

# 2005

## ANNUAL REPORT SUSTAINABLE DEVELOPMENT REPORT



M a d e i n I n n o v a t i o n<sup>®</sup>

# CONTENTS

## 54→75: S U S T A I N A B L E D E V E L O P M E N T

Our Commitments  
Key Areas of Improvement  
Responsible Employee and Community Relations  
Responsible Workplace Safety Practices  
Responsible Environmental Management  
Glossary

Cover :

- Plastic Omnium and Inergy Automotive Systems produce the front bumpers and fuel system for the Peugeot 207.
- Plastic Omnium Environment markets a broad range of services and products designed to optimize waste collection at the source.
- Performance Plastics Products - 3P manufactures electrical tape for the Airbus A-380.



Made in Innovation®

# SUSTAINABLE DEVELOPMENT

- OUR COMMITMENTS
- KEY AREAS OF IMPROVEMENT
- RESPONSIBLE EMPLOYEE AND COMMUNITY RELATIONS
- RESPONSIBLE WORKPLACE SAFETY PRACTICES
- RESPONSIBLE ENVIRONMENTAL MANAGEMENT
- GLOSSARY



# SOLID, LONG-TERM COMMITMENTS



## CHAIRMAN'S MESSAGE

This year, our Company once again enjoyed strong growth, confirming the sustainability of our business model and the performance and dedication of our employees around the world. Building on our partnerships with carmakers and local communities, we've steadfastly developed our business over the past 59 years, with the same enthusiasm and respect for ethical principles.

We have always supported and often proactively responded to the needs of our markets. The spirit of innovation that has long been rooted in our culture demonstrated, even more forcefully this past year, the depth of our Sustainable Development commitment. Resolutely pursuing the path to manufacturing excellence and an accident-free workplace, we continued to deploy our highly ambitious quality and environmental certification programs.

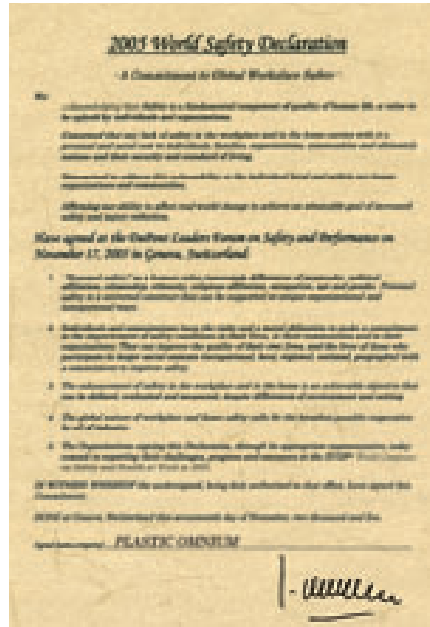
Our ongoing commitment to Sustainable Development made significant, tangible advances during the year. A member of the United Nations Global Compact since 2003, Plastic Omnium joined a number of other global companies in signing the 2005 World Safety Declaration last November.

This new initiative builds on the internal code of conduct introduced by Plastic Omnium in 2002 and Inergy Automotive Systems in 2004. Together, these measures clearly illustrate our values of transparency, ethical responsibility and environmental stewardship.

Thanks to the substantial resources deployed, we made significant progress in achieving our key Sustainable Development objectives during the year. These advances included measures to ensure stable employment and to hire young people, notably with the signing of an apprenticeship charter, our participation in a government program to help young people obtain driving licenses to enhance their employability and an initiative that encourages companies to hire recent graduates for specific foreign assignments. Progress was also made in workplace safety, plant workstation ergonomics, emissions control, eco-design and recycling. We are proud of the role we play in responding to all of these major challenges and defending the public interest through our Sustainable Development policies.

Laurent BURELLE





World Safety Declaration signed by Laurent Burelle

## TRANSPARENCY, ETHICAL PRINCIPLES AND RESPONSIBILITY

As a responsible corporate citizen, Plastic Omnium has long been engaged in a proactive Sustainable Development process and, for the fourth year in a row, is publishing this report, objectively and transparently. The information contained within provides an update of progress achieved to date, both on Company sites and through innovations made in its four businesses.

Plastic Omnium's support for the United Nations Global Compact and the World Safety Declaration attest to its wholehearted support for ethical principles and corporate responsibility at all levels, including respect for human rights, refusal to engage in corrupt or discriminatory practices, workplace safety and environmental protection. Backed by major investments in employee training and equipment, these commitments produced results in 2005. The addition of new indicators to the scorecard reviewed by the Executive Committee provides solid proof of Plastic Omnium's responsible attitude with regard to employees and the environment.

## RAISING AWARENESS AMONG EMPLOYEES AND SUPPLIERS

The Company's long-term development and profitable growth are supported not only by the commitment of senior management but also by the contributions of all team members. While employees at every level of the organization are the main players in this process, suppliers must also become actively involved, which is why they are required to gradually integrate and apply the same best practices. Since laws and regulations vary from one country to another, deploying the Sustainable Development strategy around the world represents a complex challenge. As Plastic Omnium develops its businesses outside France – notably in Eastern Europe and Asia – priority is given to suppliers who share these concerns for ethical conduct.

# OUR KEY AREAS FOR IMPROVEMENT

DURING THE YEAR, IMPORTANT MEASURES WERE TAKEN TO IMPROVE THE COMPANY'S EMPLOYEE AND COMMUNITY RELATIONS, WORKPLACE SAFETY AND ENVIRONMENTAL PERFORMANCE. THESE THREE KEY AREAS FOR IMPROVEMENT IN OUR SUSTAINABLE DEVELOPMENT PROCESS ARE FULLY ALIGNED WITH SENIOR MANAGEMENT'S ONGOING COMMITMENT TO CORPORATE RESPONSIBILITY. THE FOLLOWING SUMMARY HIGHLIGHTS THE YEAR'S MOST NOTEWORTHY EVENTS.

