

RENAULT GROUP
CORPORATE GOVERNANCE AND REMUNERATION UPDATE
APRIL 2017



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REMUNERATION UPDATE

RESPONSIVE TO SHAREHOLDERS: REMUNERATION CHANGES FOR 2016

- ❑ Following the 2016 AGM vote outcome on Carlos Ghosn's remuneration, the Remuneration Committee conducted a thorough review of the remuneration structure in order to better understand the reasons for the negative outcome
- ❑ As part of this review, the Committee undertook a significantly expanded shareholder outreach effort to solicit investor perspectives on the incentive programs and feedback on proposed changes to the programs
 - Since the 2016 AGM, over 15 meetings were held with investors regarding the Company's remuneration programs
 - Patrick Thomas, Chairman of the Remuneration Committee, participated in a number of these meetings, in order to understand investor concerns and relay feedback to the full Board for consideration
- ❑ In response to the program's review and the feedback received from our shareholders, the Remuneration Committee has put in place a number of changes for 2016

VARIABLE PAY STRUCTURE

- ✓ Reduced target annual bonus cap from 150% to 120% of fixed pay
- ✓ Increased weight of quantitative performance metric to represent 70% of the variable bonus, increased from 60%
- ✓ Reduced the number of qualitative criteria, from 6 to 4
- ✓ No pay for failure
- ✓ Deferred variable pay no longer subject to any adjustment

PAY-OUT CALCULATION

- ✓ Simplified and increased transparency around financial performance targets and disclosed stretch targets to each performance metric under short-term and long-term variable pay plans
- ✓ Disclosed 2 extraordinary financial performance targets to achieve maximum overall pay-out of 180% of fixed pay
- ✓ Increased the weight of ROE metric to 15% from 10%



REMUNERATION PROGRAM DESIGN FOR 2016

Element	Payment Terms	Terms	Performance Objectives
Fixed Compensation	<ul style="list-style-type: none"> 100% cash 	<ul style="list-style-type: none"> Equal to €1,230,000 This amount has remained unchanged since 2011 	<ul style="list-style-type: none"> Not applicable
Variable Compensation	<ul style="list-style-type: none"> 25% paid immediately in cash 	<ul style="list-style-type: none"> Target annual bonus of 120% of base salary <ul style="list-style-type: none"> Financial performance objectives: 85% of base salary Managerial performance objectives: 35% of base salary Maximum annual bonus of 180% of base salary, contingent on achievement of: <ul style="list-style-type: none"> All financial and managerial performance objectives Additional performance objectives: 60% of base salary 	<ul style="list-style-type: none"> Financial performance objectives: 85% of base salary <ul style="list-style-type: none"> Return on equity: 15% Group operating margin: 35% Free cash flow: 35%
	<ul style="list-style-type: none"> 75% deferred in shares and subject to a three-year employment condition with Renault Not subject to any adjustment 		<ul style="list-style-type: none"> Managerial performance objectives: 35% of base salary <ul style="list-style-type: none"> Monitoring of competitive agreement in France: 7% Quality of the environmental & CSR commitments: 8% Partnerships and Alliance synergies: 8% Development of a multi-year R&D strategy: 12% Additional performance objectives: 60% of base salary <ul style="list-style-type: none"> Group operating margin Free cash flow
Long-Term Incentives	<ul style="list-style-type: none"> Performance shares subject to three consecutive years of performance conditions and a four-year employment condition with Renault Subject to holding of 25% shares until the end of office 	<ul style="list-style-type: none"> Target award of 100,000 performance shares, contingent on achievement of performance objectives Performance is measured over a 3-year cumulative period 	<ul style="list-style-type: none"> Performance objectives: 100% of target award <ul style="list-style-type: none"> TSR vs. average of TSR for Euro Stoxx excluding Financials and TSR for Euro Stoxx Automobile & Parts: 33.3% Automotive operating margin vs. average of peer panel¹: 33.3% Free cash flow: 33.3%



