PLASTIC OMNIUM

Made in Innovation®

# 2006

60 PLASTIC OMNIUM YEARS OF INNOVATION

# CONTENTS

€2.3 billion in revenue
Operations in 26 countries
123 industrial facilities
11,600 employees

## AUTOMOTIVE

N°. 1

WORLDWIDE IN
PLASTIC
FUEL SYSTEMS AND
GASOLINE TANKS

FUEL TANKS
FUEL SYSTEMS

N°. 2

WORLDWIDE IN
AUTOMOTIVE
BODY PARTS
AND MODULES

BUMPERS,
ENERGY ABSORPTION SYSTEMS
BODY COMPONENTS
FENDER MODULES
FRONT-END MODULES
HATCHBACK MODULES

## ENVIRONMENT

N°. 1

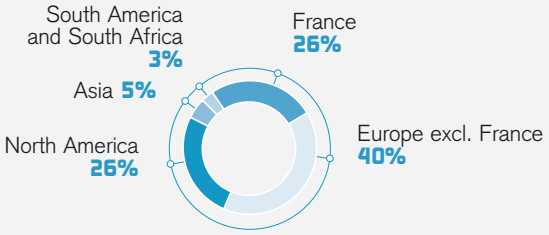
WORLDWIDE IN
PRODUCTS AND SERVICES
FOR HOUSEHOLD
AND INDUSTRIAL
WASTE MANAGEMENT

SERVICE CONTRACTS,
WHEELED BINS AND COMPOSTERS,
PUBLIC DROP-OFF RECEPTACLES,
LITTERBINS

**70%**
**OF REVENUE GENERATED OUTSIDE FRANCE**

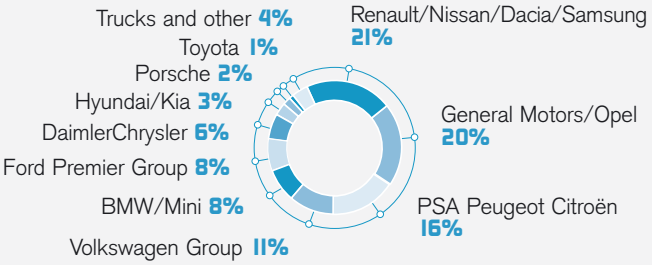
## REVENUE: €1.2 BILLION
## 4,060 EMPLOYEES
## 40 INDUSTRIAL FACILITIES

### Automotive revenue
by region



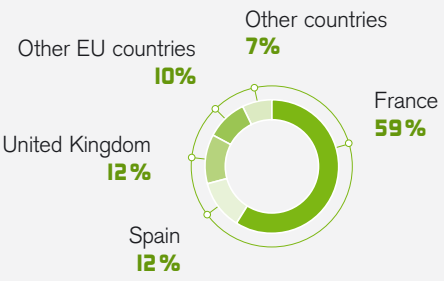

## REVENUE: €1.4 BILLION
## 7,650 EMPLOYEES
## 73 INDUSTRIAL FACILITIES

### Automotive revenue
by carmaker




## REVENUE: €250 MILLION
## 1,450 EMPLOYEES
## 8 INDUSTRIAL FACILITIES

### Revenue
by region



A manufacturing and services company, Plastic Omnium is a partner to carmakers and communities. Since its founding 60 years ago, it has pursued a strategy of sustained growth and development and achieved global leadership in its two core markets: automotive equipment and environmental products and services.

# FOCUSED ON THE FUTURE

Plastic Omnium's extraordinary growth can be explained by the commitment and tenacity with which its employees go about their work.

For 60 years, the Company's shareholder structure and corporate governance have provided it with critical advantages.

Its capital has always been controlled by the Burelle family. At the beginning, the amounts invested were so small that it was more like a wager that the automobile industry would increasingly turn to plastics, which I stated in a book published in 1946. After several years, the wager was won. The Burelle Group had put together a group of investors, with the Burelle family as the majority shareholder. This guaranteed that the Company's capital would remain very stable.

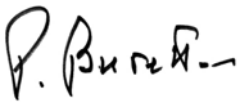
In the area of corporate governance, Plastic Omnium has benefited throughout its long history from exceptional continuity, having been managed by only three family teams.

International development and innovation have been the hallmarks of its management strategy.

From the cellar on Rue du Louvre in Paris, Plastic Omnium has expanded to 123 production facilities in 26 countries.

Since the very first years, innovation has been the force driving the Company's development, and its inventions have fueled substantial, profitable growth. Two examples that come to mind are the vaccination rings developed from a patent I filed jointly with Charles Mérieux and the Vélosolex fuel tank, a major innovation that was a precursor to the tanks equipping today's automobiles.

Given its ability to maintain a consensus with its business partners and employees over the long term, Plastic Omnium is ensured of continued growth and development.



**Pierre BURELLE**

# 60 YEARS OF GROWTH, INNOVATION AND HIGH PERFORMANCE

In 1946, Pierre Burelle boldly decided to build a plastics company to meet the needs of French industry. Over the decades, the direction taken by the Company shaped its profile: that of a resolutely global, independent Company dedicated to providing customers with increasingly complex, innovative, modular, multi-technological products and related services.

## INDEPENDENCE

### Birth of an innovative company

→ 1946
A young chemical engineer driven by the conviction that plastics enjoyed a bright future, Pierre Burelle creates "Plasticomnium" with a few partners. Installed in the cellar of a building on Rue du Louvre in Paris, the company manufactures a wide range of injection-molded plastic parts, notably for Renault, Panhard, Berliet and other automotive manufacturers.

### Entering new markets

→ 1963
Construction and inauguration of the Company's first plant in Langres in eastern France to manufacture more complex parts, such as radiator grills and dashboards.

## INNOVATION

→ 1964
Acquisition of Union Mutuelle des Propriétaires Lyonnais, a sanitation and cleaning company founded in 1876 by Pierre-Émile Burelle that owns a large fleet of waste containers. Plastic Omnium begins to manufacture plastic waste bins and containers that are initially sold and then, beginning in 1977, leased to municipalities through its a "Système P-Villes Propres" ("Clean Cities") division.

→ 1968
Acquisition of Industrielle des Résines Extrudées et Moulées (SIREM). Plastic Omnium launches a fluororesin processing business, which develops into the Performance Plastics Products - 3P Division.

### International expansion

→ 1972
Construction of the plant in Valencia, Spain, the first phase of the Company's international development strategy. Expansion in the global marketplace accelerates in the mid-1980s to support the growth of 3P in the United States, Plastic Omnium Urban Systems in Europe and the automotive businesses, initially in Europe, then in North America, Asia and South Africa. In the mid-1970s, international markets account for 20% of Plastic Omnium's business, a figure that increases to 50% by 1994.

## INVESTMENT

### Automotive: refocusing the business on core strengths

→ 1985
A new phase for Plastic Omnium, which steps up its development as an automotive OEM, designing and delivering integrated sub-assemblies while pursuing an assertive acquisitions strategy.

→ 1986
Acquisition of France's Landry and Techni-Plaste Industrie. With this transaction, Plastic Omnium expands its customer portfolio, producing bumpers for PSA Peugeot Citroën, and develops blow-molding technology for the manufacture of fuel tanks.




## INTERNATIONALIZATION PERFORMANCE ALLIANCES

### → 1995

Acquisition of Reydel Industries, a French manufacturer of automotive consoles, instrument panels and other interior equipment. Four years later, Plastic Omnium sells the interior equipment business to focus exclusively on body parts and fuels systems.

## Partnerships in the automotive industry

To strengthen its offering in its core businesses, Plastic Omnium has forged partnerships with other leading manufacturers of automotive components.

### → 1998

Creation of InoPlastic Omnium with France's Inoplast.

### → 2000

Creation of Inergy Automotive Systems, with Belgium's Solvay.

### → 2004

Creation of HBPO with German OEMs Hella and Behr.

This strategic focus on partnerships also leads to the creation of Plastic Recycling with CFF Recycling in 2003.

## Ecosourcing® to protect the environment

### → 2004

Following the deployment of sorted-waste solutions, Plastic Omnium Environment continues to address environmental issues by creating Ecosourcing®. The new offering is designed to help communities and companies manage waste from both an environmental and a business standpoint by educating and empowering the key player in the process – the actual waste producer.

## An independent, family-owned company firmly focused on the future

### → 2006

Following in the footsteps of Honorary Chairman and Founder Pierre Burelle, Jean Burelle, Chairman and Chief Executive Officer from 1987 to 2001, and Laurent Burelle, Chairman and Chief Executive Officer since 2001, have continued to strengthen Plastic Omnium's leadership positions in its business by pursuing a strategy based on independence, innovation, international development and prudent investment.

With its proven ability to anticipate, adapt, forge alliances and set up operations in fast-growing regions, Plastic Omnium is firmly focused on the future.

# CHAIRMAN'S MESSAGE

THE YEAR 2006 SAW SHARP IMPROVEMENTS IN ALL OF COMPAGNIE PLASTIC OMNIUM'S FINANCIAL INDICATORS.

Revenue, operating margin, net profit, cash flow and debt all made gains.

As forecast, our results reflected a sustained strategic focus on research and innovation, which accounted for 4.5% of revenue, and on capital expenditure, representing 4% of revenue.

The many projects launched in 2006 will support the Company's future growth.

During the year, we strengthened our manufacturing base in North America – the world's biggest automobile-producing region – where we began deliveries from our new plants in Silao, Mexico (for General Motors) and in Anderson, South Carolina (for BMW).

We continued to develop in countries where the automobile market is growing fast and production costs are low. The Juiz de Fora plant in Brazil was brought on stream and a new plant is being built in China's Hubei province for our Inergy Automotive Systems subsidiary, to manufacture fuel tanks for Nissan's local operations.

We consolidated our sales and manufacturing positions in France, building a new production unit in Ruitz that will supply parts for Renault. And just after the year ended, in early January 2007, we finalized our takeover of a plant in Vernon, Normandy. Formerly operated by a foreign automotive OEM, the plant mainly supplies PSA Peugeot Citroën with parts for the Citroën C2 and C3 and the Peugeot 1007.

We reinforced our exterior module strategy. HBPO, a subsidiary created in 2004 and the world leader in front-end modules, opened three new plants around the world: in the UK for the new BMW Mini and in Canada and the United States for Chrysler. We increased to 84% our stake in Inoplast, a major player in hatchbacks made from composite materials, and through Inoplast acquired a 60% share in China's XieNO, a company based in the Shanghai region that manufactures composite parts for trucks and cars.

We also continued to restructure our subsidiaries, selling the 3P Division's business in Houston, Texas and closing plants in Maintenon, France (3P), Valladolid, Spain (Inergy Automotive Systems) and Telford, UK (Plastic Omnium Urban Systems and Plastic Omnium Auto Exterior) to transfer production to other plants.

"Our solid balance sheet and recent developments will support our future growth"

These operations, which are aligned with our future development strategy, were carried out even as we hired 220 new managers and pursued a sustained innovation strategy, with 89 new patents filed in 2006.

And thanks to a very solid workplace safety performance that kept pace with our announced targets for reducing accident frequency and severity rates, and a firm commitment to protecting the environment by limiting all kinds of emissions and eliminating hazardous substances from production processes, our Company is positioned among the leaders in terms of sustainable development.

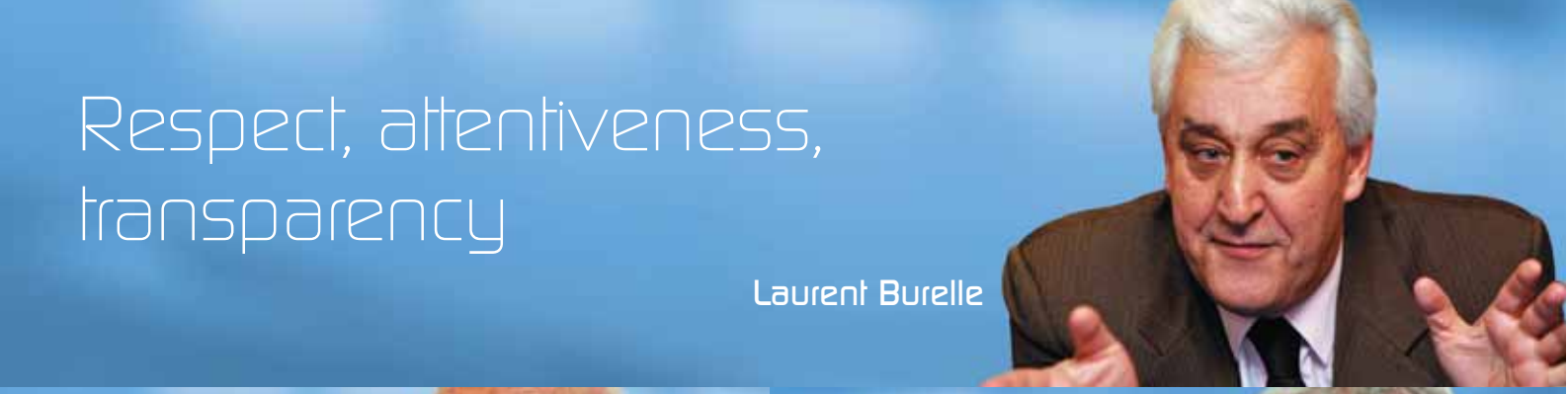
None of the year's achievements would have been possible without the unwavering dedication of our 11,600 employees, of whom 52% live and work outside France, and without the renewed confidence of our customers.

While 2007 is already shaping up as a more challenging year, our solid balance sheet and productivity measures to be undertaken this year will enable us to rebound sharply in 2008.

In this year, which marks the 60th anniversary of Plastic Omnium's founding, I would like to express my sincere thanks to our shareholders, customers and employees for their enduring support, both past and present.

**Laurent BURELLE**

# Respect, attentiveness, transparency



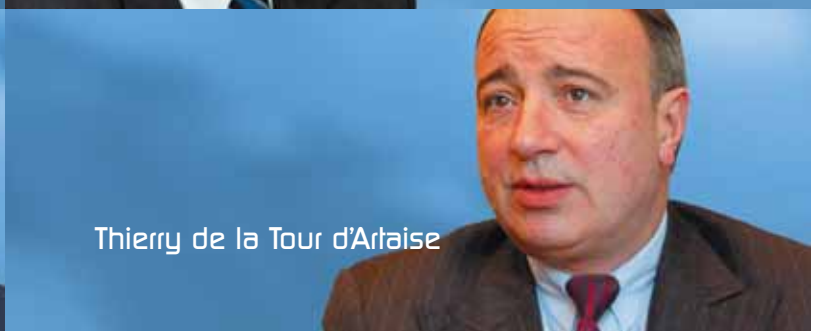












# CORPORATE GOVERNANCE

Plastic Omnium's commitment to the principles of corporate governance is reflected in their strict application by the Company's directors and senior executives, with a constant concern for transparent relations with the markets, respect for shareholders and attentiveness to their concerns.

Compagnie Plastic Omnium is a limited company incorporated in France and governed by a Board of Directors. In line with the principles of corporate governance, the Board of Directors on 17 September 2004 approved internal guidelines defining its missions as well as Directors' rights and obligations.

## Composition and independence

Its Board of Directors is composed of 11 members. Seven of them are independent, meaning they have no relationship with the Company, its group or the management of either that might compromise their freedom of judgment.

Directors are elected for three-year terms, renewable an unlimited number of times until they reach the age of 80. While serving on the Board, they must own at least 100 Plastic Omnium shares. The Board of Directors is composed of people from different backgrounds, thus providing the Company with a broad range of managerial, industrial and financial expertise.

The Board of Directors met four times in 2006, with an attendance rate of 90%.

## Mission

The Board's main mission is to study all issues concerning the Company and its operations, carry out any controls and procedures that it feels are appropriate, verify the consistency of the accounts and accounting policies, and define the Company's overall vision and approve its strategic objectives.

Based on the recommendations of the Audit Committee, the Board approves the parent company and consolidated financial statements and ensures the accuracy of information provided to shareholders and analysts.

Following a recommendation by the Chairman, significant transactions that might impact the Group's strategy or considerably modify its financial positions or business base must be submitted to the Board of Directors for prior approval.

At the Annual Meeting on 16 May 2002, Compagnie Plastic Omnium shareholders voted to combine the offices of Chairman and Chief Executive Officer. Laurent Burelle has held both positions since 1 July 2001.

## Directors' fees

Directors' compensation consists of attendance fees. The aggregate amount of these fees is approved by shareholders at the Annual Meeting, based on recommendations by the Board of Directors. The method of allocation is decided by the Board. For 2006, the total amount of attendance fees paid to the Board was set at €180,000.

## The Board of Directors' Self-Assessment

Following the meeting on 15 December 2006, the Board of Directors reviewed the opinions and recommendation of its Members concerning:
- The appropriateness of matters dealt with in carrying out its duties.
- The frequency and length of Board meetings.
- The timely provision of information to the Board and to each of its Members.
- The procedures and membership of the Audit Committee.

For 2006, the self-assessment was based on Board member replies to a questionnaire, which showed that they were fully satisfied with the Board's operations in 2006.

## Audit Committee

The Audit Committee is comprised of four independent Directors:

Francis Gavois, Chairman,
Vincent Labruyère,
Laurence Danon,
Jean-Pierre Ergas.

The Audit Committee helps the Board of Directors ensure compliance with accounting principles and the validity and sustainability of accounting methods.

The Committee meets at least twice a year, prior to the closing of the interim and full-year accounts, and reports to the Board. In 2006, the Committee met twice. A new Chairman is chosen every two years on a rotating basis.

The Committee examines the accounts before they are presented to the Board of Directors and gives an opinion on the accounting principles and methods used and the coverage of risk, based on summaries prepared by the Statutory Auditors. It examines any subject that might have a material accounting impact on the Company.

The Audit Committee reviewed the 2006 accounts, noting that they gave a fair and clear view of the Company's assets, liabilities and financial position, in accordance with IFRS, and reflected an approach to financial management that was prudent and in the interest of shareholders.

Compagnie Plastic Omnium's Senior Executive Vice President and Chief Financial Officer, and Corporate Secretary, as well as its Statutory Auditors, are invited to attend Audit Committee meetings.