## RESPONSIBLE EMPLOYEE AND COMMUNITY RELATIONS

### • Reassignments for INERGY personnel

New jobs were found for 93% of the 173 employees affected by the Grenay and Fontaine plant closings in France, and the Company maintained its 100% reassignment target.

At Telford in the UK, new jobs were found for 95% of the employees affected by the restructuring program.

### • Special agreement with unions

When new elections were held for the Group Works Council France, the number of members was increased to include representative trade union delegates.

### • Satisfaction surveys for more than 8,000 staff

Since 2004, opinion surveys have been conducted regularly in the two Automotive divisions to gauge employee attitudes, and results are shared with all personnel.

### • Helping young people find jobs

The Company signed a charter pledging to increase the number of apprenticeships over the long term by at least 20%.

Plastic Omnium Auto Exterior is actively involved in a French government program that encourages companies to hire recent graduates for specific foreign assignments.

### • New partnerships with engineering schools

Σ – Sigmatech, Plastic Omnium Auto Exterior's international R&D center, pursued its partnerships with a large number of schools, not only in France but also in other countries across Europe, North America and Latin America. In November 2005, an agreement with the INSA engineering school in Lyon was broadened.



Signing of a partnership agreement with the INSA engineering school in Lyon: INSA Director Alain Storck and Pierre Perdoux, Industrial R&D Director, Plastic Omnium Auto Exterior







## RESPONSIBLE WORKPLACE SAFETY PRACTICES

- **November 2005: Laurent Burelle signs the World Safety Declaration**

By signing this important document sponsored by Dupont Safety Resources, Plastic Omnium joined forces with a number of other major global companies that are committed to improving safety in the workplace.

- **Development of the Safety Management System**

The Safety Management System is Plastic Omnium's dedicated unit for structuring and coordinating its various programs and initiatives.

- **First-half 2005: effective start-up of the Top Safety program**

The Top Safety training program was deployed in plants across nine European countries, the United States and Mexico. Some 200 managers received instruction in methods and techniques designed to improve behavior in the workplace.

- **Enhancing workstation ergonomics**

A workstation audit was conducted in 2005 with the goal of optimizing ergonomics and reducing the risk of musculo-skeletal disorders and other occupational syndromes.

- **Obtaining OHSAS 18001 certification**

Two pilot sites in Amiens and Langres (France) launched programs to obtain this recently introduced safety certification that aims at an accident-free workplace.

- **Direct reporting from Company plants**

In 2005, Plastic Omnium's 67 plants were able for the first time to enter Sustainable Development data and results directly in a dedicated reporting system.

## RESPONSIBLE ENVIRONMENTAL MANAGEMENT

- **94% of facilities now ISO 14001-certified**

In 2005, 12 new sites were awarded ISO 14001 environmental certification.

- **All sites asbestos-safe**

Plastic Omnium pursued its asbestos-removal program, whose objectives exceed regulatory requirements. The goal is to eliminate all trace of asbestos on Company-owned sites – making them asbestos-free – by year-end 2006.

- **Progress on two fronts in eco-design**

During the year, Plastic Omnium developed a new eco-design plastic made from recycled polypropylene and fiberglass and prepared a list of substances regulated under the European Union's REACH program, whose purpose is to speed the process of identifying potentially toxic substances.

- **End-to-end recycling channels**

Plastic Omnium Auto Exterior and Plastic Recycling developed an end-to-end solution for recycling bumpers from scrap vehicles. Thanks to the new process, 8,000 tons of plastic were recovered for reuse during the year.

- **Further reductions in VOC emissions**

Ten Plastic Omnium Auto Exterior sites are equipped with a system that captures 95% of volatile organic compound (VOC) emissions.

- **Ecosourcing® in-house**

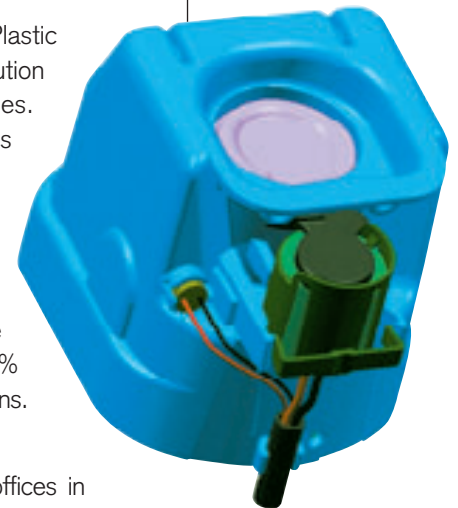
Three plants in Langres and Company offices in Levallois and Nanterre near Paris began applying Ecosourcing® practices to optimize their own waste management.

- **Lower hydrocarbon emissions with INERGY**

Inergy Automotive Systems developed new versions of the INERFILL® and CLINFILL® capless filler head systems that reduce evaporative emissions of hydrocarbons.

- **Research to support the use of hybrid engines**

INERGY pursued its research programs to develop fuel system solutions for hybrid vehicles.



Inergy Automotive Systems' CLINFILL® capless filler head



# A PEOPLE-FOCUSED EMPLOYEE RELATIONS COMMITMENT

PLASTIC OMNIUM'S HUMAN RESOURCES POLICIES CONTINUE TO FOCUS ON OPTIMIZING EMPLOYEE WORKING CONDITIONS AND SKILLS IN AN ENVIRONMENT SHAPED BY RESPECT FOR THE INDIVIDUAL AND CONSTRUCTIVE DIALOGUE. THE FOLLOWING EXAMPLES ILLUSTRATE THE SIGNIFICANT PROGRESS MADE IN THIS RESPECT OVER THE PAST YEAR.

## **RESTRUCTURING AT INERGY WITH A 100% EMPLOYEE REASSIGNMENT TARGET**

In April 2004, Inergy Automotive Systems began negotiations with employee representatives in France concerning the closing of the Grenay and Fontaine production facilities and the reorganization of process engineering procedures at the Laval and Compiègne engineering centers.

The two parties quickly agreed that if positions had to be eliminated, all concerned employees, without exception, should receive support either in finding a new job or in pursuing other options of their choosing. To reach that target, the company needed both time (12 to 18 months depending on the site) and a broad-based system to help employees find a new job.