REMUNERATION PROGRAM DESIGN COMPARISON: PAST & CURRENT (2016)

Element	Past	Current (2016)	Outcome
Fixed Compensation	<ul style="list-style-type: none"> Equal to €1,230,000 	<ul style="list-style-type: none"> Equal to €1,230,000 	
Variable Compensation	<p>Payment terms</p> <ul style="list-style-type: none"> 25% paid immediately in cash 75% deferred in shares and subject to an adjustment each year, depending on financial results (85%-115%) <p><i>Removed adjustment to deferred variable pay</i> →</p> <p>Performance objectives and targets</p> <ul style="list-style-type: none"> Target annual bonus of 150% of base salary <i>Reduced target from 150% to 120%</i> → <ul style="list-style-type: none"> Financial performance objectives: 60% of target bonus <i>Increased weight of quantitative criteria</i> → <ul style="list-style-type: none"> Return on equity: 10% Group operating margin: 40% Free cash flow: 40% Managerial performance objectives: 40% of target bonus <ul style="list-style-type: none"> Monitoring of competitive agreement in France: 10% Quality of the environmental commitment: 10% Development of a multi-year R&D strategy: 10% Corporate Social Responsibility: 10% Partnerships: 10% Alliance synergies: 10% Maximum annual bonus of 180% of base salary, contingent on achievement of: <ul style="list-style-type: none"> All financial and managerial performance objectives Additional performance objectives: 30% of base salary <p><i>Reduced number of qualitative criteria</i> →</p>	<p>Payment terms</p> <ul style="list-style-type: none"> 25% paid immediately in cash 75% deferred in shares and not subject to any adjustment <p>Performance objectives and targets</p> <ul style="list-style-type: none"> Target annual bonus of 120% of base salary <ul style="list-style-type: none"> Financial performance objectives: 70% of target bonus <ul style="list-style-type: none"> Return on equity: 15% (<i>Max payout for ROE ≥ 10%</i>) Group operating margin: 35% (<i>Max payout for COP ≥ budget+0.5 pt</i>) Free cash flow: 35% (<i>Max payout for FCF ≥ Budget + 100%</i>) Managerial performance objectives: 30% of target bonus <ul style="list-style-type: none"> Monitoring of competitive agreement in France: 7% Quality of the environmental & CSR commitments: 8% Partnerships and Alliance synergies: 8% Development of a multi-year R&D strategy: 12% Maximum annual bonus of 180% of base salary, contingent on achievement of: <ul style="list-style-type: none"> All financial and managerial performance objectives Additional performance objectives: 60% of base salary 	<ul style="list-style-type: none"> Stronger pay for performance alignment No reward for failure Strong at-risk pay Enhanced transparency
Long-Term Incentives	<ul style="list-style-type: none"> Target award of 100,000 performance shares, contingent on achievement of performance objectives measured annually over three years Performance objectives: 100% of target award <ul style="list-style-type: none"> TSR vs. average of TSR for Euro Stoxx excluding Financials and TSR for Euro Stoxx Automobile & Parts: 33.3% Automotive operating margin ranking vs. peer panel¹: 33.3% Free cash flow: 33.3% 	<ul style="list-style-type: none"> Target award of 100,000 performance shares, contingent on achievement of performance objectives measured annually over three years Performance objectives: 100% of target award <ul style="list-style-type: none"> TSR vs. average of TSR for Euro Stoxx excluding Financials and TSR for Euro Stoxx Automobile & Parts: 33.3% (<i>No payout for TSR < Benchmark</i>) Automotive operating margin vs. average of peer panel¹: 33.3% (<i>No payout for COP auto < average</i>) Free cash flow: 33.3% (<i>No payout for FCF < Budget</i>) 	