## Statutory Auditors

Mazars et Guérard (since 1998)
Ernst & Young Audit (since 2001)

## → BOARD OF DIRECTORS

**Laurent Burelle** (since 1981)
Chairman and Chief Executive Officer
Chief Operating Officer and Director, Sogec 2
Chief Operating Officer and Member of the Board of Directors, Burelle SA
Chairman, Compagnie Signature SAS
Chairman, Compagnie Financière de la Cascade SAS
Member of the Board of Directors, Lyonnaise de Banque SA
57 years old

**Paul Henry Lemarié** (since 1987)
Chief Operating Officer
Chief Operating Officer and Member of the Board of Directors, Burelle SA
Member of the Board of Directors, Inergy Automotive Systems
60 years old

**Pierre Burelle**
Permanent representative of Burelle SA
Honorary Chairman and Founder
Chairman, Sogec 2
Chief Operating Officer, Burelle SA
Chairman, Sofiparc SAS

**Jean Burelle** (since 1970)
Honorary Chairman
Member of the Board of Directors and Chief Operating Officer and Director, Sogec 2
Chairman and Chief Executive Officer, Burelle SA
Chairman and Chief Executive Officer, Burelle Participations
Member of the Board of Directors and Chairman of the Corporate Officers Committee, Essilor International
Member of the Board of Directors, Rémy Cointreau
Chairman of Medef International
68 years old

**Laurence Danon*** (since 2003)
Member of the Audit Committee
Chairman and Chief Executive Officer, France-Printemps
President of École des Mines, Nantes
51 years old

**Jean-Pierre Ergas*** (since 1990)
Member of the Audit Committee
Chairman and Chief Executive Officer, BWAY Corporation, US
Member of the Board of Directors, Dover Corporation, US
Member of the Board of Directors, Aplix SA
67 years old

**Jérôme Gallot*** (since 15 December 2006)
Chairman, CDC Entreprises
Member of the Board of Directors, Icade
Member of the Board of Directors, Caixa Seguros
Member of the Supervisory Board, CNP Assurances
Member of the Supervisory Board, Compagnie Nationale du Rhône (CNR)
Member of the Supervisory Board, NRJ Group
Member of the Supervisory Board, Schneider Electric SA
47 years old

**Francis Gavois*** (since 1998)
Chairman of the Audit Committee
Honorary Inspector General, French Treasury
71 years old

**Vincent Labruyère*** (since 2002)
Member of the Audit Committee
Chief Executive Officer, Société Financière Labruyère Eberlé SA
Member of the Board of Directors, SA Perroux
56 years old

**Jacques Landry*** (from 1987 until 15 December 2006)
80 years old

**Alain Mérieux*** (since 1993)
Chairman and Chief Executive Officer, bioMérieux SA
Chairman of the Board, Mérieux Alliance
Member of the Board of Directors, Transgène
Member of the Supervisory Board, Eurazeo
68 years old

**Thierry de La Tour d'Artaise***
(since 2005)
Chairman and Chief Executive Officer of Groupe SEB
Permanent representative of Sofinaction, Member of the Board of Directors, Lyonnaise de Banque SA
52 years old

Secretary of the Board
**Jean-Luc Petit**

* Independent director.

# EXECUTIVE COMMITTEE

The Executive Committee has management and decision-making responsibility with regard to the Company's operations, current developments and outlook. It meets once a month.

The Executive Committee is comprised of 9 members:

- The Chairman and Chief Executive Officer
- The Chief Operating Officer
- The Senior Executive Vice-President
- The Corporate Secretary
- The Executive Vice President, Human Resources
- The Division Presidents

It meets once a month to consider – across all businesses – the Company's sales objectives, capital spending programs, labor and legal affairs, R&D projects, proposed mergers and acquisitions, and financial issues, as part of a dynamic of continuous improvement.

## Duties

Every month, it compares each Division and subsidiary's results and balance sheet (notably capital expenditure and working capital) with the previous year's and with the monthly budget. It also validates revised year-end forecasts quarterly.

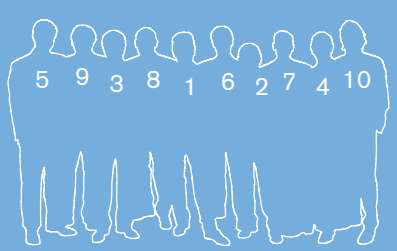
Lastly, the Committee analyzes each Division's five-year strategic plan every year in July. The plan is then used in preparing the budget, whose final version is approved in December.

As part of its commitment to the Sustainable Development process, each month the Executive Committee studies the Company's safety and environmental performance indicators to monitor the effectiveness of the management system and related action plans.

Once validated, the main objectives of Compagnie Plastic Omnium and its subsidiaries are presented to the Board of Directors.

## Equity investments

The Executive Committee also oversees Inergy Automotive Systems and HBPO, respectively 50% and 33%-owned by Compagnie Plastic Omnium, through a Board of Directors and a Finance Committee composed of representatives of the two parent companies that meet quarterly.




1 **Laurent Burelle**
Chairman and Chief Executive Officer

2 **Paul Henry Lemarié**
Chief Operating Officer
Member of the Board of Directors,
Inergy Automotive Systems
Member of the Board of Directors, Inoplast SA

3 **Jean-Michel Szczerba**
Senior Executive Vice President – Chief Financial Officer
Member of the Board of Directors,
Inergy Automotive Systems
Member of the Board of Directors,
HBPO GmbH
Member of the Board of Directors, Inoplast SA

4 **Marc Szulewicz**
President – Plastic Omnium Auto Exterior
Chairman of the Board of Directors, Inergy Automotive Systems SA
Member of the Board of Directors, Inoplast SA
Member of the Board of Directors,
HBPO GmbH

5 **Jean-Luc Petit**
Corporate Secretary
Vice President – Legal Affairs

6 **Philippe Hugon**
Executive Vice President – Human Resources

7 **Pierre Lecocq**
Chief Executive Officer, Inergy Automotive Systems

8 **Pierre Humbert**
President – Plastic Omnium Environment
Chairman of the Board of Directors, Compaña Plastic Omnium SA (Spain)

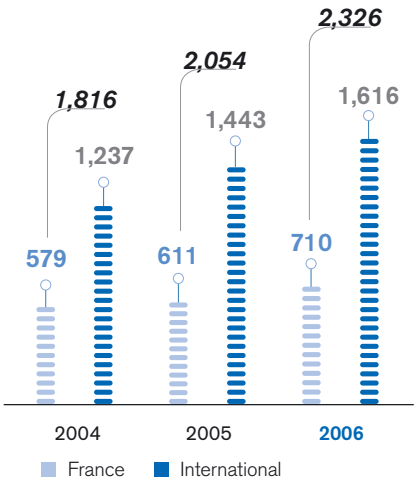
9 **Serge Reig**
President – Performance Plastics Products - 3P

10 **Michel Kempinski**
Executive Vice President – Plastic Omnium Environment

# 2006: SOLID IMPROVEMENT IN ALL FINANCIAL INDICATORS

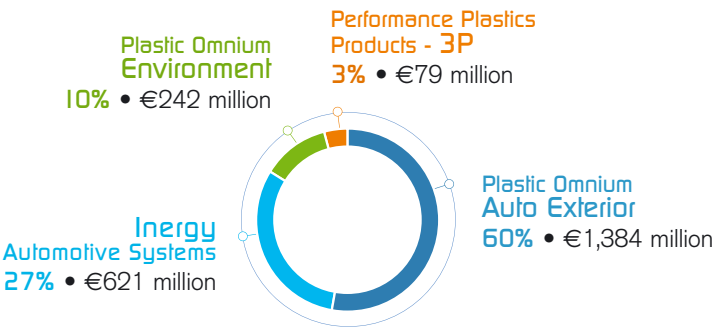
## Consolidated revenue

(in € millions)

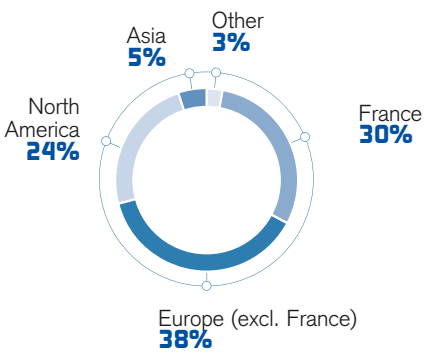



Another year of strong revenue growth

## Revenue by business

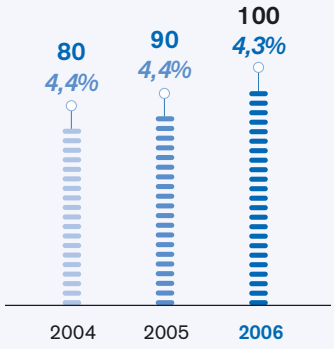



## Revenue by region

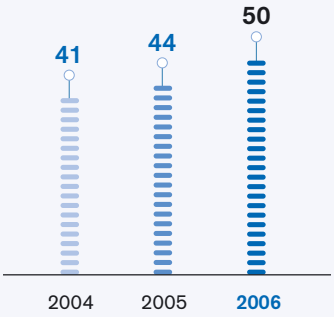


## → IMPROVEMENT IN ALL PROFITABILITY INDICATORS

### Operating margin
in € millions and as a % of revenue

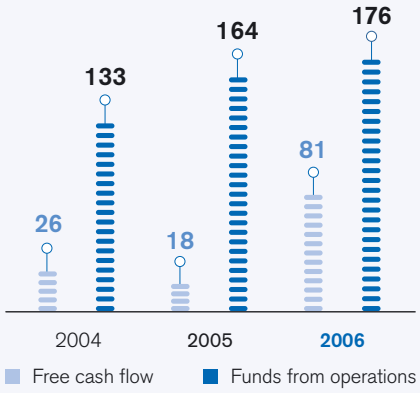



### Net profit
(in € millions)

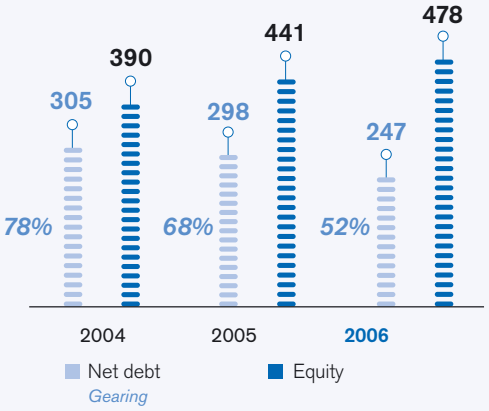



## → SHARP REDUCTION IN DEBT

### Free cash flow and funds from operations
(in € millions)

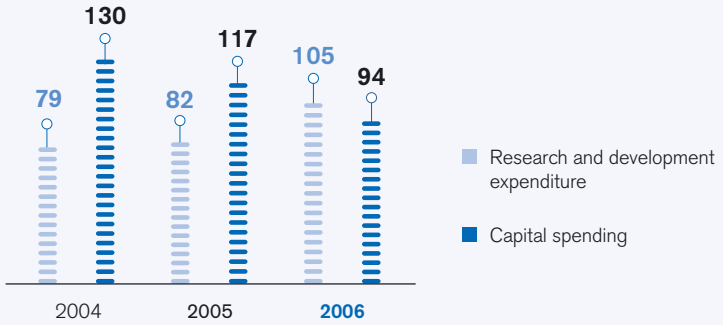



### Net debt and equity
(in € millions)




## → A SUSTAINED COMMITMENT TO CAPITAL EXPENDITURE AND R&D

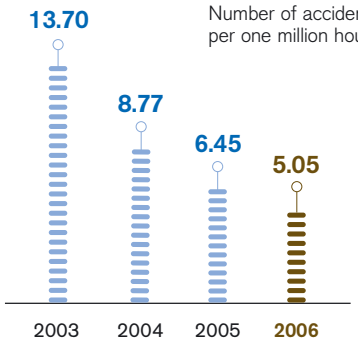
### Research and development and capital spending (in € millions)



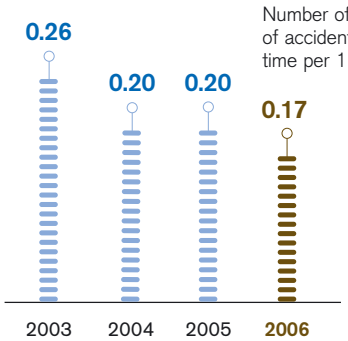
# SIGNIFICANT IMPROVEMENTS

## → ADVANCES IN WORKPLACE SAFETY

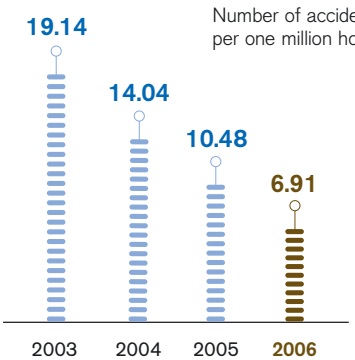
### Accident frequency rate (excluding Inoplast)



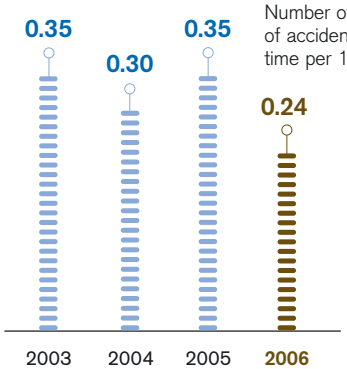

### Accident severity rate (excluding Inoplast)




### Accident frequency rate (including Inoplast since 2003)



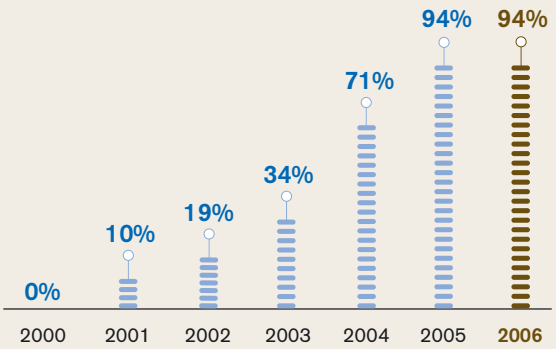

### Accident severity rate (including Inoplast since 2003)



# In three years, the amount of electricity consumed for manufacturing processes has decreased by 29%

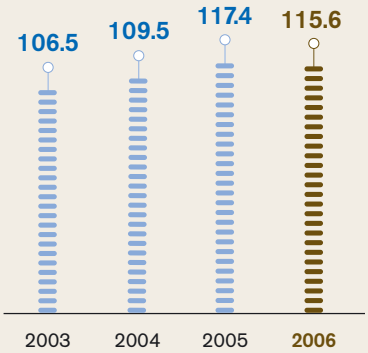
## → ADVANCES IN ENVIRONMENTAL PROTECTION
(INCLUDING INOPLAST IN 2006)

### Percentage of sites certified ISO 14001

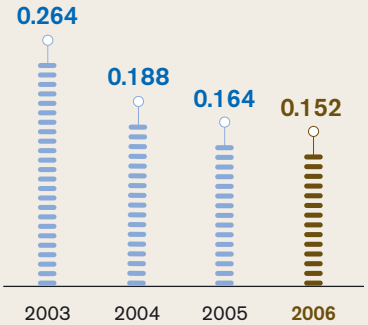



### Electricity consumption in kWh per kg of processed material


### Gas consumption in cu.m per metric ton of processed material




### Waste from industrial facilities in kg per kg of processed material

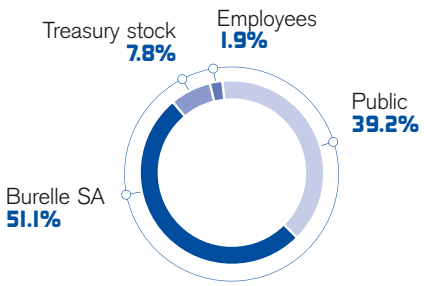


# THE PLASTIC OMNIUM SHARE

Plastic Omnium is actively involved in sharing information and exchanging views with shareholders and the financial community. Throughout, the focus is on providing the same transparent information to all parties on a regular basis, as dictated by major events in the life of the Company.

## Shareholder structure

(at 31 December 2006)




**39.2%** of outstanding shares are held by the public, of which 8% by private shareholders, 8% by French investors and 23% by foreign investors.