Designed to meet these conditions, the redundancy plan included the creation of a dedicated unit to help employees find nearby outplacements, assistance in transferring to other sites, support in setting up their own businesses and training programs to provide them with new job skills.

One year later, the results were encouraging, with new jobs found for 93% of the 173 concerned employees and all employees on the Laval, Compiègne and Fontaine sites. The restructuring program will be complete once a satisfactory solution has been found for each of the 16 employees at the Grenay site.

A restructuring program was also undertaken at the Telford plant in the United Kingdom, where considerable resources were deployed to support the 43 concerned employees. To date, 95% of them have found new jobs.

These two examples clearly illustrate that companies can reconcile their business imperatives with respect for the individual and a socially responsible attitude.

## **STRENGTHENING THE CORPORATE COMMUNITY**

Plastic Omnium remains dedicated to supporting and sustaining the corporate community at all times. In 2005, two important initiatives were taken to strengthen that commitment.



# “Reconciling business imperatives with respect for the individual and a socially responsible attitude”

## Expanding the Group Works Council France to give employees a greater voice

Like other collective bodies within the organization, the Group Works Council France promotes the sharing of information and discussion of the Company's strategic objectives with employee representatives in France.

When new elections were held, Plastic Omnium signed a special agreement authorizing representative union personnel to attend Council meetings alongside directly elected delegates. The move was intended to increase participation and broaden the exchange of views on employee-related questions, economic issues and, more generally, the Company's strategic choices.



Production team member at the Guichen plant in France

## Driving improvement through satisfaction surveys

The regular use of periodic opinion surveys enables Plastic Omnium to constantly monitor employee attitudes, expectations and, in general, their degree of satisfaction with employment and working conditions and relations with management. Analyzed cross-functionally at all levels and integrating the specific aspirations of different job categories, the results play an important part in preparing human resources and operations department action plans. In 2004 and 2005, more than 8,000 Inergy Automotive Systems and Plastic Omnium Auto Exterior employees were involved.

The biennial surveys reveal significant changes in employee opinions and expectations. Management then deploys the necessary resources to make improvements in such areas as communication and information, working conditions (organizational planning and workstation ergonomics) and relations with supervisory staff. Moreover, survey results are shared with all employees so that team members across the organization can engage in direct, constructive dialogue.



# A PEOPLE-FOCUSED COMMUNITY RELATIONS COMMITMENT

IN 2005, PLASTIC OMNIUM EXPANDED ITS INITIATIVES AND PARTNERSHIPS TO PROMOTE THE TRAINING AND HIRING OF YOUNG PEOPLE, REGARDLESS OF THEIR LEVEL OF STUDIES, AND REAFFIRMED ITS COMMITMENT TO ACTIVELY HELPING CREATE JOBS FOR YOUNG PEOPLE, AS PART OF ITS SUSTAINABLE DEVELOPMENT PROCESS.

## TWO TANGIBLE MEASURES TO CREATE EMPLOYMENT OPPORTUNITIES

### An apprenticeship charter

In signing an apprenticeship charter alongside other major French companies, Plastic Omnium pledged to increase by at least 20% the number of apprenticeship opportunities for young people age 15 to 25. Based on the transfer of skills through a combination of tutoring and hands-on experience, apprenticeships are a time-tested solution for transmitting the expertise and behavior needed for effective on-the-job performance. They enable young people to earn a vocational diploma while at the same time taking the first steps along their career path. For Plastic Omnium, this initiative is part of a long-term commitment.

### Driving licenses to enhance employability

The Company also took part in a new corporate citizenship program launched by France's Ministry of Defense in partnership with private businesses. The program is designed to make it easier for roughly 100 young people from disadvantaged neighborhoods in Greater Paris to find jobs. In exchange for free driver education classes and a permanent employment contract with a participating company, applicants, aged 18 to 29, agree to take part in a citizenship education program that includes tutorial classes, a short period of military training and some volunteer

charity work. Through its participation in the program, Plastic Omnium has broadened the scope of its community relations commitment.

## PLASTIC OMNIUM AUTO EXTERIOR INTRODUCES AN INTERNATIONAL ASSIGNMENT PROGRAM

Demonstrating its wholehearted support for hiring young graduates, Plastic Omnium Auto Exterior launched a program during the year to send recent university graduates on 18-month assignments to its plants outside France. Created by the French Agency for International Business Development, the program provides participants with international work experience while giving the Division an opportunity to later hire them to a permanent position that corresponds to their professional goals.



Recent graduates hired through the international assignment program



# “ A proactive policy for assisting young people ”

## ONGOING PARTNERSHIPS WITH ENGINEERING SCHOOLS

During the year, Plastic Omnium pursued its strategy of partnering with engineering schools, in particular through  $\Sigma$  – Sigmatech, Plastic Omnium Auto Exterior’s international R&D center. The Company supports the teaching of certain specialized scientific fields and serves as an advisor for students whose research papers fall within its areas of expertise. In return, these prestigious establishments, with their excellent local networks, provide opportunities to develop forward-looking skills and capabilities.

In November, Plastic Omnium Auto Exterior and the INSA engineering school in Lyon signed an agreement extending their long-standing training and research programs. INSA, which added a high-performance plastics processing unit in 2004, offers a wide array of academic subjects and research resources in the area of automotive equipment technologies. The new agreement includes three joint action plans to promote skills sharing as well as cooperative research and innovation programs, all designed to improve manufacturing processes.



Presentation of the Plastic Omnium Award to two students at Berufsakademie in Thuringe, Germany

$\Sigma$  – Sigmatech renewed partnerships with a number of French schools, including Centrale Lyon, École des Mines de Paris and École des Mines de Douai, and created new alliances with Centrale Paris, Centrale Lille and CEMEF Sophia Antipolis. Plastic Omnium also maintains close ties with schools and universities in other countries. In 2005, the Company’s educational partners included Imperial College in London, Technische Universität in Munich, the University of Technology and Economics (USTEB) in Budapest, École Polytechnique in Montreal, and the Parana and Uberlândia Federal Universities in Brazil. In addition, the R&D center hosted 51 interns during the year, of whom 22 were taking part in an international study program.