REMUNERATION PROGRAM OUTCOMES FOR 2016

Element	Payout in 2016
Fixed Compensation	<ul style="list-style-type: none"> ▪ €1,230,000 paid in cash (unchanged since 2011)
Variable Compensation	<ul style="list-style-type: none"> ▪ €1,414,500 total representing 115% of base salary <ul style="list-style-type: none"> – €353,625 paid immediately in cash – €1,060,875 deferred in shares (12,466 shares)
Long-Term Incentives	<ul style="list-style-type: none"> ▪ €4,360,714 representing maximum award of 100,000 performance shares at book value as of December 31, 2016 <ul style="list-style-type: none"> – Actual payout will be contingent on achievement of performance objectives over 3-year performance period
Total	€7,005,214 in total compensation

VARIABLE COMPENSATION: 2016 PERFORMANCE AGAINST OBJECTIVES

- **Financial performance objectives:** 85% of base salary
 - Return on equity: *15% out of 15% achieved*
 - Group operating margin: *35% out of 35% achieved*
 - Free cash flow: *35% out of 35% achieved*
- **Managerial performance objectives:** 35% of base salary
 - Monitoring of competitive agreement in France: *7% out of 7% achieved*
 - Quality of the environmental & CSR commitments: *5% out of 8% achieved*
 - Partnerships and Alliance synergies: *8% out of 8% achieved*
 - Development of a multi-year R&D strategy: *10% out of 12% achieved*

2016 variable compensation represents 115% of base salary, compared to 145% of base salary for 2015



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ADDITIONAL INFORMATION ON CORPORATE STRATEGY AND GOVERNANCE

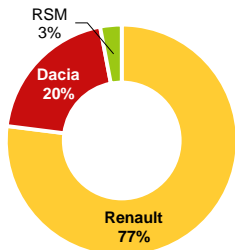
OVERVIEW OF RENAULT

BUSINESS DESCRIPTION

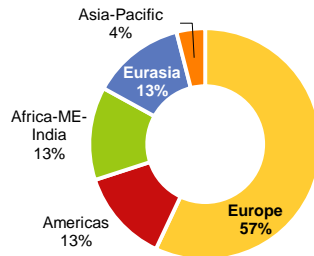
- World's leading French automotive brand and Europe's #3 automotive brand
- Sells a range of over 30 types of passenger cars and light commercial vehicles under three brands: Renault, Dacia and Renault Samsung Motors
- Created an Alliance with Nissan in 1999 that was joined by Mitsubishi in 2016; also maintains a strategic cooperation with Daimler
- Key figures in 2016:
 - €51.2 million in revenues
 - 3.2 million vehicles sold, a new sales record
 - More than 12,000 points of sale in over 125 countries
 - Top markets included France, Brazil and Germany
- Founded in 1898; over 120,000 employees worldwide

SALES BREAKDOWN (2015)

BY BRAND

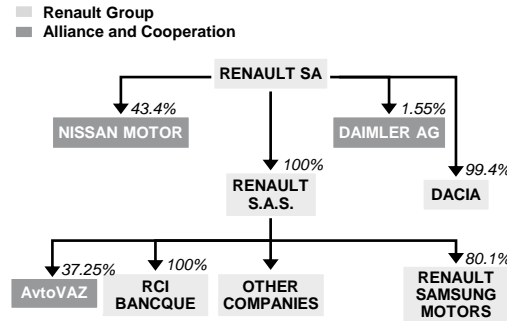


BY REGION



STRUCTURE OF RENAULT (2015)

GROUP STRUCTURE



CAPITAL OWNERSHIP

BREAKDOWN OF CAPITAL AS A %



* The portion of shares held by employees and former employees that are taken into account in this category corresponds to shares held in the FCPE mutual fund.