## Share information

**Plastic Omnium founded:**
1946

**Initial public offering:**
1965

**Listed on:**
Euronext Paris,
Eurolist Compartiment B

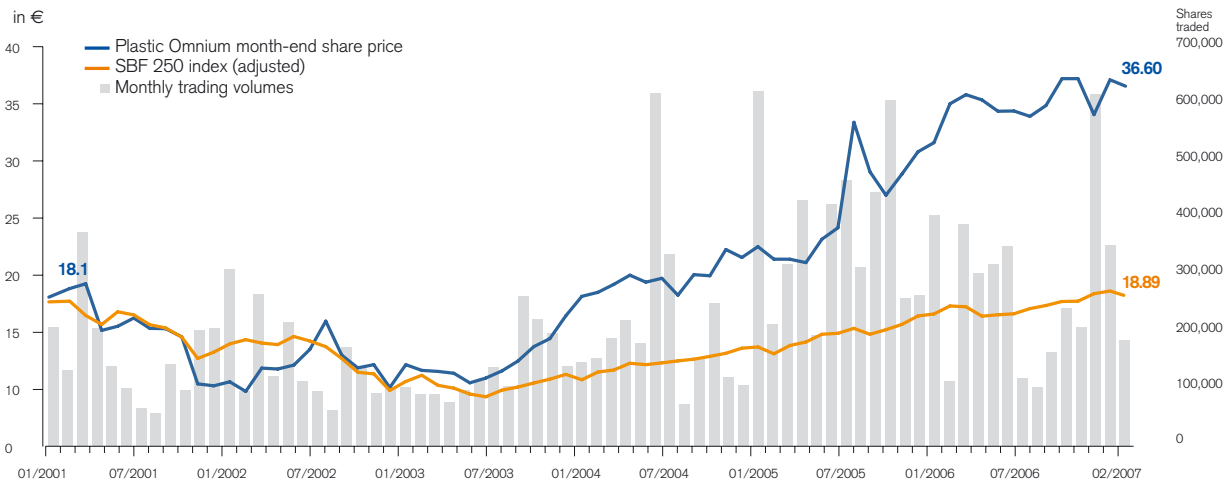
**Stock market indices:**
SBF 250, CAC Mid 100 and Next 150

**ISIN code:**
FR0000124570

**Reuters code:**
PLOF.PA

## Share performance and trading volumes

(since 1 January 2001)



# Share price up 18% in 2006

## → SHARE DATA

| | 2004* | 2005* | **2006** |
|---|---|---|---|
| **Share price (in €)** | | | |
| High | 21.45 | 33.94 | 38.35 |
| Low | 17.10 | 19.01 | 28.55 |
| Average | 19.77 | 31.25 | 34.17 |
| At 31 December | 19.95 | 28.85 | 34.05 |
| **Shares outstanding at 31 December** | **18,712,512** | **18,717,662** | **18,894,842** |
| Market value (at 31 December, in € millions) | 373 | 540 | 643 |
| Equity (in € millions) | 391 | 441 | 478 |
| Earnings per share (in €) | 20.89 | 23.50 | 25.25 |

## → YIELD DATA

| | 2004* | 2005* | **2006** |
|---|---|---|---|
| Earnings per share (in €) | 2.66 | 2.53 | 2.67 |
| **Dividend per share** (in €) | **0.58** | **0.60** | **0.66**** |
| Dividend payout | 21.6% | 23.7% | 24.8% |
| Net yield (based on share price at 31 December) | 2.9% | 2.1% | 1.9% |

* Readjusted for the 2-for-1 stock split on 18 May 2005.
** Subject to approval by shareholders at the Annual Meeting on 24 April 2007.

## Communication and dialogue with shareholders

Senior management and the Investor Relations Department deploy an active policy of informing both private and institutional shareholders. A full range of tools and media have been implemented to meet this objective:

- The Shareholders' Information section of the Plastic Omnium website, available in French and English, provides key figures, share data, real-time share prices, information about the stock market and the financial calendar.

- Press releases are posted on the website as soon as they are sent to journalists and financial analysts.

- The Business Review and Sustainable Development Report, which is published in French and English, is available on request and can be downloaded from the website.

- A Shareholders' Letter, which is published twice a year when the Company announces its financial results, is sent to shareholders and is also available on request.

- Meetings are held with private shareholders outside the Paris area.

## Information meetings and the Salon Actionaria

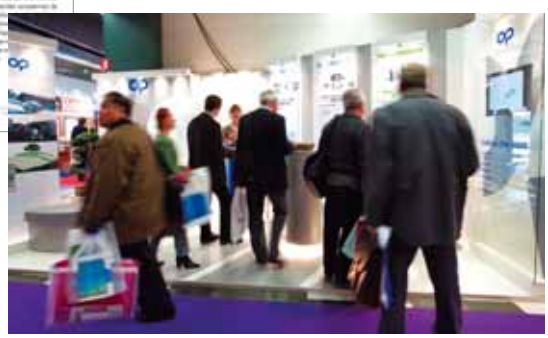
The Annual Meeting in Paris is the most important occasion for shareholders to meet with senior executives, who give a detailed presentation of the Company's operations, strategy, results and outlook. In addition, Chairman and CEO Laurent Burelle attends information meetings held outside Paris. In 2006, meetings were held in Rennes, Strasbourg and Montpellier.


LETTRE
AUX ACTIONNAIRES

On 17-18 November 2006, Plastic Omnium for the fourth year in a row took part in the Salon Actionaria investor trade show in Paris. As in years past, Laurent Burelle spoke at the Agora des Présidents, the show's forum for chief executives and the Investor Relations team replied to questions from shareholders and visitors to the Company's booth. Plastic Omnium will take part in Salon Actionaria again in 2007.

## Communication with the financial community

Twice a year, when interim and full-year results are released, Plastic Omnium organizes meetings in Paris with financial analysts and journalists to give them an in-depth presentation of the Company's accounts and outlook. The Chairman and Chief Executive Officer and Senior Executive Vice President-Chief Financial Officer also meet with investors at roadshows and in one-on-one interviews in France and elsewhere in Europe.



# An active commitment to sharing information

## Financial calendar

**23 January 2007**
2006 revenue announced

**13 March 2007**
2006 earnings announced

**24 April 2007**
First-quarter data announced

**26 July 2007**
First-half earnings announced

**18 October 2007**
Third-quarter data announced

## Shareholder calendar

**24 April 2007**
Annual Meeting,
Pavillon Gabriel, Paris

**4 May 2007**
Dividend paid

**16-17 November 2007**
Salon Actionaria
investor trade show in Paris

**21 November 2007**
Meeting with shareholders in Grenoble

## Shareholder contacts

**Investor Relations**
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Adeline Mickeler
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F-92593 Levallois Cedex
Tel.: +33 (0)1 40 87 64 49
Fax: +33 (0)1 40 87 96 62
Email:
investor.relations@plasticomnium.com
www.plasticomnium.com

**Agent bank**
For information about managing registered shares:
BNP Paribas Securities Services
Tel.: +33 (0)1 55 77 98 38
Service aux Émetteurs
Immeuble Tolbiac
F-75450 Paris Cedex 09

**Liquidity contract with**
CIC Securities
6, avenue de Provence
F-75441 Paris Cedex 9
Tel.: +33 (0)1 40 16 26 75

# 2006: A COMPANY ON THE MOVE

Backed by its dedicated employees, efficient production base and value-added services offering, Plastic Omnium maintained its strategic focus on expansion and excellence throughout the year, acquiring new businesses, disposing of non-core activities, winning new markets, introducing major innovations and increasing its market share.

## GROWTH

### Strong growth in revenue

Plastic Omnium revenue rose by 13.2% to €2.3 billion in 2006, with sales outside France accounting for 70% of the total.

### Acquisition of Inoplast

Plastic Omnium increased its stake in Inoplast from 34% to 84%. A partner to car and truck makers, Inoplast is a leader in the design and manufacture of integrated parts and modules that are made of fiberglass-reinforced polyester and other composite materials. The transaction strengthens Plastic Omnium's ability to enhance its modular strategy with new innovations.

## ANTICIPATION

### A strengthened manufacturing base to meet carmaker needs

Following the 2005 construction and 2006 start-up of Plastic Omnium Auto Exterior plants in Ruitz, France, and Duncan and Anderson, South Carolina (US), the Division extended its manufacturing resources in Brazil, bringing on stream the plant in Juiz de Fora. At the same time, HBPO expanded its presence in North America, as well as in Europe with a new plant in Banbury (UK), near Oxford, to produce the front-end module for the new BMW Mini.

## INNOVATION

### In a worldwide premier, Plastic Omnium Auto Exterior unveils its new fender module

A major advance in the modular offering, the new fender assembly illustrates the Company's ability to deliver innovative solutions that respond ever more effectively to carmaker expectations. The fender module is series produced and delivered for the new BMW X5, with other applications currently in the development stage.

### Two industrial developments in China

Inergy Automotive Systems decided to build its first wholly owned plant in China, located in Wuhan (Hubei province), to fill an order from Nissan.

Following the acquisition of a majority stake in China's Xietong and the creation of XieNO, Inoplast now has four plants in the country.


## ENVIRONMENT

### Disposal of assets belonging to 3P's US subsidiary

Performance Plastics Products - 3P sold its North American industrial and property assets in Houston, Texas and reorganized its production resources in Europe.

### Expanding Plastic Omnium Environment's product portfolio

Plastic Omnium's range of products for local communities was expanded with new additions like Bulbeo®, a 100% recycled and recyclable composter for green plant waste, Minimax®, an underground public drop-off container, and Movea®, a mobile drop-off receptacle for large-quantity waste producers.

## CREATIVITY

### Ecosourcing®

As part of an urban renewal project, the city of Saint-Dizier chose to partner with Plastic Omnium to develop a waste prevention plan to raise awareness among the 16,000 residents of the Vert-Bois neighborhood of the importance of recycling waste packaging and reducing waste at the source. The project is being led by a steering committee comprised of local officials, city engineers and representatives of both Eco-Emballages, a private French company that organizes used packaging collection, and Plastic Omnium. Gedling in the UK and the ILVA intercommunity council in Belgium are also pursuing this type of program.

### ibac® receives a design award

Plastic Omnium received a Janus award from the French Institute of Design for its ibac® wheeled household waste container. The award recognizes both the product's innovative technical solution and outstanding design.

## QUALITY

### Awards for Plastic Omnium Auto Exterior

General Motors presented Plastic Omnium Auto Exterior with a Supplier of the Year award in both 2005 and 2006. In addition, one year after the production start-up, the Ramos Arizpe plant was given a 2005 Gold Award, presented by DaimlerChrysler to its best Mexican exterior components supplier.

### Inergy Automotive Systems cited by Toyota

Toyota presented Inergy Automotive Systems with Quality, Logistics and Cost Performance awards in Argentina and the Toyota Production System Award in Thailand. Both plants deliver fuel systems for the Hilux, with production scheduled to run until 2011.

# PLASTIC OMNIUM'S CHALLENGES & STRATEGY WORLDWIDE

- INNOVATION-DRIVEN PERFORMANCE
- WORLDWIDE GROWTH
- RESPONSIBLE GROWTH

# INNOVATION-DRIVEN PERFORMANCE

A driver of growth and cornerstone of the product and service offering, Plastic Omnium's commitment to innovation has always been one of its core values. This commitment extends across all work procedures, processes, materials and product technologies, with a constant focus on the Company's increasingly global presence.

Plastic Omnium's innovation strategy is led by a global network of research teams, comprising 900 engineers and technicians working in 9 R&D centers and 24 engineering centers in Europe, North America and Asia. In 2006, research and development allocations totaled €105 million, or 4.5% of revenue.

The Company manages a global portfolio of 565 patents, of which 89 filed in 2006, and 1,809 intellectual property rights, of which 153 registered during the year. These figures clearly demonstrate Plastic Omnium's determination to protect its innovation capital and extend its use.

## Anticipating and responding to market needs

In the Automotive businesses, research focuses on reducing $CO_2$ and particle emissions, making body components lighter and cars more attractive, developing more fully functioned modules and improving pedestrian safety. Meeting these goals requires constant improvements in component design, injection and paint processes, and materials. Inoplast, for example, has a formulation subsidiary dedicated to expanding the range of fiberglass- and carbon-reinforced composite materials, which are more resistant that traditional composites.

The scope of research is also very broad. In addition to exterior parts, research also covers semi-structural components, such as fender supports and impact absorption beams, as well as structural parts, such as opening modules and roof frames and struts developed by Inoplast.

Whether in response to customer demand or in anticipation of regulatory changes, innovation at Plastic Omnium is aligned with the major challenges facing society and with emerging consumer needs.

## Innovating to support sustainable development

Reducing vehicle emissions and fuel consumption is the top priority. In this respect, the technologies optimized by Inergy Automotive Systems have already proven their effectiveness, enabling passenger cars to meet the world's most stringent diesel-engine pollution-control standards with regard to $CO_2$, nitrogen oxide and particle emissions. Plastic Omnium Auto Exterior has developed new modular solutions and composite materials that limit the weight of body components and make cars more aerodynamic, thereby reducing $CO_2$ emissions.

These developments clearly show that sustainable development concerns are integrated into all innovation projects. Inoplast, for example, is conducting research on a "green" composite material made with resins and fibers developed from organic crops.


**Nocturne design motif -** Developing translucent textures for automotive exterior parts is one of the many innovative research paths being explored at Plastic Omnium Auto Exterior.

# Continuous process innovation at Plastic Omnium

## "Throw less, sort better, save money"

In the area of waste management, Plastic Omnium Environment's Eco-sourcing® solution represents a new offering that goes beyond the Division's traditional services. With a focus on prevention, Ecosourcing® involves community residents in the waste management process by raising their awareness of the importance of sorting and recycling household waste.

## Innovation in a multifunctional organization

Certain issues cut across the entire organization, such as reducing the energy used in production, which accounts for up to 85% of overall energy consumption, recycling raw materials and eco-designing new products. Plastic Recycling, a Plastic Omnium Environment subsidiary, recycles end-of-life wheeled bins produced by the Division and works with Plastic Omnium Auto Exterior to optimize car part recycling channels. Both are involved in the Eco Design Interactive System (ECODIS) program to improve the recyclability of automotive components.

## Extending the innovative modular strategy with Inoplast

With its consolidation into Compagnie Plastic Omnium, Inoplast is now a full-fledged participant in the Automotive business. The pooling of skills and sharing of expertise will increase among all business units – Plastic Omnium Auto Exterior, Inoplast, HBPO and Inergy Automotive Systems.

Plastic Omnium and Inoplast are currently pursuing projects in the areas of rear opening modules as well as fender/hood systems designed to minimize head injuries in collisions involving pedestrians.

## The fender module: breakthrough technology and a world first

Plastic Omnium Auto Exterior has developed a new fender module. Comprising a body-shade painted thermoplastic fender that is pre-assembled on a polymer structure, it integrates seven functions: the head lights, the wheel casing, a thermoplastic absorber for pedestrian protection, a windshield cleaning reservoir, auxiliary lighting, extra cooling devices and airbag sensors.

## Important process innovations

With this unique new module, Plastic Omnium teams have made a number of important advances in perceived quality by reducing clearance between moving parts, improving component fit, enhancing pedestrian protection (mainly for head injuries) and reducing fender weight by around 4 kg. A large number of process innovations were made to address assembly and quality issues. These include a system for securing the headlight to the fender that uses seal wear adjustment technology to improve size tolerance, as well as a color measurement and control system to ensure that fender and car body shades are identical.

## An ABEX award for pedestrian protection

At ABEX 2006 in Munich, Inoplast received a Best Safety Feature award for its sheet-molded composite fender bracket, designed for the Renault Clio III and fully compliant with EuroNCAP regulations. Made of injected thermosetting resins, the component is positioned behind the front fender and collapses in the event of pedestrian impact. Plastic Omnium Auto Exterior is developing new solutions for the front bumper absorption beam, series-produced for the new Peugeot 207 in a version that differs from the concept designed for the Citroën C4.

## Automotive Strategic Analysis Committee

Plastic Omnium Chairman and Chief Executive Officer Laurent Burelle has created the Automotive Strategic Analysis Committee. Chaired by Georges Douin, formerly Executive Vice President at Renault, the committee brings together members of the executive committees of Compagnie Plastic Omnium, Plastic Omnium Auto Exterior, Inoplast, HBPO and Inergy Automotive Systems. Its purpose is to promote discussions of the Company's automotive strategy, regarding both its international deployment and advances in the areas of road safety, quality and modular design.

## The Road Safety Foundation: safer cars and safer roads

Plastic Omnium is a founding member of the Road Safety Foundation, created at the initiative of a number of manufacturing companies and the National Research Institute for Transportation Safety, with the financial support of the French government.

Its purpose is to finance and develop research programs on vehicle equipment, infrastructure and other factors that impact the behavior of users and drivers, with the goal of reducing the risk of accidents and personal injury.

Backed by its extensive expertise in the area of pedestrian protection, impact absorption and modular design, Plastic Omnium has made recommendations for the Foundation's first research projects.

# WORLDWIDE GROWTH

Plastic Omnium's strategic vision is truly global, with a network of production sites and sales subsidiaries on five continents and 70% of revenue generated outside of France. Plastic Omnium Auto Exterior and Inergy Automotive Systems are actively partnering carmakers as they expand in the international marketplace while developing their presence in key markets that are driving growth. Plastic Omnium Environment is developing mainly in Europe and pursuing new opportunities in Eastern European countries. Organizational structures and human resources management policies are also adapting to support the Company's geographical expansion.

In today's highly competitive environment, the situation in the global automobile market varies from one country to another. While the performance of the European and North American markets is lackluster, demand from developing countries and the trend among Western carmakers toward relocating production resources point to new sources of growth, especially in Eastern Europe and the BRIC countries (Brazil, Russia, India and China). By 2020, worldwide automobile production will have increased to 80 million vehicles, from 65 million today.

## International development that is sustained

Already established in Western Europe and North and South America, Plastic Omnium is strengthening its presence in Eastern Europe and Asia, where it is partnering carmakers as they expand, with production facilities located near their assembly plants.

This strategy enables the Company to limit risks related to market fluctuations and local differences. It also helps improve productivity by enabling more effective control of total costs, which include both labor and procurement.

With its substantial cash flow, Plastic Omnium is in a position to make targeted investments in high-potential projects in regions where cars are produced as well as in regions where they are purchased. Current capacity is sufficient to meet forecast demand over the next three years.