Lastly, Plastic Omnium Auto Exterior continued its support for Berufsakademie in Thuringen, Germany. For the third year in a row, two students at the university received the Plastic Omnium Award and a scholarship.



# RESPONSIBLE WORKPLACE SAFETY PRACTICES

IN RECENT YEARS, PLASTIC OMNIUM HAS GIVEN HIGH PRIORITY TO ENSURING THE SAFETY OF PEOPLE AND MANUFACTURING PROCESSES. THAT'S WHY, AS TECHNOLOGIES ADVANCE, THE COMPANY INCREASINGLY TAKES STEPS TO RAISE SAFETY AWARENESS AND ELIMINATE RISKS IN ITS DAY-TO-DAY OPERATIONS. THESE PRACTICAL, AMBITIOUS MEASURES SET VERY HIGH STANDARDS.

In 2005, a number of initiatives were deployed, notably to structure Top Safety action and training plans aimed at improving individual behavior, to enhance equipment safety and to implement a state-of-the-art reporting system. In 2005, Plastic Omnium pursued its commitment to creating an accident-free workplace, significantly reducing the number of accidents during the year. The goal is to obtain OHSAS 18001 certification for all sites by the end of the decade.

## A WELL-STRUCTURED SAFETY ORGANIZATION

The focus on safety extends across all operations and businesses. The safety program is organized around a Safety Management System (SMS) developed by the Group Safety Department. SMS comprises five highly structured areas of involvement: setting objectives, planning actions, deploying resources, assessing performance and tracking progress. The system thus underpins a continuous improvement process that is dedicated to making Plastic Omnium an accident-free organization.

Every month, action plan results are reviewed and new objectives are set for both the Company and the Divisions. On individual sites, performance

is reviewed at least once a week. In this way, at all levels of the organization – from Group and Division Executive Committees to plants and other industrial facilities – employees are informed, involved and empowered to act in order to make the workplace safer, for themselves and for their fellow team members.

What's more, division safety coordinators meet monthly to share their experience and expertise on issues concerning not only employee and equipment safety but also environmental performance.

In addition, all site safety managers – approximately 50 people from around the world – meet once a year to review initiatives and share their concerns and recommendations. In 2005, the meeting was held at the Bruay-la-Buissière site in northern France.



Waste collection container maintenance teams are issued appropriate safety clothing and equipment





“The accident frequency rate, at 6.45\*, has been reduced by two-thirds in three years.

The accident severity rate, at 0.20\*\*, has been reduced by half in two years”

\* Number of lost-time accidents per million hours worked

\*\* Number of days of accident-related lost time per 1,000 hours worked

### DEVELOPING A WORKPLACE SAFETY CULTURE WITH TOP SAFETY

Designed to heighten manager awareness of the importance of risk prevention, the Top Safety Program was launched as scheduled in first-half 2005. This highly structured approach to workplace safety was developed in cooperation with DuPont Safety Resources and specifically tailored to Plastic Omnium's operations. It has been deployed in industrial facilities across nine European countries, the United States and Mexico.



Top Safety audit at the Anderson, South Carolina plant in the United States

Some 200 division, plant, human resources and safety managers received instruction in methods and techniques for improving employee behavior. Sessions involved case studies and practical onsite training that enable participants to clearly perceive and assess typical risk situations.

A major component of the safety program, Top Safety is in line with the Company's commitment to responsible management of relations with employees around the world. Its aim is to instill a broad-based culture of safety that over the long term will help Plastic Omnium achieve its goal of an accident-free workplace. In addition to this performance objective, the training programs also help enhance operating efficiency and productivity while strengthening the Company's shared values.

As part of this commitment to continuous improvement, each division will launch a three-year safety improvement plan in 2006 to be implemented on all sites.



### JOINT ACTIONS WITH THE COMPANY'S INSURERS

Plastic Omnium's insurers took part again this year in organizing plant tours and monitoring the implementation of recommendations to make people and plants safer and prevent industrial risks, especially fire. These recommendations and action plans have been integrated into the Company's comprehensive safety program.

### IMPROVING WORKSTATION ERGONOMICS

One of the goals of this ambitious risk-prevention program is to reduce the number of musculo-skeletal disorders and other occupational syndromes, problems that occur more frequently in the Automotive division plants. In 2005, a workstation audit was conducted on these sites to find ways of improving ergonomics and thus overall working conditions. Project teams in charge of developing new applications systematically integrate workstation ergonomic criteria into specifications for new industrial facilities.

The Company is committed to optimizing working conditions not only for production teams but for other operators as well. Plastic Omnium Urban Systems, for example, has deployed a full range of systems and equipment to reduce the risk of accidents and avoid incorrect body positions, especially when delivering or servicing wheeled bins.

### OBTAINING OHSAS 18001 CERTIFICATION

Just as the ISO 14001 standard attests to a company's environmental performance, the OHSAS 18001 standard was developed to certify safety performance. The Top Safety approach and the safety programs tailored to each business were designed to bring sites in line with prevailing certification requirements.

Whenever an incident occurs, it is immediately analyzed so that prevention measures can be either identified or created and, in most cases, extended to all sites. The goal of this procedure is to drive month-by-month improvements in the Company's accident frequency rate. Pilot sites in Amiens and Langres (France) have deployed best practices with the goal of obtaining OHSAS 18001 certification, and employees across the organization have demonstrated growing support for this approach to workplace safety. The target is for a majority of sites to be OHSAS 18001 certified by the end of 2007.

### EXTENDING SUSTAINABLE DEVELOPMENT REPORTING SYSTEMS

As announced during the previous year, the reporting system has been extended. This year, for the first time, each of the 67 sites was able to compile and format its own performance data and integrate them directly into the system. Since January 2006, the system has also been used for monthly safety and environment reports.



Assembly workstation that can be adjusted vertically to the operator's height





We need you! Work safely.