INVESTMENT THESIS

- No longer a French OEM, not yet a global one
- From a cost-cutting story to growth story
- Profit pool much more diversified than ever
- Acceleration of the Alliance synergy benefits
- Well on track to deliver on the MTP targets
- Attractive dividend policy



STRATEGY AND PERFORMANCE HIGHLIGHTS

DRIVE THE CHANGE: SIX-YEAR STRATEGIC PLAN

FIRST STAGE: 2011-2013

Key Objectives

- 1 Achieve sales of 3 million vehicles in 2013 **Unmet**
- 2 Generate €2 billion of cumulative free cash flow **Met**

PERFORMANCE AGAINST OBJECTIVES

- ☑ Renault exceeded its cumulative free cash flow target
- ☒ The sales target could not be reached due to continuing weakness in the European market
- ☑ But during the first three years of the plan, Renault changed considerably:
 - Overhauled existing models and offered new, attractive products
 - Grew sales outside Europe from 37% of sales to 50% of sales
 - Increased market share in emerging markets, with emerging markets representing five of the Group's ten biggest markets

SECOND STAGE: 2014-2017

Key Objectives

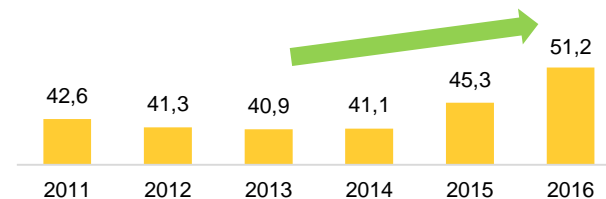
- 1 **Growth:** Achieve revenue growth; expected Group revenues of €50 billion by 2017
- 2 **Profitability:** Target Group operating margin of at least 5% and positive automotive operational free cash flow in each year

STRATEGY

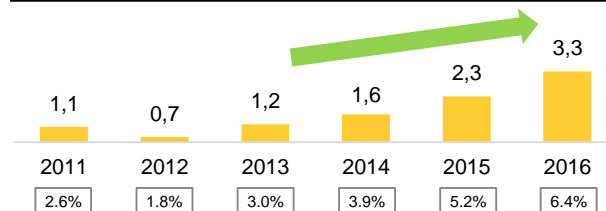
- ☐ Sustainable profitable growth
- ☐ Strengthen the Group brands with RENAULT 2nd Brand in Europe in 2016
- ☐ Leadership in affordable EV
- ☐ Continue introducing attractive and competitive products, both by renewing key models and by extending the range and its geographical coverage
- ☐ Enhance scale and competitiveness through the Alliance and key partners
- ☐ Deliver on the expected increase in Alliance synergies

FINANCIAL RESULTS (€ in BN)

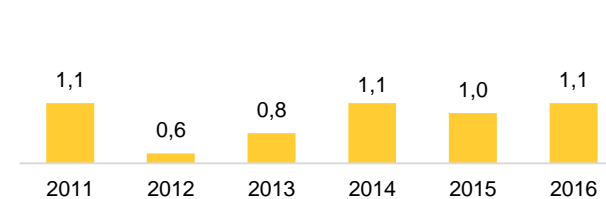
GROUP REVENUES



GROUP OPERATING MARGIN



AUTOMOTIVE OPERATIONAL FREE CASH FLOW



RENAULT'S BOARD OF DIRECTORS (2017 AGM)

BOARD OF DIRECTORS

Carlos Ghosn
Chairman of the Board
 CEO, Renault; Chairman, Nissan, Mitsubishi Motors Corp
Committees: None
 Date of Appointment: April 2002
 Term Expires: 2018 AGM

Thierry Desmarest
 Retired CEO & Chairman, Total SA
Committees: International & Industrial Strategy (Chair), Remuneration
 Date of Appointment: April 2008
 Term Expires: 2020 AGM

Olivia Qiu
 Chief Innovation Officer, Philips Lighting
Committees: None
 Date of Appointment: April 2016
 Term Expires: 2020 AGM

Philippe Lagayette
Lead Independent Director
 Senior Advisor, Barclays (France)
Committees: Audit, Risk and Ethics (Chair), Appointments and Gov.
 Date of Appointment: May 2007
 Term Expires: 2019 AGM

Pascal Faure
 Director-General of Enterprise
Committees: International & Industrial Strategy
 Date of Appointment: April 2008
 Term Expires: N/A