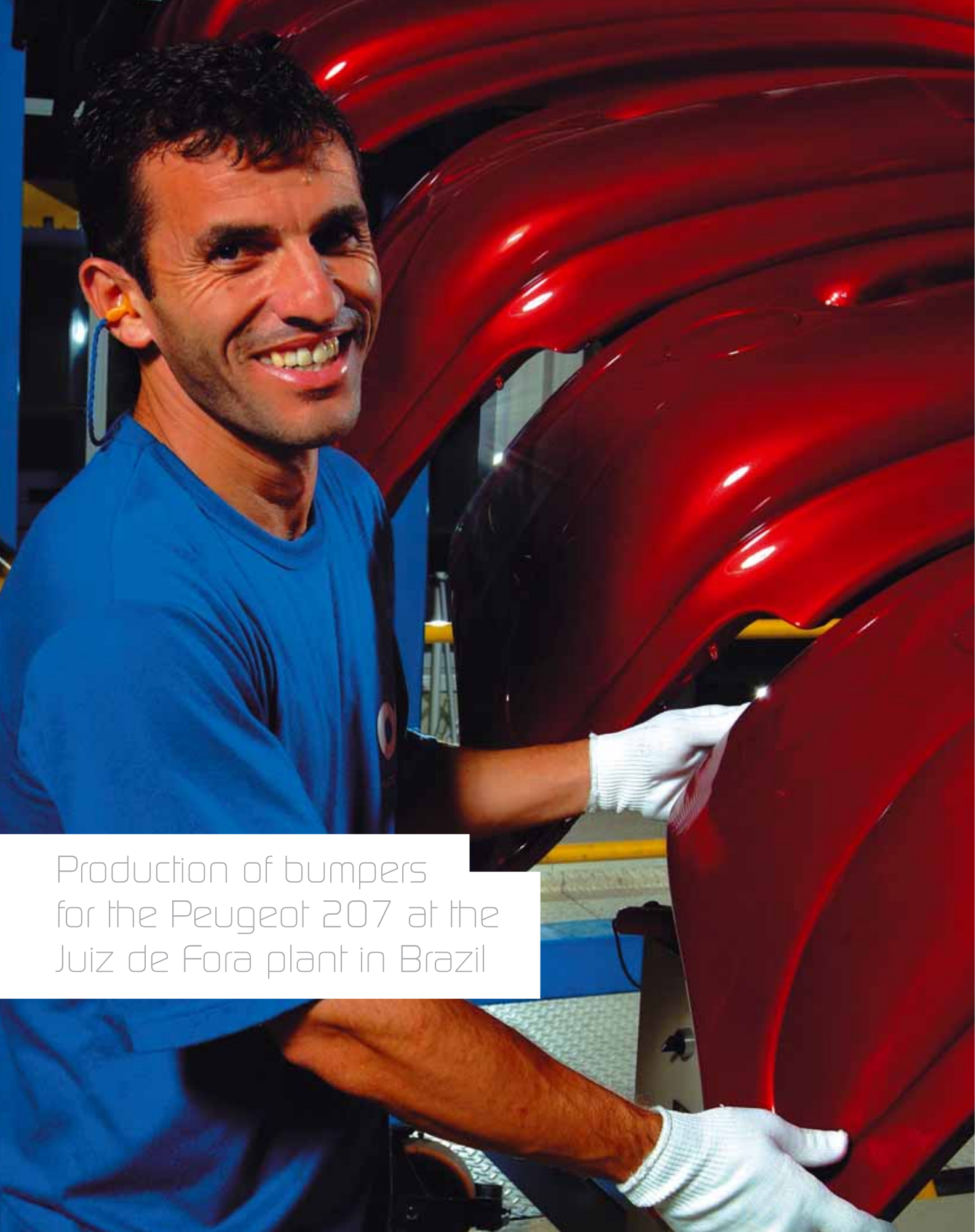
## ...and targeted

Plastic Omnium Auto Exterior, Inergy Automotive Systems, HBPO and Inoplast operate a combined eight production facilities in Eastern Europe, located in Poland, Romania, the Czech Republic and Slovakia. In 2007, the Plastic Omnium plant in Bratislava, Slovakia will begin delivering parts to a German automobile manufacturer based in the Czech Republic.

In North America, the focus for the past five years has been on the southern United States and Mexico. The Company's automotive operations are divided among twelve sites, of which seven are in Mexico, where Plastic Omnium is the leading producer of bumpers. In mid-2007, HBPO will open two new North American plants - one in Windsor, Ontario and the other in St. Louis, Missouri.

In South America, Plastic Omnium Auto Exterior and INERGY have a Combined four plants in Argentina and Brazil, where business growth is once again very strong. The Auto Exterior Division is also building a production facility in Argentina.

**Shanghai -** Plastic Omnium has reaffirmed its strategic objective of developing in China with the signing of major automotive production agreements and the opening of Plastic Omnium Environment and Performance Plastics Products - 3P sales subsidiaries.



Production of bumpers for the Peugeot 207 at the Juiz de Fora plant in Brazil

## Stepped up growth in Asia

In line with this commitment to competing in emerging markets, Asia is a top priority.

In the future, three-quarters of worldwide growth in automobile production will come from Asia, either with national and international carmakers operating locally or with South Korean and Japanese manufacturers operating in international markets, notably North American and Eastern Europe. Today, Asian carmakers account for 8% of Plastic Omnium revenue, a figure that will increase.

The percentage of revenue generated in Asia increased from 2% in 2001 to 5% in 2006 and is expected to continue to grow in the years ahead.

## A foothold in China's automobile market

Inergy Automotive Systems and HBPO are already solidly established in Asia, notably in Thailand, South Korea and Japan. INERGY'S decision to build a plant in China represented a major step forward in the market. Based in Wuhan, in Hubei province, the plant will come on stream in 2008, producing fuel systems for Nissan.

In a separate development, Inoplast created XieNO, in which it holds a 60% stake, alongside Xietong. XieNO operates four plants, producing parts mainly for truck manufacturers FAW and China National Heavy Trucks.

INERGY and Plastic Omnium Auto Exterior also have sales or purchasing organizations in China.

## Highly targeted strategies

Plastic Omnium Environment generates nearly all of its revenue in Europe, where its manufacturing resources are also concentrated. Today, it is stepping up initiatives to enter new markets in Eastern Europe as well as in Asia, with the creation of a sales office in Shanghai. Sales teams were expanded to enable the Division to increase sales in these two regions.

With its operations now focused on Europe, Performance Plastics Products - 3P opened a sales office in Shanghai. The Company plans to develop in Asia through both direct sales to customers and the wholesale market.

## Sharing best practices around the world

Improving the Company's performance at the global level requires efficient organizations that can share information, systematically implement production standards based on best practices and coordinate sales projects worldwide.

These organizations need to focus on optimizing the production base and the supply chain, improving overall performance and providing clients with services that are more responsive and closer to their decision-making centers.

## Local teams to drive global development

The breakdown of employees by region and the Company's human resources policies both reflect and support its globalization strategy. Employees outside France accounted for 52% of the workforce in 2006. In the Automotive businesses, the fastest growing countries in terms of job creation are Brazil, Mexico and Slovakia. The consolidation of Inoplast increased Plastic Omnium's workforce in France, where nearly 80% of Inoplast's 2,350 employees are based.

Plastic Omnium promotes the hiring of local managers who have worked outside their native country and in an international corporate culture. Job mobility is also developing steadily, with managers encouraged to change job functions, transfer to a different operating unit or accept a foreign assignment.

## International mobility

Excluding jointly owned companies and Inoplast, 214 managers changed jobs in 2006, representing 13% of all managerial staff.

While the number of expatriate and seconded employees was roughly the same as in 2005, the percentage assigned to Asia and the Americas increased. A new international mobility policy that includes intercultural training and spouse support programs has been in place since 2005. All of these measures have since been reviewed and aligned with best market practices.

# RESPONSIBLE GROWTH

Sustainable development is essential to maintaining a competitive edge and thus a core component of Plastic Omnium's strategy vision. Building on a solid business base, the Company has focused its social responsibility commitment on human resources and workplace safety and is actively engaged in finding solutions to major environmental challenges. All of these issues are being addressed by an assertive approach based on action plans that generate progress and growth.

The majority of Compagnie Plastic Omnium shares and voting rights have always been held by the same family, thus enabling the Company and its management to develop a long-term customer relationship strategy. A clear, responsive decision-making process strengthens the Company's business model, which combines carefully managed growth with profitability.

## A major economic responsibility

Plastic Omnium's company-wide sustainable development program is made possible by a number of driving factors: a broad international presence on four continents, self-financed growth, remarkable team-led innovation, and employee awareness of important issues such as development and competitiveness.

The Company acts responsibly in its relations with shareholders and the financial community, communicating regularly and transparently about its strategic objectives and results. The value of the Plastic Omnium share has increased three-fold in four years. In 2006 alone, the share price rose by 18%.

## A socially responsible enterprise

Human resources policies support the Company's development by developing employees' skills and helping them to meet their professional goals. The Company's highly decentralized human resources teams work closely with employees on each site, taking a shared approach to workforce management, improvements in working conditions, skills development and social dialogue.

In all, the workforce increased by 2,120 in 2006. Inoplast, which was integrated during the year, has 2,347 employees. At the end of 2006, the Company had a total of 11,600 employees, of which 52% outside France.

As stipulated in Plastic Omnium's 2003 Code of Conduct, the Company is committed to a hiring process in which job candidates are treated with respect and not subject to discrimination based on their race, religion or gender. During the year, specific campaigns were launched in Germany, the United Kingdom and the United States to raise awareness among managers and other employees and provide them with training.

**Recycling -** A responsible manufacturing company, Plastic Omnium recycles wheeled waste collection bins through its Plastic Recycling subsidiary and manufactures new products that integrate the regenerated plastic.

# Human resources and workplace safety are the focus of the Company's corporate social responsibility commitment

## Supporting staff during reorganization

The Company pursued measures to reorganize the production base in 2006, resulting in 34 redundancies and two plant closures -in Valladolid, Spain (INERGY) and Maintenon, France (Performance Plastics Products - 3P). Personalized support was offered to all employees concerned, including assistance from reassignment agencies, aid packages for geographic relocation, training initiatives and assistance for personal projects.

These measures were defined in discussions with employee representatives and the reassignment process is underway.

In addition, the Company announced an industrial reorganization plan for Plastic Omnium Auto Exterior and Plastic Omnium Environment in the UK. Due to a decline in business, Plastic Omnium Auto Exterior's Telford plant will close at the end of 2007 and 200 employees will be made redundant. At the same time, production capacity will be increased at the Measham plant and job transfer opportunities will be made available to Telford employees.

## Social dialogue

As a signatory of the United Nations Global Compact, the Company also actively supports employees right to organize in unions and engage in collective bargaining, as defined in the Compact. With the exception of France, where company-wide agreements have been established, collective bargaining takes place at the site and/or local subsidiary level.

A European Committee for Social Dialogue set up in 1996 meets once a year. It is comprised of 16 employees from six European countries who represent subsidiaries with over 100 employees. At the 2006 meeting in Brussels, discussions focused on the Company's strategy, business and financial health and workforce management. With the agreement of committee officers, new social indicators were adopted to evaluate social protection programs, legislation on working hours and pension plans.

## Making employee safety a priority

Employee safety is one of the Company's top priorities. Major steps have been taken since 2002 and new objectives are set and published every year. The policy is based on a three-pronged approach: improving individual behavior to achieve lasting progress, deploying the OHSAS 18001 accreditation process and developing a strategy to prevent occupational illnesses.

## A pro-active approach to environmental protection

The environment is under enormous pressure, with the depletion of fossil fuel resources, the higher cost of raw materials, pollution from automobiles and global warming. Transportation generates about one-quarter of the world's greenhouse gases, mainly in the form of automotive emissions. Regulations and standards have been established in the United States and Europe to dramatically reduce $CO_2$ and hydrocarbon emissions as well as diesel exhaust. Plastic Omnium Auto Exterior develops solutions that enable carmakers to build lighter vehicles and optimize their aerodynamic properties to ultimately reduce fuel consumption. Meanwhile, INERGY provides proprietary clean-diesel technologies.

To minimize the environmental impact of its production operations, Plastic Omnium is also fully committed to reducing gas and electric power consumption through changes in its production methods, limiting VOC emissions from Plastic Omnium Auto Exterior's paint operations, making improvements in the areas of eco-design and parts recycling, reducing waste volumes and optimizing sorting on its sites.

With an ISO 14001 certification rate of 94%, Plastic Omnium has one of the best records in the automotive industry.

## Waste management

The rapid pace of urban development and the behavior of consumers in industrialized nations affect the quality of life in cities and the waste volumes that have to be treated. Plastic Omnium Environment is clearly positioned as a partner to local communities and businesses, supporting them in their waste prevention policies. All of these services are intended to meet three objectives: reducing upstream waste while increasing the percentage of recyclable waste, improving service to local residents and reducing the cost of waste management for communities and their inhabitants.

# PLASTIC OMNIUM'S THREE GLOBAL BUSINESSES

- AUTOMOTIVE
- ENVIRONMENT
- HIGH-TECH

# PLASTIC **OMNIUM AUTO** EXTERIOR LEVERAGES **ITS MODULAR** APPROACH TO DELIVER SUPERIOR **PERFORMANCE**


SCEN

**Bumpers** - Plastic Omnium Auto Exterior is producing the front bumpers for the restyled, phase II Renault Scenic at its new plant in Ruitz, France.

# N.2

## WORLDWIDE IN BODY COMPONENTS AND MODULES

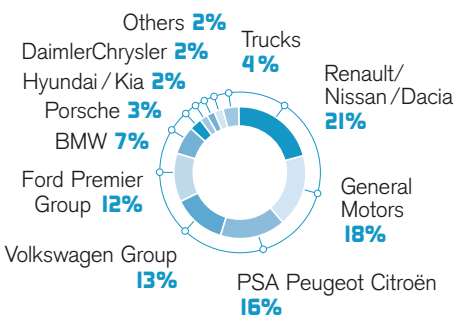
# PLASTIC OMNIUM
# AUTO EXTERIOR

Plastic Omnium Auto Exterior's manufacturing model continued to produce strong results in 2006. The Division pursued its strategy of developing advanced car modules with an increasingly innovative offering that integrates a broader range of automotive functions.

Plastic Omnium Auto Exterior produces a wide array of automotive components and body modules, including bumpers and energy absorption systems, exterior parts, fender modules, front-end assemblies and hatchback modules.

It designs customized solutions made from high value-added materials that deliver a greater number of functions, while enhancing the car's safety performance and making it more attractive.

→ **Revenue**
by carmaker




## The year of the fender module

In 2006, Plastic Omnium produced the world's first fender module, which integrates seven different automotive functions. It was designed to meet carmaker demand for pre-assembled, easy-to-mount modules that enhance pedestrian protection and perceived quality while reducing overall vehicle weight.

From design and development to process engineering and supply chain management, the project was led by cross-cultural teams from Plastic Omnium Auto Exterior's ∑ - Sigmatech, international R&D center and the Munich Engineering Center, later joined by teams from Plastic Omnium plants in Anderson and Duncan, South Carolina. Painted the same shade as the car body, the module is sequentially delivered to BMW's plant in Spartanburg, South Carolina where it is mounted on the new X5.

This groundbreaking concept illustrates Plastic Omnium's ability to respond ever more effectively to carmaker needs and develop increasingly innovative modular solutions. Other applications are currently in development.

## Successfully meeting three manufacturing challenges

The year saw a total of 22 production launches, including three in start-up plants: front bumpers for the restyled Renault Scenic in Ruitz, France; the fender module and front and rear bumpers for the new BMW X5 at the Anderson and Duncan plants in the United States; and front and rear bumpers for General Motors' GMT 900 program in Silao, Mexico. In 2006, Plastic Omnium Auto Exterior also filled its first order from Hyundai, delivering exterior components to the carmaker's plant in Montgomery, Alabama.

The Ruitz and Duncan plants were designed to meet approximately 40 manufacturing standards with a fully compliant production start-up process. As part of the project to renew the manufacturing base in France, the Ruitz plant will take over all production from the neighboring Bruay-la-Buissière facility, which will be closed at the end of 2007.

## Strong growth at HBPO

Created in late 2004 and jointly owned by Plastic Omnium, Hella and Behr, HBPO enjoyed a year of sustained growth with seven production start-ups.


# HBPO produces the front-end module for the new Mini

The worldwide leader in front-end modules, the company reported revenue of €570 million in 2006. Its UK plant in Banbury, near Oxford, produces the front-end module for the new BMW Mini, which integrates a structural front-end system supplied by Plastic Omnium. The project is especially noteworthy given the technical challenges involved.

## A major strategic development in the modular approach

During the year, Plastic Omnium increased its stake in Inoplast to 84%. In 1998, the two companies partnered to create InoPlastic Omnium, which produces rear hatchbacks made of thermoset composites.

Inoplast, which celebrated its 30th anniversary in 2006, is Europe's leading producer of auto parts and modules made of fiberglass-reinforced polyester and other composite materials. Two-thirds of its revenue is generated by hatchbacks, floor modules, fender structures and trunk lids produced for carmakers, with the remaining one-third coming from radiator grills, fascia, fenders, doors and large body-color, self-supporting parts produced for Volvo Truck, DaimlerChrysler, Scania and other truck manufacturers.

The transaction accelerates Plastic Omnium's growth in body components, expands the customer portfolio and creates a foothold in the truck parts market.

