior management are the same as those in place for the Group's managerial employees.

Employment contracts – termination benefits

In accordance with the AFEP-MEDEF Code recommendations, Laurent Burelle and Paul Henry Lemarié are no longer under an employment contract. Jean-Michel Szczerba's employment contract was suspended.

The Company has no commitment to pay the corporate officers any compensation for loss or change of office or due to a non-competition clause.

2.3 — STATUTORY AUDITORS' REPORT

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

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Year ended December 31, 2014

To the Shareholders,

As Statutory Auditors of Compagnie Plastic Omnium and in accordance with the article L. 225-235 of French Commercial Code (*Code de commerce*), we hereby present our report on the Chairman of the Board of Directors report in compliance with the article L. 225-37 of French Commercial Code regarding fiscal year ending 31 December 2014.

It is the Chairman's responsibility to establish and submit for the Board of Directors' approval a report on 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.

It is our responsibility 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 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, on February 25, 2015

The Statutory Auditors

MAZARS

French Original signed by

Jean-Luc Barlet

ERNST & YOUNG ET AUTRES

French Original signed by

Gilles Rabier