Yu Serizawa
 Chairman, Forma Corporation
Committees: None
 Date of Appointment: Dec 2016
 Term Expires: 2017 AGM

Catherine Barba
 Founder, CB Group
Committees: None
 Date of Appointment: 2017 Nominee

Richard Gentil
 Technician, Renault
Committees: International & Industrial Strategy
 Date of Appointment: Nov 2012
 Term Expires: Nov 2020

Pascal Sourisse
 CEO of International Development, Thales; Chairwoman, Thales Int'l
Committees: Audit, Risk and Ethics
 Date of Appointment: April 2010
 Term Expires: 2018 AGM

Frédéric Barrat
 Special Projects Planning Manager, Renault
Committees: International & Industrial Strategy
 Date of Appointment: Nov 2016
 Term Expires: Nov 2020

Marc Ladreit de Lacharrière
 CEO & Chairman, Fimalac (France)
Committees: Appointments and Governance (Chair), Remuneration
 Date of Appointment: Oct 2002
 Term Expires: 2018 AGM

Patrick Thomas
 Retired CEO & Manager, Hermès International
Committees: Remuneration (Chair), Audit, Risk and Ethics
 Date of Appointment: April 2014
 Term Expires: 2018 AGM

Cherie Blair
 Founder & Chair, Omnia Strategy
Committees: None
 Date of Appointment: April 2015
 Term Expires: 2019 AGM

Benoît Ostertag / Julien Thollot¹
 Quality Process Leader, Renault
Committees: Audit, Risk and Ethics, International & Industrial Strategy
 Date of Appointment: May 2011
 Term Expires: 2017 AGM

Martin Vial
 Commissioner for State Holdings
Committees: Audit, Risk and Ethics, Appointments and Governance
 Date of Appointment: Sept 2015
 Term Expires: N/A

Miriem Bensalah Chaqroun
 CEO, Les Eaux Minérales d'Oulmès
Committees: None
 Date of Appointment: 2017 Nominee

Éric Personne
 Head of Commercial and Quality Reporting, Renault Retail Group
Committees: Remuneration, International & Industrial Strategy
 Date of Appointment: Nov 2012
 Term Expires: Nov 2020

Yasuhiro Yamauchi
 Chief Competitive Officer, Nissan
Committees: None
 Date of Appointment: February 2017
 Term Expires: 2018 AGM

Marie-Annick Darmaillacq
 VP, Corporate Social Responsibility, Vivendi
Committees: None
 Date of Appointment: 2017 Nominee

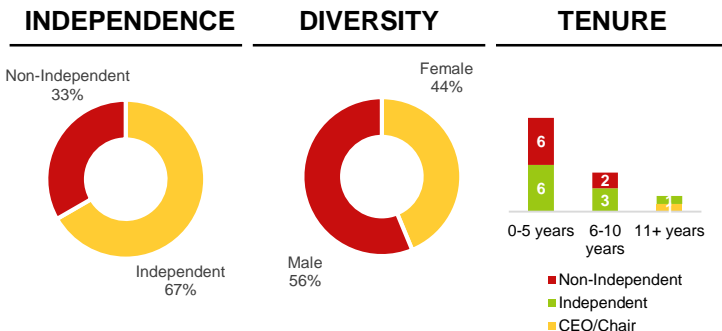
Independent Director **ES** = Director elected on proposal of the employee shareholders
N = Director elected on proposal of Nissan Motor Co. **E** = Director elected by employees
F = Director appointed by the French State **□** = Independent director appointed in last three years

BOARD COMPOSITION GOVERNANCE

Renault is administered by a Board of Directors with **19 members**, including:

- 14 DIRECTORS** appointed by the Shareholders' Annual General Meeting, of whom
 - 2 directors** appointed on the proposal of Nissan and
 - 1 director** appointed on the proposal of the employee shareholders
- 2 DIRECTORS** appointed by administrative order, representing the French State
- 3 DIRECTORS** elected by employees

KEY BOARD STATISTICS²



¹ Source: Company Website; 2016 Registration Document

² Benoît Ostertag standing for reelection alongside Julien Thollot. The candidate with the highest percentage of votes will serve on the board as a representative of employee shareholders.