### → 2006 PRODUCTION START-UPS

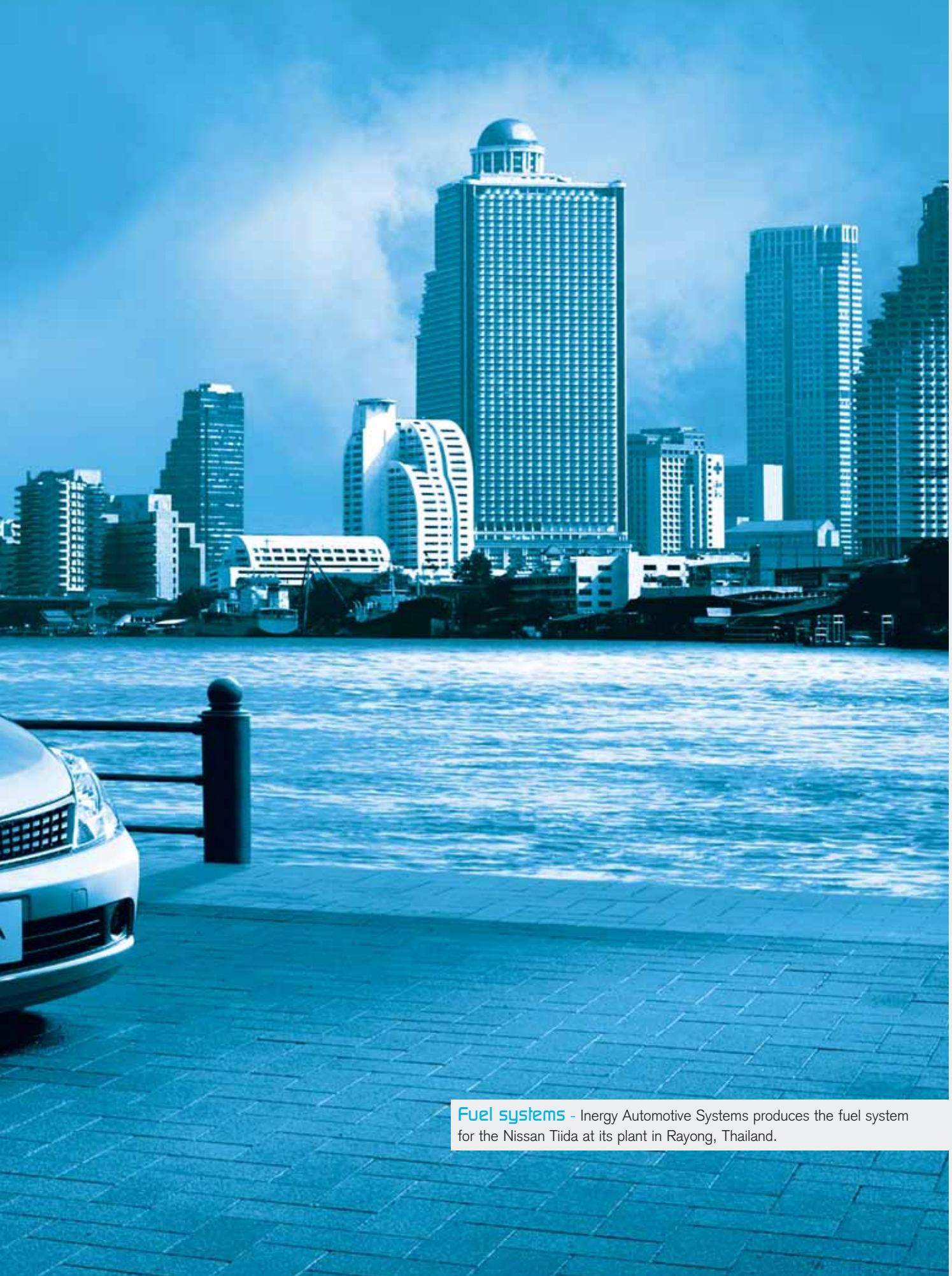
#### Europe
- Front bumpers for the Peugeot 207
- Front bumpers and fenders for the restyled Peugeot 307
- Front bumpers and trunk lid for the Peugeot 407 Coupé
- Hatchback for the Peugeot Expert
- Front bumpers for the restyled Renault Scenic
- Fender bracket for the Renault Clio III
- Exterior components for the Volvo S80
- Hatchback for the Volvo XC 90
- Structural front-end system for the BMW Mini
- Structural front-end system for the Audi Q7
- Front and rear bumpers for the Porsche Cayenne and Volkswagen Touareg
- Front and rear bumpers for the Opel Corsa
- Front and rear bumpers for the Nissan Cabstar

#### Americas
- Fender module and front and rear bumpers for the BMW X5
- Front and rear bumpers for the Saturn Sky
- Front and rear bumpers for the Chevrolet Avalanche
- Exterior components for the Hyundai Santa Fe

#### HBPO : front-end modules
- BMW Mini
- Ford Lincoln
- Skoda Fabia
- Restyled Hyundai Terracan
- Kia Cerato
- Porsche Cayenne and Volkswagen Touareg

# PLASTIC **OMNIUM AUTO** EXTERIOR LEVERAGES **ITS MODULAR** APPROACH TO DELIVER SUPERIOR **PERFORMANCE**


TIIDA



**Fuel systems** - Inergy Automotive Systems produces the fuel system for the Nissan Tiida at its plant in Rayong, Thailand.

# N. 1

## WORLDWIDE IN PLASTIC FUEL SYSTEMS

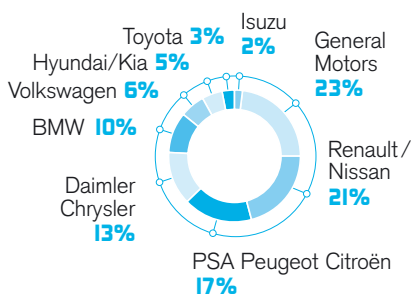
# INERGY AUTOMOTIVE SYSTEMS

Inergy Automotive Systems consolidated its share of important international markets, established a presence in China and continued to reorganize its production base. Recognized as the expert in fluid storage and distribution solutions, the company reaffirmed its role as a provider of integrated systems for carmakers that also help reduce automobile pollution.

INERGY Automotive Systems designs, develops and produces plastic fuel systems for global automobile manufacturers.
A fuel system is an integrated, multi-functional safety module that includes the car's filler, storage, engine supply and fuel level gauge systems.

The company delivers technological improvements that optimize the cost and quality of its offering as well as high-performance solutions in the area of ergonomics and ease-of-use. Its capless filler systems, for example, will soon become standard equipment. To meet Euro IV/V and Low Emission Vehicle (LEV 2)/Partial-Zero Emission Vehicle (PZEV) standards, Inergy developed CLINFILL™ and INERFILL™, two solutions that have already been embraced by carmakers for the automobiles of the future.

→ **Revenue**
by carmaker




## Developing expertise for a clean diesel engine

Inergy Automotive Systems is also a source of solutions in the area of pollution-control. In addition to the PZEV fuel tank, the capless filler system, twin sheet blow molding technology and other emissions-reduction solutions that meet the strictest pollution-control standards, the product portfolio has been extended with the Smart Additive System (INSAS™) and DINOX™, two major innovations that help to reduce diesel engine particulate and nitrous oxide emissions.

Research programs are also being pursued to adapt fuel storage and distribution systems to hybrid vehicles, which represent an alternative solution to cars powered solely by combustion engines.

## Launching operations in China

As part of its strategic commitment to establishing a position in China, INERGY is building its first plant in the market. The site chosen is in Wuhan, Hubei province, ideally situated in the heart of one of China's major automotive manufacturing regions. Scheduled to come on stream in second-half 2007, the plant will initially produce fuel tanks for the Dongfeng-Nissan assembly plant in Xiangfan.

The new plant will extend INERGY's production and technical resources in Asia, where it already has operations in Japan, Thailand and South Korea. The Asian market enjoys considerable growth potential for three main reasons: domestic demand is growing, global carmakers are expanding their operations in the region and plastic fuel tanks are increasing replacing their metal counterparts. While plastic fuel tanks represent 66% of the worldwide market, their share in Asia was only 30% in 2006, a figure that is expected to increase to 50% in 2010.

## Further reorganization of manufacturing resources in Europe

During the year, INERGY continued to renew its European production base. In the United Kingdom, blow-molding operations at the Telford plant were terminated, while in Spain, the Valladolid plant was closed and the Vigo plant was modernized.

**Pollution control -** Measuring fuel system evaporative emissions to gauge compliance with the PZEV standards.

## Focusing on quality at the Inergy Validation Center

Following the implementation of the global manufacturing system to improve the company's production, quality and workplace safety performance, the Inergy Validation Center was opened. Based at the worldwide research and development facility in Brussels, the center was created to validate fuel systems, with the goal of ensuring that their functions fully satisfy both company and customer specifications.

Fuel systems are regularly taken at random from the production lines and shipped to Brussels, where their materials, components and geometry are thoroughly tested. Operational since April 2006, the center tested 320 fuel systems in its first nine months and plans to test 500 units in 2007. The Inergy Validation Center represents an important new phase in the company's commitment to total quality.

## → 2006 PRODUCTION START-UPS

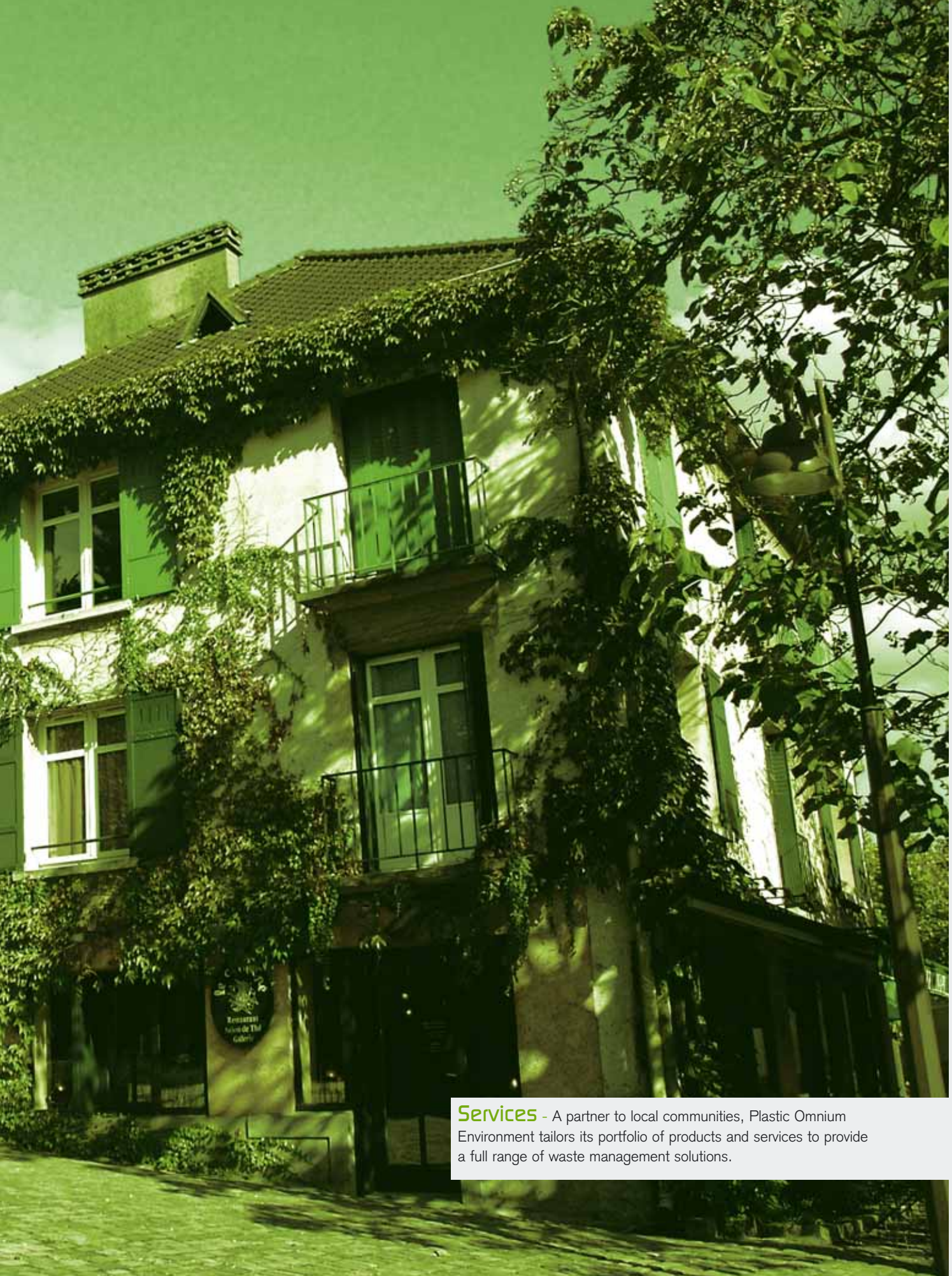
### Europe
- Citroën C4 Picasso
- Peugeot 207
- New Peugeot Partner
- BMW 3-Series Coupé and Cabriolet
- Audi Q7
- Porsche 997 C4
- Opel Corsa

### North and South America
- New Yukon Suburban
- Saturn Outlook, Buick Enclave and GMC Acadia
- Buick Lucerne (PZEV fuel tank)
- Buick Lacrosse/Allure (PZEV fuel tank)
- Nissan Altima (LEV 2 and PZEV fuel tanks)
- Renault Mégane

### Asia and South Africa
- Saturne Daewoo
- Nissan Tiida


# PLASTIC OMNIUM ENVIRONMENT IS RESPONDING TO THE CHALLENGE OF WASTE PREVENTION


ECOsourcing
JETONS MOINS, TRONS MIEUX, ÉCONOMISONS !
SYSTÈMES URBAINS
ISO 9001
ECOsourcing



**Services** - A partner to local communities, Plastic Omnium Environment tailors its portfolio of products and services to provide a full range of waste management solutions.

# N°1

## WORLDWIDE IN AT-SOURCE WASTE MANAGEMENT SOLUTIONS

# PLASTIC OMNIUM ENVIRONMENT

A partner to communities and businesses, Plastic Omnium Environment markets a range of solutions designed to optimize waste management upstream, prior to collection. The product portfolio, which comprises wheeled containers, public drop-off receptacles and litterbins, is supported by an array of customized services that include washing and maintenance, call centers, expert counseling and user invoicing.

In response to increasing waste volumes and more stringent disposal regulations, local communities are focusing on ways to reduce waste at the source. This concern is in line with the priorities laid out in European Directive 2006/12/EC, namely reducing waste production, increasing recycling and raising awareness of the importance of effective waste management.

**over 25 million**
people around the world equipped with Plastic Omnium wheeled containers

**over 5 million**
products covered by Plastic Omnium service contracts

## Ecosourcing®: informing and involving users in the waste sorting process

After introducing sorted waste collection solutions, Plastic Omnium Environment developed its Ecosourcing® offering to help communities implement waste prevention programs and optimize waste sorting.

Ecosourcing® is a suite of services designed to provide waste producers with support over the long term. Services include the installation of equipment adapted to user needs, education programs on sorted waste issues and practices, individual invoicing based on waste production and sorting performance, feedback on the results obtained, call centers to respond quickly to requests, and monitoring and analysis of user behavior.

## Building proof through facts

A vast array of data on user attitudes and actions are gathered and used in preparing information and communication initiatives. All contacts with residents are recorded (calls to customer service centers, mailings, satisfaction and behavior surveys, invoices), waste-sorting performance is measured and one-to-one interviews are conducted.

The effectiveness of the Ecosourcing® solution has been confirmed in France by the Belfort and Loir-et-Sarthe waste treatment programs, Le Vinatier Hospital Center in Lyon and the Langres Industrial Park, in Belgium by the IOK, IVLA and IDM intercommunity councils, and in the UK by the towns of Gedling and South Ribble. Results have shown that sorted waste collection has increased, while volumes of waste collected or incinerated and overall budgets have decreased.

## Proven product expertise

To meet the differing needs of communities and businesses Plastic Omnium Environ-ment offers a wide range of products, including wheeled bins with variable features, voluntary waste drop-off receptacles, litterbins, paper and plastic disposal bags and garden composters.

# Ecosourcing® focuses the waste prevention process on individual users

The new solutions introduced in 2006 were:
- Bulbeo®, a 100% recycled and recyclable composter for green plant waste.
- Minimax®, an underground public drop-off container.
- Movea®, a mobile drop-off receptacle for large producers of glass as well as apartment buildings.
- Azteca®, a drop-off receptacle for export markets.
- Elegant® Cristal, a transparent litterbin for urban use, in line with France's *vigipirate* anti-terrorist plan.

## New opportunities in international markets

More than 40% of Division revenue is generated outside France, mainly in other European countries. In Benelux, the percentage of revenue from services increased by 16%. In the United Kingdom, sorted waste collection systems are being deployed. While pursuing its services strategy in traditional markets, Plastic Omnium Environment is also extending its operations into Eastern Europe. The Division now has a sales office in Poland and a distribution network in Russia and Ukraine. A sales office was also created in Shanghai.

## Ludoparc

Ludoparc is a Plastic Omnium subsidiary specialized in the sale and rental of playgrounds. Its expertise in designing, installing and managing play areas is backed by a portfolio of wood, plastic and metal equipment adapted to the needs of children 18 months to 16 years.
A partner to communities, schools and daycare centers, Ludoparc also offers a full range of services to ensure that products are used in optimal safety conditions.

### → MAJOR 2006 CONTRACTS

**Europe**
Intercommunity councils in Chartres, Saint-Dizier and Lille, the communities of Carcassonne, Ile de Ré and Orléans, and the Loir-et-Sarthe waste treatment program in France; the IDM and ILVA inter-community councils in Belgium; the Province of Cordova and San Fernando in Spain; Leeds and Gedling in the UK; Kiev in Ukraine; and Helsinki in Finland.

**The Americas and Asia**
Nogales, Mexico; Reina, Chile; Tehran, Iran; and Dongguan and Shenzhen (Dongguan Province), China...

# PERFORMANCE PLASTICS PRODUCTS-3P DESIGNS AND DEVELOPS HIGH-QUALITY PLASTIC SOLUTIONS

# PERFORMANCE PLASTICS PRODUCTS - 3P

In 2006, Performance Plastics Products - 3P refocused its operations on Europe and pursued a program to rationalize its production base.

Performance Plastics Products - 3P develops high-performance plastic components and assemblies for a wide range of markets: automotive, aeronautics, semi-conductors and electronics, components for valves, pumps and compressors, and distribution. It provides customers with innovative solutions in such areas as sealing and purity, as well as temperature, friction, wear, chemical and electrical resistance.

## Disposal of US industrial assets

In October 2006, 3P's North American industrial assets, based in Houston, Texas, were sold to Britain's Fenner PLC. The Division will continue to operate in the United States through its EPSCO distribution subsidiary.

## Refocusing production resources on Europe

At the same time, 3P continued to rationalize and modernize its manufacturing base in Europe, with the goal of improving customer service and profitability. In late 2006, the plant in Maintenon (France) was closed and its operations were transferred to Langres (France) and Valencia (Spain), where a new facility was built to replace the Division's original plant in the country. The year also saw the completion of the program to consolidate its European operations, with all production now carried out in the Langres and Valencia plants. Twice as big as the original facility, the new plant in Valencia was brought on stream in December 2006.

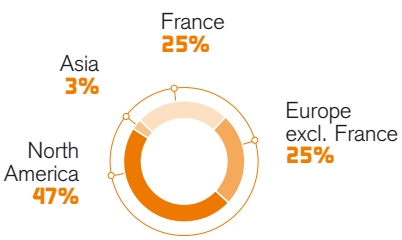
## Asia: international development

During the year, 3P established a foothold in China by opening a sales subsidiary in Shanghai. The new unit represents a platform for selling European-manufactured products not only in China, but also in South Korea, Thailand and Japan. The Division also leverages its wholesale trading expertise, purchasing Asian products for sale to foreign companies with local operations and also sourcing locally produced goods for sale in European markets.