Nearly 90 units enter their results into the application, which is then used in preparing the Executive Committee's monthly scorecard.

Extending the new reporting system has created a number of advantages. At unit level, it promotes interactivity, empowerment and the implementation and monitoring of action plans, while at division and corporate levels, it enables real-time management and proactive responsiveness.

The goal is to use the software as a means of managing Sustainable Development performance across the organization. Another advantage is its flexibility, which makes it possible to integrate changes in the business base and the Company's needs.

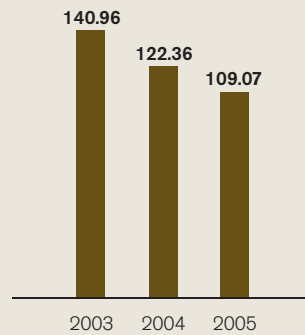
### TOWARDS AN ACCIDENT-FREE WORKPLACE

The improvement paths tracked during the year through regularly scheduled meetings and ongoing regulatory monitoring programs are aimed at achieving an accident-free workplace and obtaining OHSAS 18001 certification for all divisions. In 2005, the broad range of actions deployed to improve safety led to a 26% reduction in the accident frequency rate\*, from 8.77 to 6.45. The accident severity rate\*\*, unchanged from 2004 at 0.20, has improved by 53% since 2002.

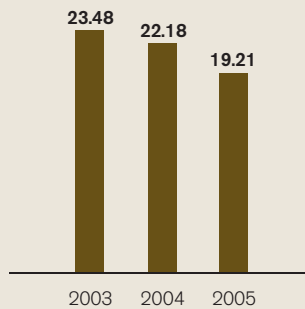
\*Number of lost-time accidents per million hours worked

\*\*Number of days of accident-related lost time per 1,000 hours worked

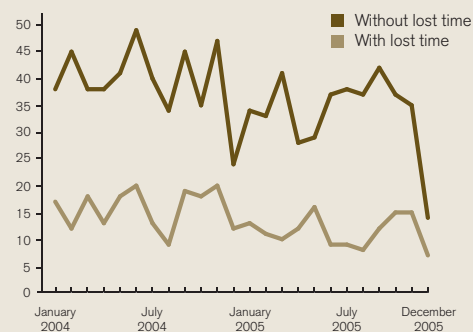
### NUMBER OF FIRST AID CASES\*



### NUMBER OF ACCIDENTS WITHOUT LOST TIME\*



### ACCIDENTS WITH OR WITHOUT LOST TIME PER MONTH



# A FOCUS ON RESPONSIBLE ENVIRONMENTAL STEWARDSHIP

RESPECT FOR THE ENVIRONMENT IS AN INTEGRAL PART OF PLASTIC OMNIUM'S STRATEGY AND ETHICAL PRINCIPLES.

THIS COMMITMENT IS DEMONSTRATED YEAR AFTER YEAR THROUGH AN EVER-EXPANDING LIST OF REAL-WORLD ACHIEVEMENTS IN THE AREA OF ENVIRONMENTAL STEWARDSHIP. THE COMPANY'S MANUFACTURING CAPABILITIES AND CAPACITY FOR INNOVATION ARE ALSO APPLIED TO REDUCING THE ENVIRONMENTAL IMPACT OF ITS BUSINESSES.

In 2005, Plastic Omnium continued to more effectively manage its own waste while delivering solutions that are more environmentally friendly at every stage in the product life cycle, from design to recovery and recycling.

## ISO 14001 CERTIFICATION GAINS FURTHER GROUND

The environmental accreditation program was pursued in 2005, with an additional 12 sites certified to ISO 14001 standards during the year. To date, 94% of all sites have received the certification.

Since the beginning of the year, Ludoparc has been actively seeking Certisport accreditation for its playground and multi-sport play area installations and surfaces as well as its maintenance services. The certification process, which involves frontline teams and the plant at Saint-Etienne-de-Tulmont, has two objectives: guaranteeing superior service and obtaining ISO 9001 quality certification.

In 2006, four sites, including the new Plastic Omnium Auto Exterior plant in Silao, Mexico, are expected to receive ISO 14001 certification. In the United States, Performance Plastics Products – 3P will launch a five-year plan to reduce hazardous waste. The first step involves

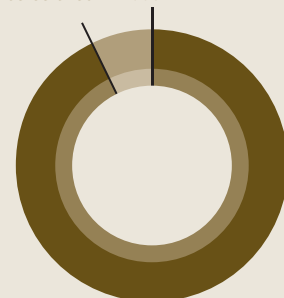
replacing alcohol-based chemicals and harmful solvents with more environmental friendly products.

## AN ASBESTOS REMOVAL PROGRAM THAT EXCEEDS LEGAL REQUIREMENTS

All sites already comply with current legislation requiring them to be "asbestos safe", meaning they contain no friable asbestos that may be inhaled. In 2003, Plastic Omnium set a more ambitious asbestos elimination goal that goes beyond current safety legislation. The objective is to eliminate all trace of asbestos from Company-owned sites (85% of occupied buildings) by the end of 2006. The removal program represents a total budget of nearly €2 million.

### PERCENTAGE OF ISO 14001 CERTIFIED FACILITIES

Facilities to be certified in 2006 - 6%



Facilities certified at year-end 2005 - 94%





New paint line equipped with a dual system for reducing VOCs, at the Anderson, South Carolina plant

## LOWERING VOC EMISSIONS

As in years past, Plastic Omnium pursued initiatives to reduce emissions of volatile organic compounds (VOCs), most of which are released by automotive component paint lines. Ten Plastic Omnium Auto Exterior sites are currently equipped with a system that captures more than 95% of VOC emissions. In new production facilities, like the Silao plant in Mexico, this incinerator-based system has been installed even though it is not legally required. The same solution was used when the Division's Anderson plant in the United States was extended. The new paint line is compatible with both water-soluble and solvent-based technologies.

In 2006, paint consumption will be monitored on a monthly basis to help drive further reductions in VOC emission levels. An ambitious productivity goal has also been set to reduce the ratio of VOC emissions to total painted surface area.