³ Statistics represent pro-forma board to be elected at the 2017 annual general meeting and are calculated according to legal requirements.

BALANCED AND EFFECTIVE GOVERNANCE

To successfully meet its objectives and achieve top-level governance, Renault places great emphasis on achieving an effective balance between management, the board of directors and shareholders

BOARD GOVERNANCE

Renault's Board has implemented various measures in order to guarantee a balance of powers with the combined CEO and Chairman role in line with best practice in governance:

- ✓ the presence of a **majority of independent directors** on the Board
- ✓ the presence of a **Lead Independent Director**, chosen from among the independent directors, whose role has defined duties and responsibilities
- ✓ **Checks and balances at the Board level**, specified in the internal regulations of the Board

The Board :

- ✓ considers a robust list of **criteria when evaluating candidates** for membership to achieve a balance of experience, skills, independence and diversity on the Board
- ✓ reviews the **composition of the specialized committees** of the Board, including the independence, skill sets of directors and appointment of the committee Chairman
- ✓ **reviews the reports prepared by the Chairman** of each committee
- ✓ conducts a **regular self-assessment of its organization and operation**

REMUNERATION GOVERNANCE

The Remuneration Committee, comprised of a majority of independent directors, seeks to align remuneration with the interests of with Renault's shareholders through the following practices:

- ✓ Linking a **significant portion of total remuneration to company performance**
- ✓ Paying over **75% of remuneration in shares** and maintaining high pay at risk practices
- ✓ Maintaining a **balance of qualitative and quantitative performance criteria** that align with the company's strategic objectives and financial performance
- ✓ Measuring the achievement of **short- and long-term incentives based on multiple performance metrics over a multi-year performance period**
- ✓ Establishing a **four-year presence condition** for definitive vesting of performance-based shares
- ✓ Requiring the CEO/Chairman to **conserve 25% of the company's shares** until the end of his office
- ✓ Retaining an **independent remuneration consultant**



COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

KEY AREAS OF FOCUS

ETHICS & CYBERSECURITY
ENVIRONMENT
MOBILITY
AUTOMOTIVE & ROAD SAFETY
HUMAN CAPITAL
DIVERSITY
DEVELOPING SKILLS
SPONSORSHIP

PRIORITIES & GOALS

1	Ensure strict adherence to the Code of Ethics at all levels and the application of fair practices in our business dealings; see that our suppliers are committed to CSR
2	Create motivating working conditions that respect human rights and well-being so as to attract and develop employees in all our countries; promote diversity and equal opportunity
3	Improve employability by developing skills that will be needed in the future
4	Reduce the environmental footprint with each new vehicle generation over the entire vehicle life cycle, by applying the principles of the circular economy in our processes, products and services
5	Contribute to public health objectives: bring down the fatality rate on the roads, especially in developing countries; protect the health of employees, vehicle users and the community
6	Propose innovative and broadly affordable mobility products and services
7	Support sustainable economic and social development in our operating territories through actions targeting local communities in the areas of education and access to mobility

CSR GOVERNANCE

- ✓ Corporate Social Responsibility department works in collaboration with the Human Resources and Strategy and Environmental Planning departments to implement and oversee CSR strategies
- ✓ These departments report to the Chairman and CEO, or a member of the Group Executive Committee
- ✓ Performance against CSR objectives is incorporated into the remuneration program and is reflected in pay outcomes

KEY FACTS & FIGURES FOR 2015

380
CSR programs worldwide

3,100 employees
invested in "Renault Mobiliz Solidaire"

15 organizations
supported in 2015 in the fields of diversity, education and mobility

RENAULT
official partner of COP21

Carbon footprint
-3.7%
a year on average per vehicle sold worldwide from 2010-2015

100% Electric
Renault the top-seller in Europe