## Sustained growth in the automotive sector

With 3P's operations now refocused on Europe, 40% of its revenue is generated by the automotive market. In 2006, the customer portfolio was broadened thanks to important new orders.

→ **Revenue**
by region



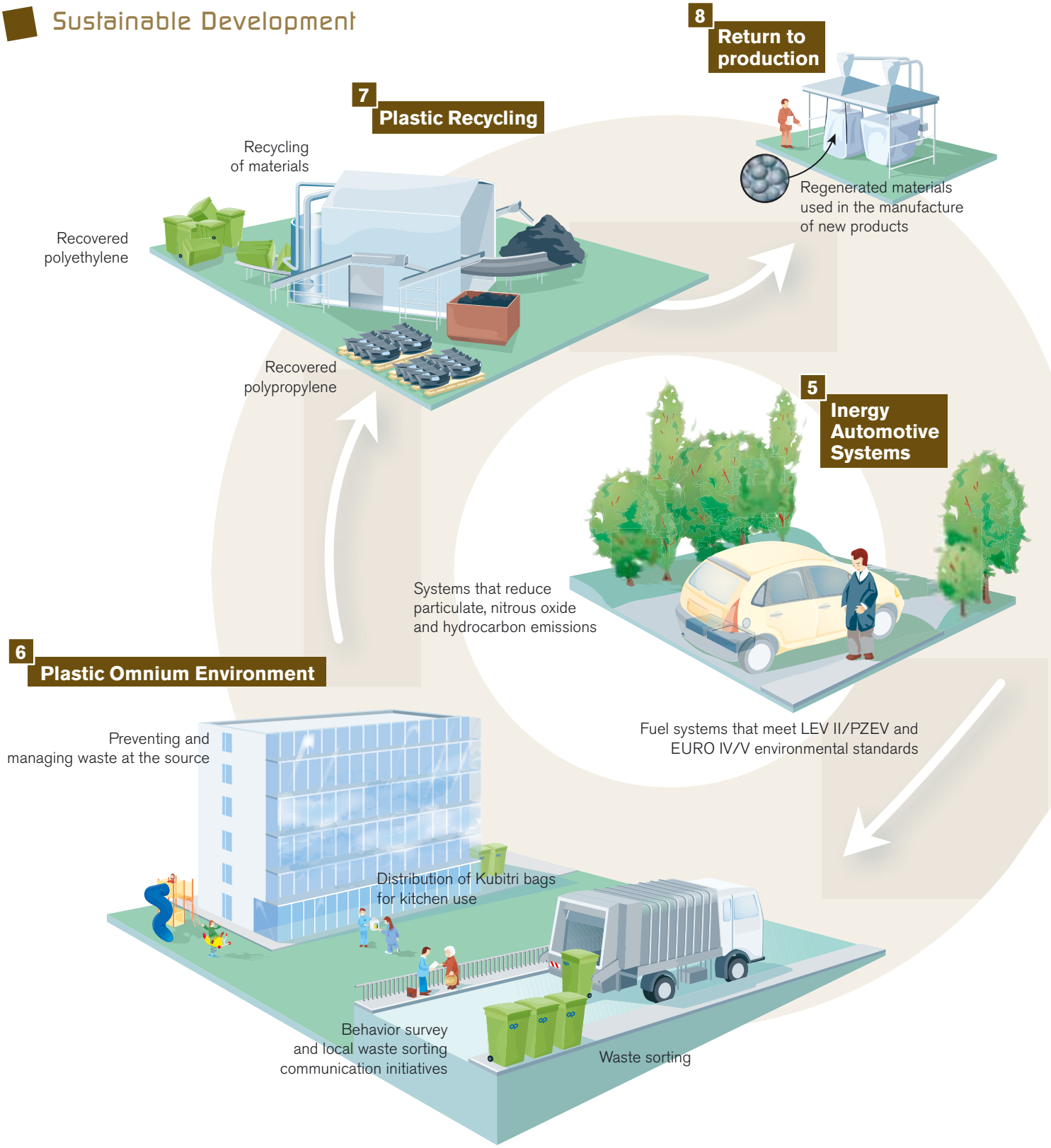

**Aeronautics** - Aeronautics is one of Performance Plastics Products - 3P's strategic markets. The Division supplies roughly 800 km of tape used to make electrical cables for the Airbus A380.

A

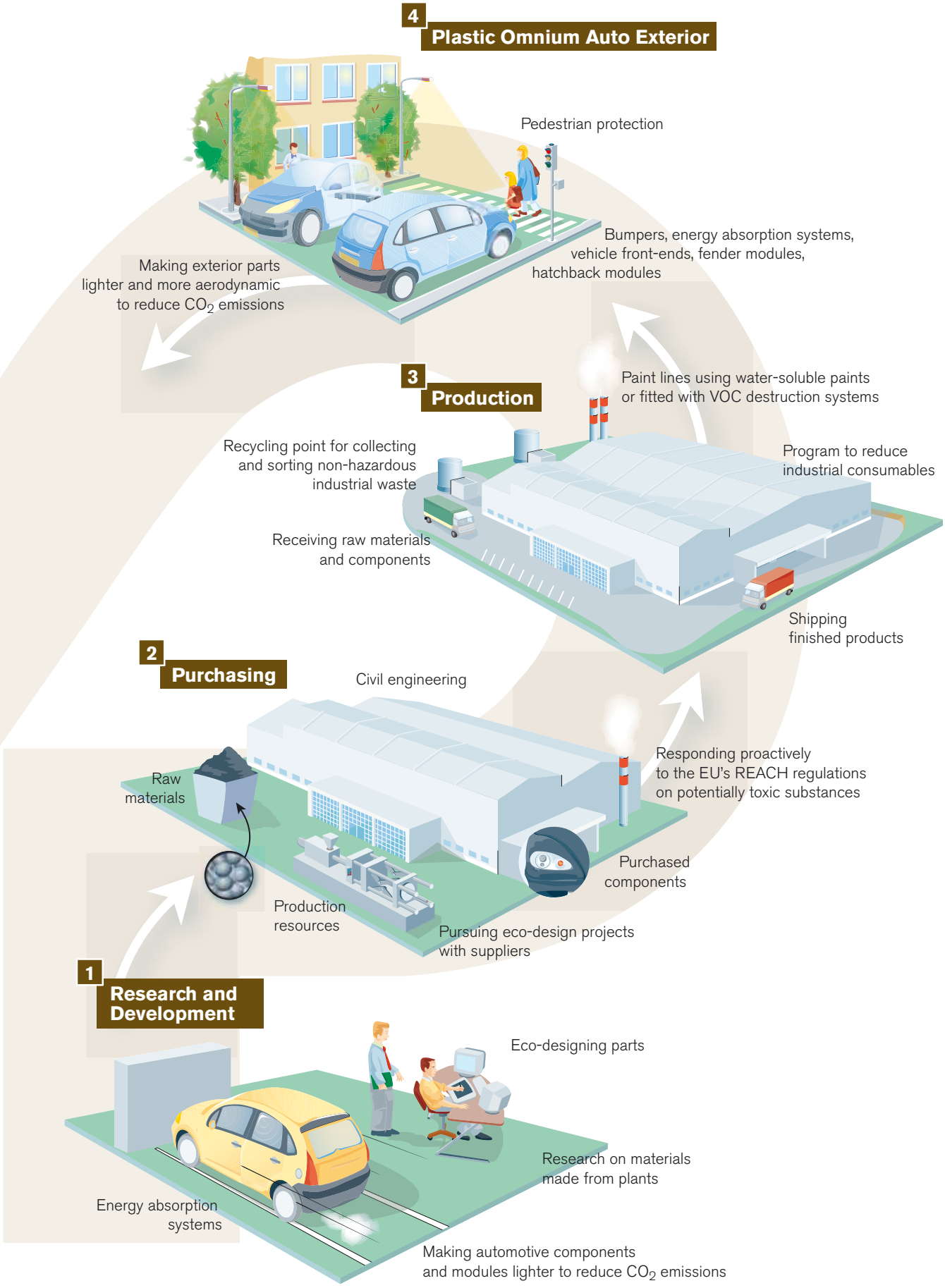
# WORLD LEADER IN THE PROCESSING OF FLUOROPOLYMERS AND OTHER HIGH-PERFORMANCE RESINS

# PLASTIC OMNIUM AND ITS COMMITMENT TO SUSTAINABLE DEVELOPMENT

- Sustainable Development Challenges in Plastic Omnium's Businesses
- Challenges, Vision and Commitments
- Best Practices
- Environmental Policies
- Health and Safety Policies
- Human Resources Policies
- Indicators
- Glossary




# SUSTAINABLE DEVELOPMENT CHALLENGES IN PLASTIC OMNIUM'S BUSINESSES


4
Plastic Omnium Auto Exterior
Pedestrian protection
Bumpers, energy absorption systems, vehicle front-ends, fender modules, hatchback modules
Making exterior parts lighter and more aerodynamic to reduce $CO_2$ emissions
3
Production
Paint lines using water-soluble paints or fitted with VOC destruction systems
Recycling point for collecting and sorting non-hazardous industrial waste
Program to reduce industrial consumables
Receiving raw materials and components
Shipping finished products
2
Purchasing
Civil engineering
Raw materials
Responding proactively to the EU's REACH regulations on potentially toxic substances
Purchased components
Production resources
Pursuing eco-design projects with suppliers
1
Research and Development
Eco-designing parts
Research on materials made from plants
Energy absorption systems
Making automotive components and modules lighter to reduce $CO_2$ emissions

# CHALLENGES, VISION **AND COMMITMENTS**

## Environment

| Strategy | Action plans | Indicators<br>Progress made in 2006 | Objectives | Global Compact |
|---|---|---|---|---|
| **Pollution and global warming are endangering ecological, social and economic balances.** | | | | |
| • Adopt a recognized benchmark and pursue actions over the long term. | Obtain ISO 14001 certification for all sites. | 66 out of 70 industrial sites. | 100 % | Principle 7 |
| • Limit harmful emissions from industrial sites. | Install systems for eliminating VOC emissions on all paint lines, in compliance with or exceeding current legislation. | 15 out of 34 industrial sites. | 3 new lines in 2007 (Belgium and Germany). | Principles 7, 8 & 9 |
| • Limit emissions of toxic substances. | Respond proactively to changes in REACH regulations. | Suppliers have already stopped using a number of solvents. | Finalize the action plan. | Principle 7 |
| • Develop and industrialize processes that do not release harmful substances. | Increase the percentage of paint lines equipped with water-soluble paint systems, as needed. | Depending on needs, opportunities and REACH regulations. 4 paint lines. | Continue to deploy the action plan. | Principles 7 & 9 |
| • Bring to market products that are more "atmosphere friendly." | Help reduce harmful automobile engine emissions of:<br>- $CO_2$ by making body modules lighter.<br>- Particulates by developing catalytic additive storage and release systems for diesel engines.<br>- Nitrous oxides by developing urea storage and release systems. | Life cycle analyzed to measure the positive impact of a plastic module compared to a traditional body module.<br>This type of module and pollution control systems are already being sold to carmakers. | Develop increasingly attractive, high-performance products. | Principles 7 & 9 |
| **Fossil resources are being depleted and will become increasingly unobtainable.** | | | | |
| • Eco-design. | Design a training module for engineers Train tier-two suppliers in this method. | - Methodology integrated into all stages of project development.<br>5-day eco-design training module for suppliers developed in 2006. | Continue to deploy the action plan. | Principle 9 |
| • Recycling. | Use a maximum of recycled material in automotive applications. | Roughly 22,500 metric tons of recycled material from production waste and end-of-life parts was used in 2006. | Continue to deploy the action plan. | Principles 8 & 9 |
| | Support the development of recycling channels for end-of-life auto parts as well as for end-of-life vehicles. | Action plan with dismantling networks like INDRA and with Plastic Omnium partner CFF. | Increase recycling volumes. | Principle 9 |
| • Ecosourcing®. | Develop a sorting concept and deploy applications for reducing household, office and commercial waste at the source. | Service actively marketed in 2006.<br>Deployed in-house in an administrative building in Nanterre and at a production unit in Langres. | Expand the service. | Principle 9 |
| • Industrial energy use savings. | Undertake a program to reduce industrial consumption of electricity and gas. | Program launched in 2006. | Adapt the plan according to results. | Principles 8 & 9 |
| • Office and commercial energy use savings. | Raise staff awareness of the need for a responsible attitude. | Program launched in 2006. | Involve ADEME in the awareness program. | Principle 9 |
| • Renewable energies. | Increase the percentage of renewable energies in total consumption. | Search for solutions with outside experts. | Launch a pilot site. | Principle 9 |

| | | | | |
|---|---|---|---|---|
| • Replace fossil resources with materials made from plants. | Replace resins and polymers by other materials.<br>Find a technicaly viable, cost-efficient alternative to fiberglass. | Tests underway with partners.<br>Tests carried out on all plant-based fibers. | Pursue research projects.<br>Continue these encouraging tests. | Principle 9<br>Principle 9 |
| Ultimate waste is a nuisance and involves disposal costs. | | | | |
| • Reduce on-site waste. | Educate employees.<br>Design appropriate processes. | 27.7% in 2006. | Continue the 4-year decrease in waste production. | Principle 9 |

## Health and Safety

| Strategy | Action plans | Indicators<br>Progress made in 2006 | Objectives |
|---|---|---|---|
| Safety is every employee's right and responsibility. All accidents can be avoided. | | | |
| • Eliminate all trace of asbestos. | Implement a Company-wide program to totally eradicate all forms of asbestos. | Program completed in 2006. | |
| • Involve Senior Management in the workplace safety process. | Continue to deploy the Safety Charter, signed by Laurent Burelle, thus confirming the goal of making a maximum of sites accident-free as quickly as possible. | 5.05 lost-time accidents per million hours worked in 2006 (excluding Inoplast), a 25% improvement over 2005. Accident severity rate of 0.17. | Continue to move towards an accident-free workplace. |
| • Take basic action to eliminate the causes of accidents linked to plant or office procedures. | Develop a behavioral rather than a purely regulatory or technical approach to work-place safety. | Safety data to be presented and discussed by executive committees at all levels. | Focus as much on behavior as on technology. |
| • Provide supervisory staff with workplace safety training. | Integrate the Top Safety awareness-raising and training program into induction seminars. | 1,610 people took part in 2005/2006, including 290 managers. | Pursue deployment of the program by making it available to all new employees. |
| | Offer the program to mid-level supervisors in 2007. | Ongoing deployment in 2007. | One Division has begun; three others gearing up for 2007. |
| • Measure and communicate results and confirm initiatives. | Make a monthly report to Laurent Burelle at Executive Committee meetings. | Carried out every month. | Continue to carry out the process. |
| | Post all data on safety procedures and results on the Company Intranet. | Tested with Division HSE coordinators. | Deployment on the Intranet. |
| • Develop a culture of continuous improvement. | Obtain OHSAS 18 certification for the safety management system. | Obtained on 20 December 2006. | Sustain the approach through a process of continuous improvement. |
| | Obtain OHSAS 18001 certification for all sites in 2008. | 5 sites certified. | 30 sites. |
| The aging workforce and jobs requiring repetitive movements can lead to musculo-skeletal disorders. | | | |
| • Provide information and training in industrial facilities and in the engineering offices that design the workplace of the future. | Integrate and deploy the methodology, working with ANACT. | Program defined and launched in 2006. | Start up on two sites in 2007, then extend the process to others. |
| | Apply REBA methodology for improving workstation ergonomics. | Applied on a number of Plastic Omnium Auto Exterior sites. | Pursue the process. |

# BEST PRACTICES

A member of the United Nations Global Compact and a signatory of the World Safety Declaration, Plastic Omnium pursued its tangible sustainable development commitments throughout the year. A number of significant improvements were made, some of which received official recognition. In addition to applying its Code of Ethics, Plastic Omnium was involved in other actions designed to improve its environmental management and workplace health and safety systems. It also reaffirmed its commitment to supporting sustainable employment and hiring young people.

## HEALTH, SAFETY AND ENVIRONMENT

### Reducing VOC emissions on paint lines

- Plastic Omnium Auto Exterior installed destruction systems for volatile organic compound (VOC) emissions on its paint lines. By the end of the year, the systems, which capture more than 98% of emissions, had been installed on 15 out of 34 paint lines.
- Inoplast, whose emissions are 20% lower than regulatory limits, achieved a further 10% reduction at its plants in France's Ardèche region.

### Supporting pollution control in Beijing with Metroplast

To reduce pollution in the Chinese capital, the government has contracted with a number of companies – among them Metroplast – to supply fuel tanks equipped with a special system for reducing harmful emissions from diesel trucks.
The trucks will be deployed in Beijing for the 2008 Olympic Games.

### Reducing ammonia at 3P

The project to reduce the use of ammonia at the Performance Plastics Products - 3P plant in Langres made considerable headway during the year. Conducted in cooperation with France's National Scientific Research Center, the project aims to reduce the use of ammonia at the plant by around 20% in 2007.

### Complying with the European Union's chemicals regulations

- Plastic Omnium Auto Exterior has responded proactively to changes in the classification of certain chemical products due to their toxicity. The Division's paint lines have already eliminated the use of n-methyl pyrrolidone, a solvent, and formaldehyde, an additive. A full list of chemical substances has been prepared to assess any hazardous properties.
- During the year, Inoplast integrated new specifications from the EU's REACH chemicals regulations directive into product safety data sheets that it has been preparing for several years.

### 94% of facilities ISO-14001 certified

Obtaining ISO 14001 certification remains a priority for Plastic Omnium, with accreditation awarded to 66 sites – 94% of the Plastic Omnium scope of certification – as of year-end 2006. The target is to achieve 100% certification by year-end 2007.

### All trace of asbestos eliminated

The 64 Company-owned sites are now asbestos free.

### OHSAS 18001 certification for workplace safety

OHSAS 18001 certification has been awarded to Plastic Omnium's safety management system and five production facilities.