To lessen the environmental impact of its operations, Plastic Omnium is committed to setting standards that are more demanding than those required by current safety legislation.

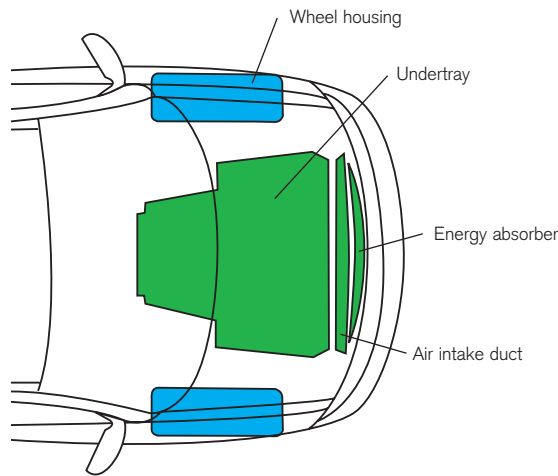
## A NEW STEP FORWARD IN ECO-DESIGN

As an OEM and provider of integrated solutions, Plastic Omnium has responded to the challenge of eco-design in the areas of automobile manufacture and waste collection. Through Plastic Recycling, a subsidiary created in late 2003 with CFF Recycling, it is active in every link of the recycling chain.

From plastics processing channels, the Saint Eusèbe plant in eastern France recovers parts that have been replaced, components from end-of-life vehicles and manufacturing scrap, some of which is produced by Plastic Omnium's operations. In 2005, some 8,000 tons of plastic were recycled.

This year, Plastic Omnium developed a new recycled plastic that delivers high value-added in both environmental and economic terms. Supplied by Plastic Recycling, the recycled, fiberglass-reinforced polypropylene is made from Inoplast thermoset scrap. The first applications of this innovative, eco-design material by Plastic Omnium Auto Exterior have been in structural front-end systems and other "under the hood" components. Components made from recycled materials are less expensive than the same parts made from new plastic.





Examples of parts eco-designed by Plastic Omnium Auto Exterior

In 2005, the Company also prepared a list of substances regulated by the European Union's recent Registration, Evaluation Authorization of Chemicals (REACH) program. Adopting this highly proactive approach clearly demonstrates Plastic Omnium's commitment to anticipating possible hazardous properties of certain currently used substances.

To reduce the environmental impact of car parts at the source, Plastic Omnium Auto Exterior plans to begin applying the Life Cycle Assessment process to its innovative plastic modules in 2006. In partnership with the France's Plastic Processing Federation, the Company will create a training program to support subcontractors and suppliers in this endeavor.

For Plastic Omnium, eco-design represents a critical aspect of its commitment to responsible environmental management.

**SYNERGIES IN THE ENVIRONMENT BUSINESS**

The wheeled bins, household waste collection containers, urban furniture and other equipment designed and manufactured by Plastic Omnium Environment may contain up to 50% recycled plastic. This material comes from end-of-life wheeled containers recovered by Plastic Omnium service teams. Shredded, ground and regenerated by Plastic Recycling, it is then blended with new plastic for use in production.

In line with its eco-design commitment, Plastic Omnium Environment also manufactures products from a single material so that they can be easily disassembled. For example, the four-color film overmolding that provides sorting instructions on three sides of the ibac® bins is made of polyethylene, like the container itself, in order to facilitate recycling. Wheeled-bin lid hinges and wheel axles are also designed for fast, easy disassembly.

**RECYCLING: AN INTEGRATED PROCESS WITH A BRIGHT FUTURE**

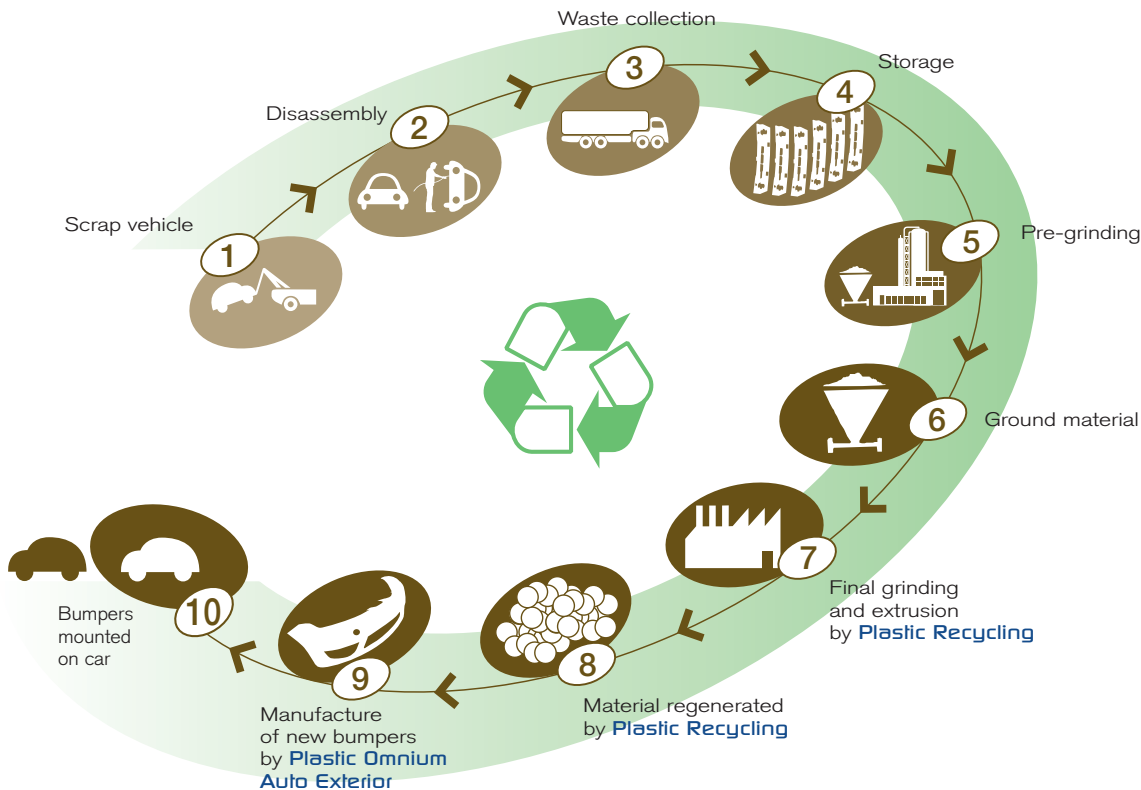
Alongside the eco-design concept, the development of a clearer understanding of end-of-life products represents another path to more effective recycling. That's why Plastic Recycling is pursuing research programs on plastics disassembly and recyclability. In cooperation with the ENSAM design institute, Plastic Omnium developed a computer application that informs designers of the specific features of each fastener in order to speed disassembly of scrap vehicles.



Grinding end-of-life wheeled containers at the Plastic Recycling plant in Saint Eusèbe, France



# “An end-to-end solution for recycling bumpers”



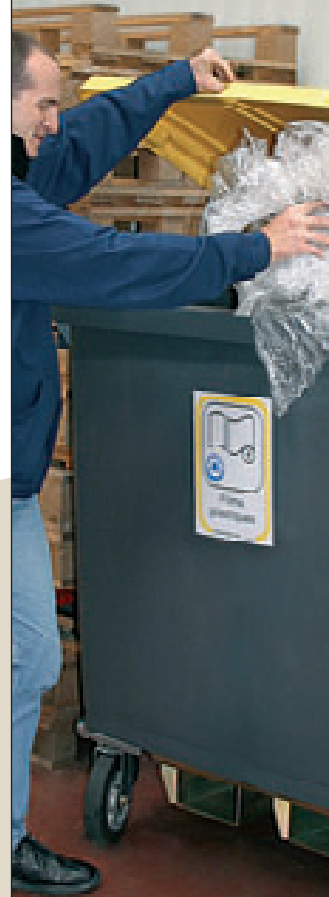
Plastic Omnium Auto Exterior and Plastic Recycling have developed an end-to-end solution for recycling bumpers from scrap vehicles. In 2006, some 100,000 bumpers will be collected and the recovered plastic will be reused in new automotive components.

At the same time, joint research programs are being conducted with CFF Recycling on the extraction of polypropylene from crushed vehicles. One of the next challenges will be to create a polymer selection system that is refined enough to increase the amount of recyclable plastic, thereby making new sorting technologies more profitable. In 2005, Plastic Omnium Auto Exterior used around 8,000 tons of recycled material, either supplied by Plastic Recycling and other leading European recycling companies or recovered from production waste.

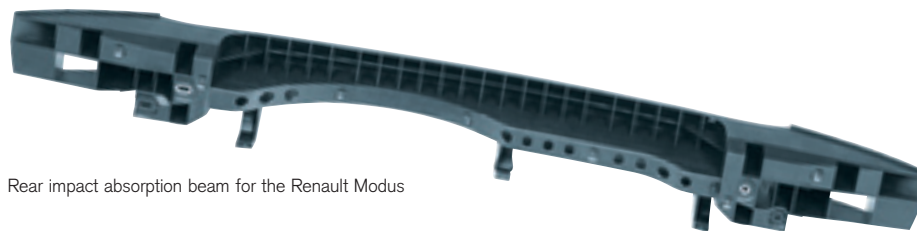
Lastly, the Company has stepped up communication programs designed to train project managers and raise awareness among the engineers of tomorrow, all major players in improving product recyclability.

## ECOSOURCING® INSIDE AND OUTSIDE THE ORGANIZATION

Launched in 2004 by Plastic Omnium Environment, the Ecosourcing® program has been further enhanced to optimize services that help local communities and businesses reduce waste at the source. This year, deployment measures were strengthened even as the service was adapted to more fully satisfy customer needs. The simple rule – “Throw less, sort better, save money” – is making an impact on individual waste disposal practices.







Rear impact absorption beam for the Renault Modus

A results-driven approach to improving waste management, Ecosourcing® has begun to produce results. Communities deploying the program have seen a sharp 45% reduction in the amount of waste incinerated, clearly demonstrating the advantage of managing waste upstream.

Applying the dictum “practice what you preach,” Plastic Omnium continued to improve sorted waste and recycling programs in its Divisions during the year. In France, a campaign to raise employee awareness of waste sorting was conducted in the three plants in Langres and in Company offices in Nanterre and Levallois near Paris, and waste collection processes were overhauled to comply with the Ecosourcing® model. These new, more environmentally friendly practices and initiatives enabled Plastic Omnium to further reduce the cost of managing waste produced by its own operations.

### MAKING VEHICLES LIGHTER TO REDUCE CO<sub>2</sub> EMISSIONS

Vehicle weight has an impact on the amount of CO<sub>2</sub> emitted into the atmosphere. That's why reducing these emissions involves making automotive body modules lighter. Reducing a car's weight by 10 kg lowers CO<sub>2</sub> emissions by roughly 1 g/km.

In response to today's increasingly strict pollution control standards, Plastic Omnium produces body components and modules that generate significant weight reductions. Made of thermoplastics or composite materials, these parts are much lighter than components made, for example, of steel. The weight savings amounts to approximately 1 kg for a plastic fender and 4 to 5 kg for a sedan hatchback or other integrated module. Plastic Omnium Auto Exterior's integrated approach to automotive architecture thus helps make vehicles lighter.

Inergy Automotive Systems' plastic fuel systems deliver the same advantages. Weighing between 15 and 20 kg, they are 10 to 15% lighter than their metal counterparts.

By equipping new vehicles produced by a large number of carmakers, Plastic Omnium is actively contributing to pollution control efforts. In 2005, the Company reaffirmed its commitment to designing and producing components and systems that help protect the environment.

### FURTHER REDUCTIONS IN HYDROCARBON EMISSIONS

The world's strictest threshold for hydrocarbon emissions, the Partial Zero Emission Vehicles (PZEV) standard is gradually taking effect in the United States as of this year. While the PZEV standard sets a limit of 54 mg of evaporative emission per vehicle per day, Inergy Automotive Systems has developed its INfilm™ and INpinch™ solutions that reduce hydrocarbon emissions to fewer than 15 mg.