### Two sustainable development awards

In December, Plastic Omnium Auto Exterior's facility in Amiens and its ∑ - Sigmatech research and development center were awarded the Sustainable Development Label following site audits. The label was introduced this year by the Generali insurance company.

# HUMAN RESOURCES

In November, the ∑-Sigmatech center received a Quality Safety Environment award, presented by the General Council, the Mouvement Qualité de l'Ain association and the local chapter of France's MEDEF employers' association. The award recognizes the center's achievements in the areas of safety and environmental management.

## Partnerships with engineering schools and universities

Plastic Omnium renewed its partnerships with a number of universities and engineering schools in France (INSA Lyon, Centrale Paris, École Nationale des Ponts et Chaussées, Itech, Mines de Douai and ENSAM) as well as in other countries (Technische Universität in Munich, Imperial College in London, and institutes in Mexico and Brazil). The goal is to conduct joint research projects on new materials and innovative industrial processes. Each year, Plastic Omnium hosts around 100 interns with engineering degrees (or higher), of which 20% from outside France. For many participating interns, the partnerships also create job opportunities within the Company.

## Social dialogue at the European level

To improve European Committee representatives' mutual understanding of social issues, senior management and Committee officers. authorized cross-country comparative studies of employee safety nets and work schedules. New technical indicators were introduced and will gradually be expanded to improve social dialogue within the organization. The European Committee meeting in Brussels on 14 June provided an opportunity for open discussion of a full range of human resources issues.

### SHARING BEST PRACTICES WITH SUPPLIERS

Plastic Omnium Auto Exterior launched a number of sustainable development initiatives during the year. A letter was sent to suppliers reminding them of the main points in the Company's Code of Ethics, with which the Division's buyers must comply. The approach to involving suppliers in the Company's best practice policies is designed to prevent any benefits in kind that could results in buyers giving preferential treatment to one or another of their suppliers.

As a member of the Global Compact, Plastic Omnium also encourages suppliers and subcontractors to comply with the organization's principles, especially those concerning child labor.

Special eco-design training sessions have also been organized for suppliers and subcontractors. In this way, Plastic Omnium has demonstrated it commitment to giving priority to partners companies that respect its business practices and human values.

# SIGNIFICANT IMPROVEMENTS

As part of its environmental policy, Plastic Omnium implements tangible measures each year to fight pollution, reduce consumption, recycle waste and deploy its own Ecosourcing® program. In 2006, the Company continued working to reduce the environmental impact of its businesses and offer eco-friendly solutions to manufacturers and local communities. The need to find solutions for the problems of global warming and the depletion of fossil fuel resources has created new opportunities for development. With its focus on innovation and best practices, the Company's strategy takes into account and often proactively responds to changing environmental standards.

## INERGY meets the challenge of the world's cleanest diesel engine

In response to increasingly strict air pollution standards, INERGY has risen to the challenge by helping to create the world's cleanest diesel engine.

The company has developed integrated solutions for reducing exhaust emissions that filter particulate matter and nitrogen oxide (NOx). One technology uses a tank containing a highly concentrated fuel-borne catalyst (Eolys 3™) while the other integrates a tank that is filled with a urea-based fluid. The Eolys 3™ tank has a pump that releases additive to the fuel tank at a precisely controlled rate, providing a "fit-for-life" solution (up to roughly 240,000 km).

The urea tank uses a Selective Catalytic Reduction (SCR) system that reduces NOx emissions to negligible amounts via a chemical reaction. The eco-friendly SCR system should be used to equip vehicles starting in 2008, and is expected to become a widespread option between now and 2010/2012.

Combined with a particulate filter, SCR is the ideal solution to highly demanding environmental standards in both Europe (Euro IV/V) and the United States (LEV II/PZEV).

The two systems were presented on a "green diesel" concept car at the Paris Motor Show in the fall of 2006.

In addition to designing and developing fuel systems, INERGY is positioned in the market for eco-friendly onboard fluids, which are regarded as a promising niche for the future.

## Plastic Omnium Auto Exterior takes on $CO_2$ emissions

In 2006, the Company pursued its efforts to help reduce greenhouse gas emissions, especially $CO_2$. Today, reducing vehicle weight is its main environmental challenge. As demonstrated by the Life Cycle Assessment process, reducing the weight of a mid-size car by 10 kg reduces $CO_2$ emissions by 0.2 metric tons over its average lifetime.

An expert in designing body parts and modules, Plastic Omnium Auto Exterior is committed to making cars less polluting. By constantly searching for new ways of making body components lighter, the Division helped reduce the harmful environmental impact of $CO_2$ emissions in 2006.

Overall vehicle weight reduction was achieved through the combined impact of a number of innovations.
Using thermoplastics instead of metal for fenders led to a 2 kg weight reduction per car and introducing a removable hood – which facilitates access to the engine for maintenance – cut weight by 5 kg.

To improve aerodynamic performance, Plastic Omnium Auto Exterior designed other weight-reduction solutions such as mobile spoilers and lower spoiler flaps that make an impact at speeds of 100 km/h or more.

These initiatives show that exterior components have an important role to play in making vehicles lighter and improving aerodynamics – two ways of helping to reduce $CO_2$ emissions.

**A commitment to environmental protection -** In its approach to manufacturing, as well as in the development of its products and services, Plastic Omnium is committed to delivering solutions that respect the natural environment and air quality.


**The environment -** Inergy Automotive Systems has developed a complete system for reducing diesel engine emissions, comprising a particulate filter additive and a selective catalytic reduction system. The fuel and urea tanks are located under the trunk floor.

## New energy-saving measures

This year, Plastic Omnium embarked on an ambitious program to reduce its fossil fuel consumption. An assertive program was launched to reduce electricity and gas consumption by 15% in the Company's plants and office buildings. In each Division, a manager was appointed to oversee the various initiatives, which included investing in lower-cost energy alternatives and sharing best practices more broadly across the organization.

In late 2006, electricity consumption indicators were introduced for all plants and divisions worldwide. In early 2007, Plastic Omnium expects to sign a framework agreement with France's Environment and Energy Management Agency (ADEME) to identify sources of renewable, non-fossil fuel energies that can be used in its businesses.

## Advances in recycling programs

Plastic Omnium made significant progress in its recycling efforts, with an increase in the number of used parts recovered. During the year, Plastic Recycling recovered 700 metric tons of waste from 140,000 bumpers collected from car dealers. That figure should rise by 15% in 2007.

Also in 2006, the Division recycled 10,000 bumpers weighing a total of 50 metric tons that were collected from disassembled end-of-life vehicles (ELV) and expects to see a 300% increase in this recycling initiative for 2007. These figures are in line with legislation requiring new vehicles to be 80% recyclable in 2006 and 85% recyclable by 2015.

In the scrap sorting business, a research and development project with three universities was launched during the year, with the French National Research Agency (ANR) providing 40% of the funding.

The project's ambitious goal is to develop an innovative method for recovering polypropylene from crushed parts while identifying potentially toxic substances earlier and more effectively, based on the crushing process used. In addition, a recycled compound was developed from powdered non-reusable end-of-life tires (PUNR) in partnership with French tire recycling company Aliapur.

## Ecosourcing®: operating excellence in preventing waste

Today, for individuals and businesses alike, waste management must begin at the source. Launched in 2004 by Plastic Omnium Environment, the Ecosourcing® program is designed to help local communities and businesses reduce at-source waste and increase the percentage of recyclable waste.

The Division has installed information systems that provide local communities with accurate data on all the waste they collect and produce. Specifically, these systems help manage equipment fleets, monitor sorted-waste information campaigns and other contacts with the community, track and analyze individual waste collection performance, and invoice users according to the amount of waste they produce.

This unique data storage and analysis solution reflects Plastic Omnium's ability to put innovation to work for the environment.

1 - Filler-cap flap for the particulate filter additive and urea tanks
2 - Particulate filter additive tank
3 – Electric battery
4 – Urea tank
5 – INERFILL™ capless fuel system flap

# PRIORITY TO WORKSTATION ERGONOMICS

Measures to protect employee health and improve working conditions are an integral part of a broad-based awareness-raising process. In 2006, the program to reduce the number of musculo-skeletal disorders and other occupational diseases was more broadly deployed for all workstations where there is a potential risk.

## Plastic Omnium Auto Exterior reinforces measures to prevent musculo-skeletal disorders

Combating musculo-skeletal disorders requires constant vigilance on the plant floor. That's why Plastic Omnium Auto Exterior has introduced a team-based effort to address this important health issue. The first step is to integrate ergonomic studies into new product and process design, beginning in the production engineering phase.

Operators themselves play a key role in helping to improve their working conditions. In 2006, the ∑ - Sigmatech research and development center conducted a study of assembly team ergonomics using Rapid Entire Body Assessment, Job Stress Index and other standard reference tools. Based on the study's findings, workstation adjustments were made in various Company facilities.

At the Langres plant in France, work assignments were reviewed and a workstation rotation plan for operators was instituted, mainly to avoid repetitive movements. At the Ruitz plant, a flat storage system was introduced to promote handling methods that do not require forklifts.

At the Anderson, South Carolina plant in the United States, loading zones were reconfigured to improve ergonomics. At the Duncan, South Carolina plant, adjustable height workstations were installed in alignment with production sequences.

## Preparing for global deployment

Plastic Omnium Environment has also deployed measures to reduce the risk of musculo-skeletal disorders and the employee absenteeism rate.

In late 2005, a collective agreement was signed by employee representatives, occupational physicians and government agencies. An ergonomic study carried out at a Langres production unit by container designers and machine operators in February 2006 identified a number of areas for improvement. Based on these findings, measures were introduced, including the installation in September of an ergonomic assembly line for four-wheel containers that reduces the risks of musculo-skeletal disorders.

During the year, Plastic Omnium Environment informed engineering and design teams about the need to integrate ergonomic guidelines into specifications for new production machinery on the eight Division sites.

In 2007, this approach will be intensified with comprehensive studies on improving all working conditions, from workstation ergonomics to lighting, noise and job-related stress. A training program will also be launched with France's National Agency for Improvements in Working Conditions and a work methodology plan will be developed on two pilot sites: Ruitz (Plastic Omnium Auto Exterior) and Chalon-sur-Saône (Metroplast).

These wide-ranging measures are designed to improve the quality of life on the job for all plant operators.

**Ergonomics -** Thanks to a frontal handling system that is adjustable to the operator's height, this new stand-alone workstation optimizes ergonomic conditions for four-wheeled container assembly.

# A CONSTANT CONCERN

Plastic Omnium's commitment to safety encompasses issues that concern people and society in general, as well as the quality and performance of its industrial facilities. Workplace accidents, which have decreased steadily since 2002, declined an additional 34% in 2006. The number of accidents with lost time per one million hours worked was 6.91, a truly outstanding performance. Despite these sustained efforts, there was regrettably one fatal accident during the year at the Inergy Automotive Systems plant in Compiègne, France. On all sites around the world, protecting people on the job remains a major concern, as the Company moves closer to its goal of an accident-free workplace.

## Further progress in the OHSAS 18001 certification process

Earning OHSAS 18001 certification for its sites was one of the year's major sustainable development projects. This international workplace health and safety benchmark is comparable to ISO 14001 certification for a company's environmental performance and ISO 9001 certification for its quality performance. At present, not many businesses use the standard to support and consolidate processes designed to drive continuous improvement in workplace safety. As part of its Safety Management System, Plastic Omnium decided in 2006 to obtain certification for its safety procedures, with the goal of more effectively organizing and sustaining the progress made each year.

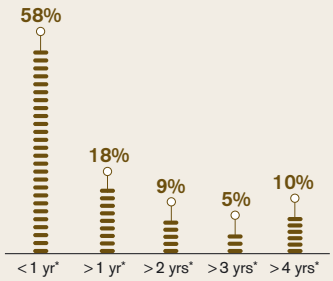
At corporate level, management procedures have already been certified, thus providing a common benchmark for all Divisions that can also be used as a cross-functional tool to help individual sites obtain certification. To date, five sites have been OHSAS 18001-certified: Plastic Omnium Auto Exterior plants in Amiens and Langres (France), and Inergy Automotive Systems plants in Lublin (Poland), Bratislava (Slovakia) and Rayong (Thailand).

The goal for 2007 is both ambitious and realistic, with roughly 26 facilities – 10 for Plastic Omnium Auto Exterior and 16 for INERGY – expected to successfully complete the process.

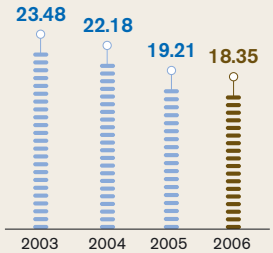
## A behavioral approach to workplace safety

Initiated at corporate level in 2004, the Top Safety training program was actively pursued during the year. In addition to introducing mandatory guidelines and integrating significant technical risks, the program's highly structured approach also educates employees on the importance of individual behavior, with regard to both their own safety and that of others. Behavioral awareness involves not only compliance with safety regulations but also attentiveness to operating procedures, the work environment and potential risks.

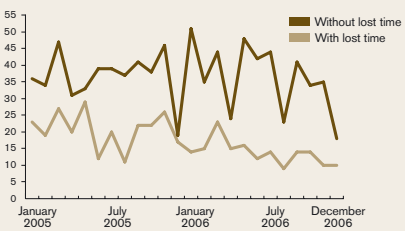
**Five-year lost-time accident performance (92 sites)**




**Accidents without lost time (per one million hours worked)**




**Total recordable accidents: January 2005 – December 2006**



**Safety precautions in the paint preparation area -**
The Top Safety training program raises employee awareness of the importance of individual behavior in such areas as compliance with guidelines, individual safety equipment and attentiveness to operating procedures and the work environment.

This "build-on" training program is designed for deployment across the entire organization. It begins during orientation seminars for newly hired employees and continues with special two-day safety courses adapted to the requirements of each workstation. As resident safety experts, HSE facilitators play a crucial role as go-betweens for staff and management. To enable them to more effectively carry out their duties, facilitators took part in two-day sessions on leading safety programs and communicating with management.

Intended for all employees, Top Safety training is given first to managers and then to mid-level supervisors. Each Division then deploys the program for employees at all levels. In 2006, roughly 100 people were trained.

As part of the program, Plastic Omnium Auto Exterior has introduced its own module called Top Safety Awareness. It presents observation tour procedures for managers intended to facilitate discussions of safety-related issues with plant operators. During the year, the purpose-designed module was introduced at 13 sites. In early 2007, Plastic Omnium Environment also introduced special training sessions geared to its own operating requirements.

Now that each Division has launched a three-year safety improvement plan, these initiatives will be pursued over time, while taking into account the arrival of new employees and promotions within the organization. Designed to supplement technical safety measures, this behavioral approach now provides critical support in helping Plastic Omnium achieve its goal of making every site accident-free.

During the year, 39 of 92 Company sites reported no accidents with lost time.

# AN EMPLOYEE-FOCUSED CULTURE

For 60 years, Plastic Omnium's development has been supported by human resources policies that are consistent with its founding values. The Company's employee relations are based on responsible career management, dedicated executives, a commitment to optimizing employee skills, constructive dialogue, continuous improvements in working conditions and equal opportunity. Respect for these fundamentals ensures the alignment of initiatives launched by the Human Resources function, which is highly decentralized to improve efficiency at local level.

## Top Leaders: an "intrapreneurial" approach to creating value added

Plastic Omnium has always paid special attention to training managers and involving them more fully in human resources processes.

In 2006, the second module of the Top Leaders program for senior managers was devoted to the theme of "intrapreneurship" or how to promote entrepreneurship within the enterprise. The goal was to educate managers in the need to foster a capacity for innovation without undermining the structures and regulations needed for organizational efficiency. In six sessions held between May and November, 160 executives received instruction in intrapreneurial skills and attitudes. Open discussions with Laurent Burelle and members of the Executive Committee created a platform for exchanging best practices among businesses and companies and initiating new managers into the corporate culture.

## Improving best management practices

Satisfaction surveys are conducted regularly to measure progress made within the Company. At Inergy Automotive Systems, surveys led to the creation of a 19-point best management practice scorecard. Introduced in 2005, the scorecard is used each year to assess the performance of 300 managers.

In a similar process, Plastic Omnium Auto Exterior managers took part in an eight-day training program on management fundamentals. Role-playing and experience-sharing exercises enabled participants to learn more about the key principles for motivating and managing teams and supporting their growth and development.

## A broad array of measures to promote equal opportunity

In 2006, new guidelines were defined to promote hiring of the handicapped over the next two years. In France, disabled employees represent 4.3% of the Company's workforce. An update of existing conditions was carried out by the Human Resources Department, demonstrating Plastic Omnium's powerful commitment in this area. This comprehensive approach is designed to reconcile respect for individuals, economic imperatives and social responsibility. Policies for hiring and retaining employees and for subcontracting to sheltered workshops are further proof of a desire to help subsidiaries take constructive action.

During the year, Plastic Omnium Auto Exterior's ∑-Sigmatech research and development center took part in a regional trade show organized by AFIJ, an association that helps recent graduates find jobs and assisted the Cap Emploi job-search association in preparing handicapped applicants for job interviews.


"A long-term
management model
to build a truly global
organization"


# Optimizing skills across all businesses

Between 2002 and early 2006, the Inoplast Division's disabled employee rate rose by 40%. A range of support initiatives were pursued in partnership with Cap Emploi, the AGEFIPH employ-the-handicapped fund, sheltered workshops and temporary employment agencies to hire the handicapped and keep them on the job.

In the United States, the Plastic Omnium Auto Exterior plant in Duncan, South Carolina has been involved in an equal opportunity program with a sheltered workshop for the past three years. The program has enabled 15 disabled persons to find jobs.

During the year, Plastic Omnium also organized diversity and equal opportunity awareness-raising initiatives for managers in Germany, the United Kingdom and the United States.
In the UK, the initiative was included in Plastic Omnium Auto Exterior's Management Development program at the Measham plant. All of these measures are now part of an integrated Company-wide process.

## INERGY University: a skills and know-how network

INERGY University was created to promote the sharing of the Company's unique skills and know-how on all sites. With its network of 120 in-house trainers, INERGY Automotive Systems is extending and enriching employee capabilities in the areas of products, processes, quality, project management and manufacturing excellence, not only in plants but in R&D centers as well. INERGY University also supports Plastic Omnium's international development, especially in Asia. Its curriculum currently comprises more than 40 training modules that have been developed by in-house core competency experts.

In 2006, a total of 3,100 trainees received instruction, and an online management system was set up to facilitate and promote access to the University.

Other competencies will be added to the curriculum in 2007.

## Developing expertise and e-learning at Plastic Omnium Auto Exterior

During the year, Plastic Omnium Auto Exterior launched three major skills development programs based on feedback in the 2005 employee satisfaction survey.

To promote job mobility within the Division, a job map was prepared and posted on the Intranet. The map describes the different positions and the competencies required for each of them.

An e-learning module was added to the Division's Intranet. Intended for employees involved in manufacturing projects, the module includes special training on different aspects of project management. The training is being tested on four pilot sites: Langres in France, Arevalo in Spain, Herentals in Belgium and Ramos Arizpe in Mexico.

Lastly, manager career committees were created to anticipate future human resource needs and promote internal mobility. The committees meet twice a year.

# ENVIRONMENTAL AND SOCIAL INFORMATION

The environmental and social information below has been prepared based on the scope of consolidation used for the consolidated financial statements, with the same rules for consolidating subsidiaries. Because environmental data requires that a subsidiary be at least 50% owned, HBPO, which is proportionately consolidated at 33.33%, is not included. Compared to 2005, the scope of consolidation for 2006 includes Inoplast's eight industrial facilities in France.

## ENVIRONMENTAL INFORMATION

### Environmental impacts

#### *Consumption of water, power and gas*

| | 2004 | 2005 | **2006** |
|---|---|---|---|
| **Water in cu.m.** | | | |
| Annual consumption | 929,112 | 931,659 | 2,560,259 |
| *Response rate in % of revenue covered* | *98%* | *97%* | *98%* |
| **Electricity in kWh** | | | |
| Annual consumption | 463,861,500 | 450,933,800 | 516,250,600 |
| *Response rate in % of revenue covered* | *98%* | *97%* | *99%* |
| **Gas in cu.m.** | | | |
| Annual consumption | 15,555,449 | 17,663,047 | 22,971,979 |
| *Response rate in % of revenue covered* | *98%* | *97%* | *98%* |

#### *Consumption of plastics*

| | 2004 | 2005 | **2006** |
|---|---|---|---|
| **New plastic (in metric tons)** | | | |
| Annual consumption | 139,800 | 147,623 | 191,864 |
| *Response rate in % of revenue covered* | *99%* | *97%* | *98%* |
| **Recycled plastic (in metric tons)** | | | |
| Annual consumption | 17,028 | 20,382 | 22,590 |
| *Response rate in % of revenue covered* | *99%* | *97%* | *98%* |
| **Total plastic (in metric tons)** | | | |
| Annual consumption | 156,828 | 168,005 | 214,454 |
| *Response rate in % of revenue covered* | *99%* | *97%* | *98%* |

#### *Consumption of paints and solvents*

| | 2004 | 2005 | **2006** |
|---|---|---|---|
| **Paints (in metric tons)** | | | |
| Annual consumption | 1,657 | 2,381 | 3,027 |
| *Response rate in % of revenue covered* | *98%* | *96%* | *97%* |
| **Solvents (in metric tons)** | | | |
| Annual consumption | 4,136 | 4,116 | 5,177 |
| *Response rate in % of revenue covered* | *98%* | *96%* | *97%* |
| **Paints and solvents (in metric tons)** | | | |
| Annual consumption | 5,793 | 6,497 | 8,204 |
| *Response rate in % of revenue covered* | *98%* | *96%* | *97%* |

#### *Atmospheric releases*

Volatile organic compounds (VOCs)

| | 2004 | 2005 | **2006** |
|---|---|---|---|
| VOCs (in metric tons of carbon equivalent) | 1,137 | 1,310 | 1,907 |
| *% of revenue covered by concerned facilities* | *95%* | *95%* | *96%* |

The calculation method is based on solvents used and is not representative of the quantities that are in fact released.

**Raw materials -** 22,590 metric tons of recycled plastic used in 2006.

Given the technical achievements made in 2006 in terms of paint processes and incineration, the actual amount is considerably less than the 1,907 metric tons mentioned above. A method based on true measurements is currently being developed.

Greenhouse gases

| | 2004 | 2005 | **2006** |
|---|---|---|---|
| **Greenhouse gases (in metric tons)** | **124,437** | **90,490** | **108,582** |
| *% of revenue covered by concerned facilities* | *98%* | *97%* | *99%* |

These figures correspond to $CO_2$ emissions from energy consumed in industrial facilities.

## *Waste*

| | 2004 | 2005 | **2006** |
|---|---|---|---|
| **Recycled (in metric tons)** | | | |
| Volume of waste | 1,186 | 7,876 | 10,895 |
| *Response rate in % of revenue covered* | *99%* | *97%* | *98%* |
| **Reused (in metric tons)** | | | |
| Volume of waste | 18,494 | 10,425 | 8,480 |
| *Response rate in % of revenue covered* | *99%* | *97%* | *98%* |
| **Landfilled (in metric tons)** | | | |
| Volume of waste | 6,972 | 6,442 | 10,797 |
| *Response rate in % of revenue covered* | *99%* | *97%* | *98%* |
| **Total (in metric tons)** | | | |
| Volume of waste | 26,652 | 24,743 | 30,172 |
| *Response rate in % of revenue covered* | *99%* | *97%* | *98%* |

- Total cost of waste processing: €3.3 million (on sites that contribute 98% of consolidated revenue).
- Income generated by the sale of waste for recycling: €1.1 million (on sites that contribute 98% of consolidated revenue).

### *Used of recycled materials in 2006*

• Consumption of recycled plastic: 22,590 metric tons.
• Plastic Recycling, a subsidiary equally owned with CFF Recycling, regenerated 9,027 metric tons of plastic during the year.

## Certification

The scope of certification covers all production sites in which Compagnie Plastic Omnium holds at least a 50% share. Forward supplier facilities are included in the certification of the production sites that they serve.

### *ISO 14001:*

66 sites are now certified to ISO 14001 standards. This represents 94% of the 70 sites scheduled for certification by year-end 2007.
The goal of 100% certification in 2006 was pushed back slightly as the certification dates for a number of facilities had to be postponed until 2007.

### *OHSAS 18001:*

5 sites are now certified to OHSAS 18001 standards. This represents 7% of the 69 sites scheduled for certification by year-end 2008.
The objective for 2007 is to obtain certification for 30 sites.
In addition, Plastic Omnium's safety management system was certified in December 2006.

## Organization

The Safety and Environmental Issues organization created in 2001 is supported by:
- A Safety and Environmental Issues coordinator who is an associate member of the Executive Committee.
- A Group Safety Issues Director, who leads and coordinates action plans related to the Safety Management System.
- An Environmental network and a Safety network with dedicated correspondents in each operating unit.
- The integration of safety performance goals in individual objectives.
- Monthly reporting of the main safety and environmental indicators, which are discussed, along with financial indicators, at each Executive Committee meeting.

## Safety and Environmental Training

• Information/awareness: 4,687 hours for 3,181 participants (on sites that contribute 87% of consolidated revenue).
• Training: 16,999 hours for 4,084 participants (on sites that contribute 88% of consolidated revenue).
• Deployment of the Top Safety training program continued in 2006. Introduced in 2005, it is designed to instill a culture of safety that, over the long term, will help the Company create an accident-free workplace.

In all, 290 managers from industrial facilities in Europe, the United States and Mexico took part in training programs.
As part of a Company-wide strategic deployment process, each Division launched a three-year safety improvement plan in late 2005 that was extended to all sites in 2006.

## Environmental spending and investment

• Research and development: €104.8 million, or 4.5% of consolidated revenue.
• Environmental and safety spending: €4.2 million (on sites that contribute 78% of consolidated revenue).
• Capital spending: €94 million.
• Dedicated environmental and safety investments: €9.3 million (on sites that contribute 99% of consolidated revenue).
• Provisions for environmental risks: not material.
• No products are made using asbestos.

## SAFETY DATA

### *Safety indicators*

| | 2004 | 2005 | **2006** | **2006** (including Inoplast) |
|---|---|---|---|---|
| Number of first aid cases | 2,609 | 2,283 | 2,193 | 3,080 |
| Number of accidents without lost time | 473 | 402 | 392 | 439 |
| Number of accidents with lost time | 187 | 135 | 109 | 166 |
| Number of days of accident-related lost time | 4,300 | 4,100 | 3,542 | 5,685 |

### Accident frequency and severity

#### *Not including Inoplast*

| | 2004 | 2005 | **2006** |
|---|---|---|---|
| Accident frequency rate *Number of accidents with lost time per one million hours worked* | 8.77 | 6.45 | 5.05 |
| Accident severity rate *Number of days of accident-related lost time per 1,000 hours worked* | 0.20 | 0.20 | 0.17 |

#### *Including Inoplast*

| | 2004 | 2005 | **2006** |
|---|---|---|---|
| Accident frequency rate *Number of accidents with lost time per one million hours worked* | 14.04 | 10.48 | 6.91 |
| Accident severity rate *Number of days of accident-related lost time per 1,000 hours worked* | 0.30 | 0.35 | 0.24 |

The figures directly reflect the impact of actions undertaken over the past four years to improve workplace safety.

## SOCIAL INFORMATION

### *Social data*

Consolidated financial data (in € millions)

| | 2004 | 2005 | **2006** |
|---|---|---|---|
| Wages, salaries and benefits | 286.9 | 312.5 | 334.9 |
| Employer payroll taxes | 89.8 | 99.1 | 120.6 |
| Statutory profit sharing | 3.7 | 3.2 | 3.1 |
| Pension obligations | 0.4 | 0.7 | 2.1 |
| Share-based compensation | 0.3 | 0.5 | 1.0 |
| Other personnel expenses | 11.2 | 14.0 | 9.4 |
| **Total** | **392.3** | **430.0** | **471.1** |

### *Other 2006 data*

The following information, which includes all Company businesses excluding HBPO, concerns:
- 9,324 people out of a consolidated total of 9,511 (98%) for 2005.
- 11,385 people out of a consolidated total of 11,631 (98%) for 2006.

In the following tables, the 516 employees of XieNO, Inoplast's Chinese subsidiary, are included only in the figures for employees at 31 December.

| | 2004 | 2005 | **2006** |
|---|---|---|---|
| **Employees at 31 December** | **9,281** | **9,324** | **11,385** |
| Permanent employment contracts | 8,655 | 8,669 | 10,636 |
| Fixed-term employment contracts | 626 | 655 | 749 |
| Men | 6,841 | 7,027 | 8,575 |
| Women | 2,440 | 2,297 | 2,810 |
| Operators | NA | 4,803 | 6,087 |
| Employees, engineers and supervisors | NA | 2,825 | 3,310 |
| Managers | NA | 1,696 | 1,988 |
| **Hirings during the year** | | | |
| Hirings under permanent employment contracts | 847 | 1,036 | 1,243 |
| Hirings under fixed-term employment contracts | 501 | 442 | 526 |
| Total new hires | 1,348 | 1,478 | 1,769 |
| **Terminations during the year** | | | |
| Redundancies | 270 | 398 | 377 |
| Terminations for other reasons | 421 | 361 | 369 |
| Total terminations | 691 | 759 | 746 |
| **Overtime** | | | |
| Hours worked per week: 35 to 48, depending on the country | | | |
| Overtime (full-time equivalent) | 279 | 359 | 292 |
| **Temporary workers** | | | |
| Temporary workers, full-time equivalent | 1,266 | 1,426 | 1,689 |
| **Employees working in shifts** | | | |
| Total employees working in shifts | 5,152 | 4,957 | 6,337 |
| Of which employees working only nights | 433 | 678 | 739 |
| Of which employees working only weekends | 50 | 48 | 64 |
| **Part-time employees** | **152** | **153** | **224** |
| **Absenteeism and reasons (% of hours worked)** | | | |
| Absenteeism rate due to industrial accidents | 0.15% | 0.12% | 0.15% |
| Absenteeism rate due to other causes | 2.72% | 3.22% | 2.64% |
| Total absenteeism rate | 2.87% | 3.33% | 2.79% |
| **Gender equality** | | | |
| Number of women managers at 31 December | 364 | 352 | 390 |
| Number of women managers hired during the year | 70 | 61 | 56 |

| | 2004 | 2005 | **2006** |
|---|---|---|---|
| **Employee relations** | | | |
| Number of works councils | 111 | 132 | 140 |
| Other committees (training/suggestions) | NA | 34 | 45 |
| Number of unions represented | 27 | 30 | 29 |
| Number of agreements signed during the year | 61 | 66 | 58 |
| **Training** | | | |
| Number of employees who received training | 30,087 | 28,885 | 43,301 |
| Number of sessions per employee per year | 3.2 | 3.0 | 4 |
| Total expenditure on outside training (in € thousands) | 2,973 | 2,604 | 3,269 |
| Total training hours | 211,865 | 214,542 | 258,004 |
| Training hours per year per employee | 23.0 | 22.6 | 23.7 |
| **Disabled employees** | | | |
| Number of disabled workers | 124 | 130 | 194 |
| Number of workstations adapted for disabled workers | 4 | 3 | 2 |
| **Employee welfare programs (France only)** | | | |
| Total contribution to works council employee welfare programs | 647 | 700 | 606 |

# SUSTAINABLE DEVELOPMENT GLOSSARY

**ACCIDENT FREQUENCY RATE:** Number of accidents with lost time per one million hours worked.

**ACCIDENT SEVERITY RATE:** Number of days of accident-related lost time per 1,000 hours worked.

**ASBESTOS-FREE:** Describes a building, structure or equipment containing no asbestos, either because it was not originally used or because it has been removed.

**ASBESTOS-SAFE:** Describes a building, structure or equipment containing non-friable asbestos that presents no risk to human health (in compliance with regulations) and is subject to stringent controls whenever renovations or repairs are made.

**CARB LEV 2:** **C**alifornia **A**ir **R**esources **B**oard standard designed to reduce automobile pollution beginning in 2004 (LEV = **L**ow **E**mission **V**ehicles) by limiting fuel evaporation to 0.5 g a day per vehicle. This corresponds to a threshold of between 0.08 and 0.2 g a day for the fuel system alone.

**CARB PZEV:** **C**alifornia **A**ir **R**esources **B**oard standard supported by a system of incentives aimed at encouraging carmakers to produce **Partial-Zero Emission Vehicles** (PZEV). By 2006, they must offer PZEVs, in a number equivalent to 4% of sales and LEVs with evaporative emissions of no more than 0.05 g a day in a number equivalent to 6% of sales.

**$CO_2$:** Carbon dioxide (also known as carbonic acid gas) released primarily from hydrocarbon and coal combustion by manufacturing operations, energy production and transport.

**ECO-DESIGN:** A design concept aimed at minimizing the environmental impact of a product through its life cycle, without increasing total cost or sacrificing performance, as part of a continuous improvement process.

**ELV DIRECTIVE:** Transposition of the August 2003 EU directive 2000/53/EC on end-of-life vehicles, which comprises three sections.

- Obligation of car manufacturers to pay recycling and recovery costs for end-of-life vehicles delivered by their owners to authorized facilities.
- Improved vehicle recyclability rates. 2006 target: 80% recycling/reuse rate, 85% recovery rate. 2015 target: 85% recycling/reuse rate, 95% recovery rate.
- Exemption of certain heavy metals and the gradual reduction of more than 3,000 chemical compounds.

**GREENHOUSE GASES:** Designates certain gases released through emissions that absorb and radiate infrared rays, resulting in changes in climatic balances. The main greenhouse gases are carbon dioxide ($CO_2$,), steam ($H_2O$), methane ($CH_4$), nitrous oxide ($N_2O$), ozone ($O_3$) and CFC fluorine chlorine hydrocarbons.

**ISO 14001:** **I**nternational **O**rganization for **S**tandardization norm that defines specifications and procedures for implementing and operating an environmental management system and for obtaining certification.

**NOX:** Nitrogen oxide. Refers to all nitrogen compounds produced by the combustion of hydrocarbons during transportation, manufacturing, farming and other activities.

**OHSAS 18001:** An international **O**ccupational **H**ealth and **S**afety **A**ssessment **S**eries standard that defines specifications and procedures for implementing and operating a health and safety management system in the workplace and for obtaining certification.

**ON-SITE HANDLING:** Activities associated with the handling and transport of waste from the production to the collection point. On-site handling generally takes place on private premises, such as homes, workshops, offices and schools, and may constitute the first step of the waste separation and sorting process.

**REACH:** Stands for **R**egistration, **E**valuation and **A**uthorization of **Ch**emicals, a new European regulatory framework that provides professional users of chemicals with more and better information about the hazardous properties of products, the risk of exposure to them and safe handling measures.

**RECOVERY:** The aggregate recycling, reuse and energy recovery rate.

**RECYCLING:** The reprocessing of waste materials for their original purpose or for other purposes, but excluding energy recovery.

**PLASTIC REGENERATION:** Plastic recovered through recycling channels and mixed with additives so that it can be used in the manufacture of new parts.

**REUSE:** The use of end-of-life vehicle components for the same purpose for which they were conceived.

**UNITED NATIONS GLOBAL COMPACT:** Launched at the World Economic Forum in Davos in January 1999 by UN Secretary General Kofi Annan, the Global Compact embodies a commitment to involving private companies in the search for solutions to the world's sustainable development challenges. It encourages participating companies to respect ten principles concerning human rights, anti-corruption, labor standards and environmental protection, and to publish their improvements in each area once a year.

**VOC:** **V**olatile **O**rganic **C**ompounds. Hydrocarbons of man-made origin that can produce photochemical pollutants when exposed to nitrogen oxides and light.

**WASTE SORTING:** The operation of separating waste by type of material in order to facilitate processing and recycling.

**WATER-SOLUBLE PAINTS:** Paints that use water rather than solvents as a thinner.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