Scheduled for introduction in 2006 on fuel systems for Nissan and General Motors in the US, these innovations are an integral part of a process that enables existing architectures to comply with the new standard's requirements.

Inergy Automotive Systems has also equipped more than two million vehicles with capless filler head systems. The company has developed two new-generation INERFILL® and CLINFILL® lines that reduce evaporative emission of hydrocarbons to meet current European, Asian and US emissions standards. Featuring innovative design with a smaller fuel line access cover, these products include new functions, notably a foolproof device that prevents drivers from inadvertently filling a diesel fuel tank with gasoline.



# “ INERGY delivers unique solutions for more environmentally friendly cars ”

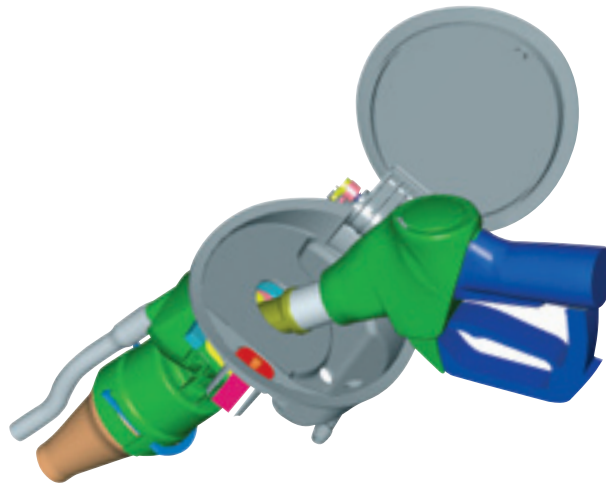
## MOVING TOWARD EURO V AND EURO VI STANDARDS

In Europe, the Euro V (2008-2010) standard, scheduled to take effect in 2008-2010, calls for reductions in diesel engine exhaust emissions, especially soot and NOx. To meet these standards, certain vehicles, including SUVs and some sedans, must be equipped with particulate filters and a NOx reduction device. Looking forward to Euro VI, to be applied in 2012, carmakers will have to fit all their vehicles with these two pollution-control systems.

Industry players must respond proactively to these changing environmental standards. To make the car of the future more environmentally friendly, Inergy Automotive Systems has developed two unique solutions.

One is the Smart Additive System (INSAS®), which reduces soot emissions by storing and releasing particulate filter additive. In 2005, INERGY enhanced its existing product to equip vehicles with a system that uses a more concentrated additive designed to last 240,000 km, a vehicle's entire life. The other is DINOX™, a system that stores and releases urea, which destroys NOx.

All of these research programs are in line with Plastic Omnium's ongoing focus on innovation that makes the Company a leader in the area of Sustainable Development.



The new INERFILL® capless filler head system

## HYBRID VEHICLES

Inergy Automotive Systems also supports carmaker research on hybrid vehicles, which represent one of a number of solutions for reducing fuel consumption and thus air pollution. By 2015, approximately 1.9 million of the 85 million vehicles produced worldwide will be hybrid. According to forecasts, hybrids will account for 3.5% of vehicles in the United States by 2012 and more than 44 models will be introduced by 2015.

To support the market rollout of this new type of vehicle, INERGY is working on solutions that can also meet hybrid requirements. Among these forward-looking technologies are Twin Sheet Blow Molding (TSBM™), modular pump-gauge systems, and the Thin Tank™ ultra-flat fuel system.

These developments demonstrate that research teams are supporting and anticipating breakthrough technologies of the future.





# 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:** California Air Resources Board standard designed to reduce automobile pollution beginning in 2004 (LEV = Low Emission Vehicles) 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:** California Air Resources Board standard supported by a system of incentives aimed at encouraging carmakers to produce **Partial-Zero Emission (PZEV) Vehicles**. 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<sub>2</sub>:** 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<sub>2</sub>), steam (H<sub>2</sub>O), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), ozone (O<sub>3</sub>) and CFC fluorine chlorine hydrocarbons.

**ISO 14001:** International Organization for Standardization norm that defines specifications and procedures for implementing and operating an environmental management system and for obtaining certification.

**NO<sub>x</sub>:** Nitrogen oxide. Refers to all nitrogen compounds produced by the combustion of hydrocarbons during transportation, manufacturing, farming and other activities.



**OHSAS 18001:** An international Occupational Health and Safety Assessment Series 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 **C**hemicals, 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: (Volatile Organic Compounds).** 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.





Designed and produced by FRANKLIN PARTNERS

Copywriting and coordination by IRMA COMMUNICATION/FRANKLIN PARTNERS

This document is also available in French

We would like to thank employees on the various sites in France and around the world whose photographs appear in this report.

Photo credits :

Cyril Bruneau, Valéry C. Wallace, Franck Brunel, Lennart Sogard Hoyer, Didier Cocatrix, Christian Malette, Stéphane Muratet, David Fourie/Foto First, Davegreenphoto Studio, Seo Myung Jin, Image Gallery, Patricia Gussy, John Martin, Pascal Bouclier, Getty Images/Ryan McVay, Photodisc, Fotolia, other.

Our sincere thanks to the communication departments and photo archives of Airbus, General Motors, Peugeot, Range Rover, Renault Communication/Patrick Curtet, Renault communication/Michel de Vries, Toyota and Volkswagen.



1, rue du Parc - 92593 Levallois cedex, France  
Tel.: + 33 (0)1 40 87 64 00 - Fax: + 33 (0)1 47 39 78 98  
[www.plasticomnium.com](http://www.plasticomnium.com)

COMPAGNIE PLASTIC OMNIUM  
A company incorporated in France with limited liability and issued capital of Euros 9,358,831  
Registered office: 19, avenue Jules Carteret - F-69007 Lyon  
Registered in Lyon, no. B 955 512 611 (APE business identification code: 741 J)